

To the Shareholders in Brain+,

11 February 2025

## Management's report on major events after presentation of the Annual Report for 2023

### Background

This report on major events in Brain+ A/S ("Brain+" or "the Company") after the Annual Report for 2023, which was published on 7 May 2024 and presented at the Annual General Meeting of Shareholders on 22 May 2024, has been prepared by the Company's management. The report is prepared and made available in connection with the notice to convene an Extraordinary General Meeting on 12 February 2025 with the following agenda:

1. Proposal to reduce the share capital in the company to cover losses and at the same time reduce the nominal value per share.
2. Proposal to authorize the Board of Directors to resolve on issues of shares and warrants of series TO 5 as part of an announced intended rights issue.
3. Proposal to amend the Company's Articles of Association.
4. Approval of authorization of the Chairman of the meeting

The proposal under item 1. is intended for the general meeting to resolve to decrease the share capital of Brain+ by DKK 14,877,834, from DKK 17,003,238.80 to DKK 2,125,404.00 to cover accumulated financial losses and to consequently reduce the nominal value of the Company's shares from DKK 0.08 to DKK 0.01 each.

The proposal is part of the Board of Directors' strategic initiatives to create the best possible financial foundation for Brain+ and increase the likelihood of a high subscription rate and a successful outcome of the announced intended Rights Issue. A company is legally prohibited from issuing new shares at a price below the nominal value, so reducing the share capital and the nominal value per share opens the possibility for Brain+ to offer new shares at a price lower than the current nominal value limit of DKK 0.08. This can be an essential step to ensure that the subscription price per share to be offered in the Rights Issue can be set at the announced 30% discount to TERP (the Theoretical ex-Right Price), which means at a price lower than the prevailing market price of the shares.

### 22 May 2024 – Resolutions at the Annual General Meeting of Shareholders; New Chairman, reduction of the share capital and the nominal value per share, and the decision to carry out a Unit Rights Issue in June 2024

At the AGM, Tim Juergens was elected as new board member and chairman. Tim had acted as a board observer and strategic partner to Brain+' management since his nomination in February 2024.

As part of a decision by the Board of Directors to carry out a partially secured unit rights issue, announced on 7 May 2024, it was resolved to decrease the Company's share capital by 20%, corresponding to DKK 1,828,985.58, from DKK 9,144,927.90 to DKK 7,315,942.32 to cover financial losses. As part of the resolution the nominal value per share in the Company will be reduced from DKK 0.10 to DKK 0.08. The purpose of the resolution to decrease the share capital and the nominal value per share was to secure that intended offer price of DKK 0.08 per new share in the announced unit rights issue will not be below the nominal value per share.

The General Meeting further resolved to carry out a Right Issue of up to 10,161,031 units with pre-emptive rights for the company's shareholders, and with each unit representing a bundle of eleven (11) new shares, corresponding up to a maximum of 111,771,341 new shares in Brain+ of a nominal value of DKK 0.08 each, and nine (9) warrants of series TO 4, corresponding to up to a maximum of 91,449,279 warrants. The offered subscription price per unit is DKK 0.88 (11 shares of DKK 0.08 each), while the warrants of series TO 4 will be issued free of charge. The subscription of units shall be made in the period from 11 June 2024 to 24 June 2024 (both days included). The warrants of

series TO 4 may be exercised in the period from 16 September 2024 to 27 September 2024 (both days included).

It was resolved to authorise the Board of Directors to increase Brain+' share capital and to issue warrants of series TO4.

*This event covers the following company announcements:*

7 May 2024 - Brain+ A/S convenes the Annual General Meeting

22 May 2024 - Minutes of Annual General Meeting in Brain+ A/S

## **27 June 2024 - DKK 6.0 million raised in a 66.6% subscribed Unit Rights Issue**

On 24 June 2024, the public subscription period in Brain+' rights issue of units with pre-emptive subscription rights for the Company's existing shareholders ended. The rights issue was subscribed to a total of 46.5%, including pre-subscription commitments, which together with partly activated bottom-up guarantee commitments and activated top-down guarantee commitments, resulted in the rights issue being finally subscribed to a total of 66.6%. This provided Brain+ with proceeds of approximately DKK 6.0 million before repayment of an associated bridge loan received by the Company end May 2024 and the deduction of transaction related costs. The outcome of the rights issue of units was announced to ensure Brain+ net proceeds to fund the continued execution of its UK focused go-to-market plan towards commercial introduction of the UK CST-Assistant v.2.0 by end Q3 2024.

In the Rights Issue, a total of 6,768,490 units were subscribed. This corresponded to an increase in Brain+' share capital by nominally DKK 5,956,271.20 or by 74,453,390 shares of nominal value DKK 0.08 each. Additionally, a total of 60,916,410 warrants of series TO 4 (9 warrants per unit) were issued free-of-charge to the subscribers in the Rights Issue.

*This event covers the following company announcements:*

31 May 2024 - Brain+ A/S: Publication of investment brochure

4 June 2024 - Brain+ A/S informs of the last day of trading in its shares including preferential rights to subscribe in the upcoming unit rights issue

11 June 2024 - The subscription period in Brain+ unit rights issue begins today

20 June 2024 - Brain+ receives guarantee commitment from health tech specialized German investment boutique and additional subscription from management in its ongoing rights issue

21 June 2024 - Last day for subscription in the ongoing rights issue

24 June 2024 - Brain+ obtains additional guarantee commitment in its ongoing rights issue

27 June 2024 - Brain+ A/S publishes the outcome of its rights issue of units

## **17 June 2024 - UK subsidiary established**

With the incorporation of Brian+ UK Limited, Brain+ established legal presence in the UK. The move marked an important step in the execution of the Company's UK focused commercial strategy, as it widens access to the UK healthcare system and to UK funding resources, including UK healthcare grants.

*This event covers the following news release:*

17 June 2024 - Brain+ establishes UK subsidiary

## **28 June 2024 – New UK based health tech experienced Chief Commercial Officer hired**

Brain+ appointed Devika Rani Wood into a new position as Chief Commercial Officer to build and drive growth of Brain+' commercial business in the UK. As an award winning executive healthtech leader, Devika brought to extensive UK-focused health tech experience from roles at ORCHA Health LTD, AXA Health, and Vida.

*This event covers the following news release:*

28 June 2024 - Brain+ hires UK health tech rising star as Chief Commercial Officer

## **5 July 2024 – Directed issue of units to guarantors of the Rights Issue**

The Board of Directors carried out a directed issue of 508,952 units as compensation to bottom-up and top-down guarantors of the Unit Rights Issue in June. As a result of the directed issue, Brain+' share capital was increased by nominally DKK 447,877.76, corresponding to 5,598,472 shares (11 shares per unit) of nominal value DKK 0.08 each. Additionally, a total of 4,580,568 warrants of series TO 4 (9 warrants per unit) were issued in the directed issue.

*This event covers the following company announcement:*

5 July 2024 - Directed issue of units to guarantors and registration of shares from both the rights issue and the directed issue

## **9 July 2024 – Release of the Danish version of the CST Assistant v2.0 for Cognitive Stimulation Therapy**

Brain+ released the new version of its CST Assistant software solution in Denmark, offering significant upgrades in terms of content, user interface and functionality compared to the first version, which was made available in late 2022.

The upgrade was made available for existing customers and for introduction to new sales leads among Danish municipalities.

*This event covers the following news release:*

09 July 2024 - The CST Assistant v2.0 for Cognitive Stimulation Therapy (CST) now released in Denmark

## **27 August 2024 – Validation of the Clinical Evaluation Report (CER) of the CST-Assistant for UK regulatory compliance, documenting the product's clinical performance**

The Clinical Evaluation Report (CER) on the CST-Assistant documents the safety and clinical performance of the CST-Assistant for dementia management. The report was reviewed by Aimee Spector, Professor of Clinical Psychology of Ageing at UCL, UK and the creator of Cognitive Stimulation Therapy (CST), who endorsed the clinical relevance of the CST-Assistant

*This event covers the following news release:*

27 August 2024 - The CER of the CST-Assistant validated for UK regulatory compliance, documenting the product's clinical performance

## **29 August 2024 – Half-Year Report for 2024 (non-audited)**

Brain+ reported a gross profit of DKK 1.0 million compared to DKK 1.6 million in H1 2023. Staff expenses fell to DKK 5.7 million from DKK 6.2 million in H1 2023, and the result of operating activities for the period was DKK -6.7 million (H1 2023: DKK -6.6 million). The net result for H1 2024 was DKK -7.1 million (H1 2023: DKK -6.1 million).

Operational cash flow for the period was DKK -5.4 million (H1 2023: DKK -8.9 million) and total cash flow amounted to DKK 1.6 million (H1 2023: DKK -1.1 million). Cash and cash equivalents on 30 June 2024 was DKK 4.7 million (H1 2023: DKK 5.3 million).

The Company announced expectations to realize Danish sales of around DKK 0.2 million in 2024, excluding the potential of additional Danish sales contracts in H2 2024. Total expected realized sales in 2024, including smaller realized sales from the first UK contracts was announced to be expected in the range of DKK 0.25-0.3 million.

Expectations of a net result in 2024 of between DKK -12 and -15 million was retained.

*This event covers the following company announcement:*

29 August 2024 - H1 2024: Brain+ has executed successfully in accordance with its UK-focused commercial strategy towards proof-of-business and realized financial results as expected

### **3 September 2024 - Results of a UK study of the CST-Assistant show clinical relevance, cost-benefit and product-market fit**

Results from a UK usability study of the CST-Assistant, conducted in partnership with two local Age UK sites, confirmed the clinical relevance and cost-benefit of Brain+' healthtech solution to support the delivery of Cognitive Stimulation Therapy (CST). Study data confirmed that use of the CST-Assistant saves 50% of CST preparation time.

Feedback from CST therapists and people with dementia, who participated in the study, was positive, demonstrating early product-market fit of the product in a UK dementia management context. The CST-Assistant was reported to provide for engaging and appropriately challenging CST sessions, making them fun and interactive for all participants.

The results constituted important user and data evidence prior to release of the CST-Assistant into the attractive UK market.

*This event covers the following news release:*

03 September 2024 - Results from UK study of the CST-Assistant show clinical relevance, cost-benefit and product-market fit

### **1 October 2024 – Brain+ raises DKK 3.3 million from exercise of its TO 4 Warrant**

Brain+ announced that 62.7% of its outstanding warrants of series TO 4 were covered by exercises and guarantor subscriptions. A total of 65,496,978 warrants were issued in connection with the Company's unit rights issue in June 2024. Hereof, 38,522,165 Warrants, corresponding to 58.8%, were exercised for subscription of 38,522,165 new shares and provided Brain+ with approximately DKK 3.1 million in new capital before issue related costs. In addition, 2,517,179 non-exercised Warrants were covered by guarantor commitments, which were provided without compensation. Following the outcome of the exercise of TO 4 warrants, the Board of Directors resolved to carry out a directed issue of 2,517,179 new shares on the same terms as for the Warrant exercise to cover the guarantor commitments. The directed issue provided Brain+ with approximately DKK 0.2 million in additional proceeds before issue related costs. Total net proceeds from the warrant exercise and the directed issue were forecast to secure Brain+ funding to end 2024, bridging UK market entry, the first UK sales contracts and next step funding for 2025.

*This event covers the following company announcements:*

13 September 2024 - Brain+ A/S announces the exercise price for its warrants of series TO 4

17 September 2024 - Brain+ A/S announces that its board and management provide commitments to cover 13.7% of the warrants of series TO 4

20 September 2024 - Brain+ A/S announces additional commitments of DKK 1.4 million in the ongoing TO 4 warrant exercise, which is now covered at 40.4%

01 October 2024 - Brain+ announces the outcome of its series TO 4 warrant exercise and the decision to carry out a directed share issue to cover guarantor subscriptions

07 October 2024 - Brain+ announces first day of trading in new shares from the TO 4 warrant exercise and the related directed issue

### **2 October 2024 - Brain+ launches Ayla – your CST Assistant into the UK dementia market**

After having obtained certification and regulatory registration of Ayla – your CST Assistant as a Medical Device Software in the United Kingdom (UK), Brain+ released the product for sale on 2 October 2024. Ayla – your CST Assistant is the only UK certified digital solution to offer scalable, high-quality delivery of Cognitive Stimulation Therapy (CST), which is the only non-pharmacological dementia therapy recommended in the UK national health guidelines. With the release, Ayla – your CST Assistant was made available to dementia therapists and clinicians for download from all relevant distribution platforms, including App Store, Google Play and through the web. The event

marked the starting point for Brain+ to execute on its UK commercial plan, targeting to get the first UK sales contracts in place by end 2024, realize forecasted annual recurring revenue (ARR) of DKK 7-8 million by end 2025 and of DKK 25-27 million by end 2027.

*This event covers the following news releases:*

02 October 2024 - Brain+ launches Ayla – your CST Assistant into the UK dementia market

01 October 2024 - Ayla – your CST Assistant has been registered in the UK as a certified Medical Device Software for dementia therapy

25 September 2024 - Brain+ confirms imminent commercial launch of Ayla – your CST Assistant as a medical device in the UK

23 September 2024 - Brain+ informs of three product releases planned for 2025 and introduces a platform renaming as part of its UK commercialization

13 September 2024 - Brain+ is set to deliver on an ambitious UK commercial plan to reach annual recurring revenue of DKK 7-8 million by 2025 and DKK 25-27 million by 2027

## **11 October 2024 – Launch of new visual brand and website to elevate the Ayla Dementia Care solutions**

In late September 2024, Brain+ introduced 'Ayla' as the brand name for the dementia care platform, it is building to transform how dementia care is being delivered. This was followed by launch of a full strategic corporate rebranding, reflecting Brain+'s ambitious vision: Building the world's first scalable dementia care platform to help people affected by dementia live better lives. This included the introduction of a new corporate visual identity and a new corporate website

*This event covers the following news releases:*

11 October 2024 - Brain+ unveils new visual brand and website to elevate its Ayla Dementia Care solutions

## **1 November 2024 - New Danish municipality sales contract on Ayla – your CST Assistant**

Brain+ signed a new introductory sales contract with the Danish municipality of Vesthimmerland. The contract gives elderly care home units in the municipality access to use Ayla – your CST Assistant to support their delivery of Cognitive Stimulation Therapy (CST) to people with dementia for a specific period. With one new contract signed and sale of associated products, Danish sales amount to DKK 60 thousand, while dialogues are ongoing also with existing Danish customers on contract renewals and scaling.

*This event covers the following news release:*

01 November 2024 - Brain+ closes new Danish municipality sales contract on Ayla – your CST Assistant

## **5 December 2024 – First multi-year contract on Ayla – your CST Assistant closed with Danish municipality**

Brain+ signed a 3-year renewal sales contract on Ayla – your CST Assistant with the Danish municipality of Syddjurs. Valued at DKK 150,000, it significantly expanded on the introductory sales contract from January 2024, under which Syddjurs had successfully evaluated the product to enhance its delivery of group-based Cognitive Stimulation Therapy (CST) to people with dementia.

*This event covers the following news release:*

05 December 2024 - Brain+ secures its first multi-year sales contract for Ayla – your CST Assistant with Syddjurs municipality

## 22 January 2025 – Restructuring, OPEX reduction and 50% secured intended Unit Rights Issue

The Board of Directors in Brain+ decided to carry out a rights issue of units with preferential subscription rights for the Company's existing shareholders to raise up to DKK 16 million in new capital, of which DKK 8 million were secured.

Aligned with the Rights Issue, a comprehensive restructuring initiative was announced to implement a leaner business model for Brain+, including to pause new product development and focus all resources on directly revenue generating activities in the UK. The measures were intended to reduce Brain+' OPEX by 35% with full effect from mid-2025 and substantially extend the company's financial runway. Previously announced expectations to reach €1 million in Annual Recurring Revenues (ARR) by end-2025 from sales of Ayla – your CST Assistant were retained resulting in operational cash-flow break-even now forecasted by mid-2026, a full 6 months earlier than previous forecasts.

The Rights Issue is scheduled for March 2025 and subject to approval at an Extraordinary General Meeting to also give authorization to the Board of Directors to carry out the Rights Issue. The subsequent exercise of warrants of series TO 5, scheduled for June 2025, can, if the Rights Issue is fully subscribed, and warrants are fully exercised at the highest exercise price, provide the Company with additional approximately DKK 24 million in gross proceeds. The Rights Issue is 50% secured in advance via subscription and guarantee commitments, corresponding to secured gross proceeds to Brain+ of DKK 8 million. Hereof, members of the Board of Directors and Management have committed approximately DKK 1.0 million. Maximum proceeds after transaction costs from the Rights Issue and the TO 5 warrant exercise can fund the Company well past cash-flow break-even, so potentially finance new product development and further scaling of commercial activities. The DKK 8 million in secured proceeds from the Rights Issue plus proceeds from a 50% exercise of TO 5 warrants at the minimum exercise price can fund operations into 2026 and enable Brain+ to achieve the €1 million ARR target.

In connection with the Rights Issue, Brain+ entered into loan agreements of a total of approximately DKK 4.8 million payable to the Company in January 2025. These loans are to be converted into the Rights Issue or be repaid upon completion of the Rights Issue.

*This event covers the following company announcement:*

22 January 2025 - Brain+ restructures to reduce OPEX by 35%, maintaining €1M ARR target for end 2025 and now expecting break-even by mid-2026, and announces 50% secured intended Rights Issue

## The Board of Directors

Brain+ A/S