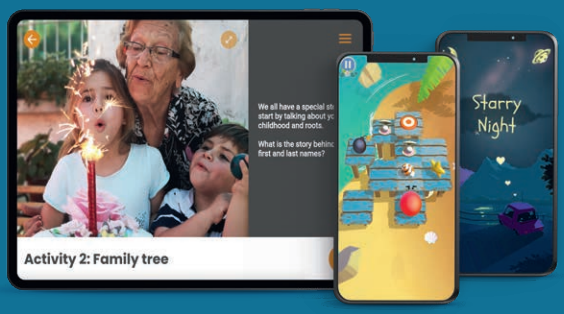
brain+

ANNUAL REPORT 2022

THE MISSION OF BRAIN+ IS TO MAKE EFFECTIVE ALZHEIMER'S TREATMENTS ACCESSIBLE TO EVERYONE AS DIGITAL THERAPEUTICS



BRAIN+ ESSENTIALS

3 UNIQUE DIGITAL DEMENTIA THERAPY TECHNOLOGIES

.. to deliver evidence-based therapeutic interventions in the form of software to treat the cognitive symptoms of Alzheimer's disease and other types of dementia.

ONE MARKETED PRODUCT AND FIRST CONTRACT

CST-Therapist Companion, Brain+' digital version of a recommended non-pharmaceutical dementia therapy

- is marketed and first contract in Denmark in Q4 2022
- is planned for market introductions in Germany 2023 and the UK in 2024

HIGHLY COMPETENT TEAM OF 19 EMPLOYEES TO DELIVER ON OUR MISSION

brain+

WWW.BRAIN-PLUS.COM

2022 AT A GLANCE

MILESTONES

- Finalized and marketed the Danish version of CST- Therapist Companion two years ahead of plan, and closed our first commercial contract with the municipality of Herning
- Identified a faster route to market and accelerated development of German version of CST-Therapist Companion, meeting the first of three milestones in our partnership with RoX Health (Roche) and advancing planned market introduction to Q2 2023, two years earlier than expected at the time of our IPO (October 2021)
- Board expanded with three experienced international profiles within Life Science, Digital Therapeutics and Alzheimer's disease: Anders Härfstrand (Director at Prothena Corporation), Johan Luthman (EVP of R&D at Lundbeck), and Betül Unaran (Chief Digital & Strategy Officer at Zur Rose Group)
- Secured DKK 6.4M via 82% subscribed TO1 warrant
- The World Health Organization and Alzheimer's Disease International emphasize Cognitive Stimulation Therapy (CST) and digital solutions, Brain+ core technology, as a means to help solve the global dementia burden
- Expanded team to strengthen finance, research, quality and compliance management, and software engineering
- Positive results from four clinical studies provided. Early proof of concept for our three core technologies
- New strategic collaborations as part of Danish-German Care Alliance, FORTE project, DaneAge pilot, and with a specialized German medtech sales distributor, and continuation of existing partnerships with RoX Health (Roche), seven universities / university hospitals and patient organizations Alzheimer Europe and Alzheimer's Disease International

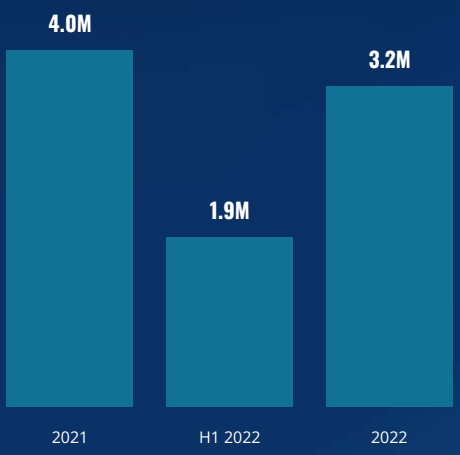
2022 FINANCIALS

DKK
12.7M
Staff expenses

DKK
-11.1M
Profit/ loss from operating activities

DKK
-3.6M
Net cash flow

Gross profit (DKK million)*

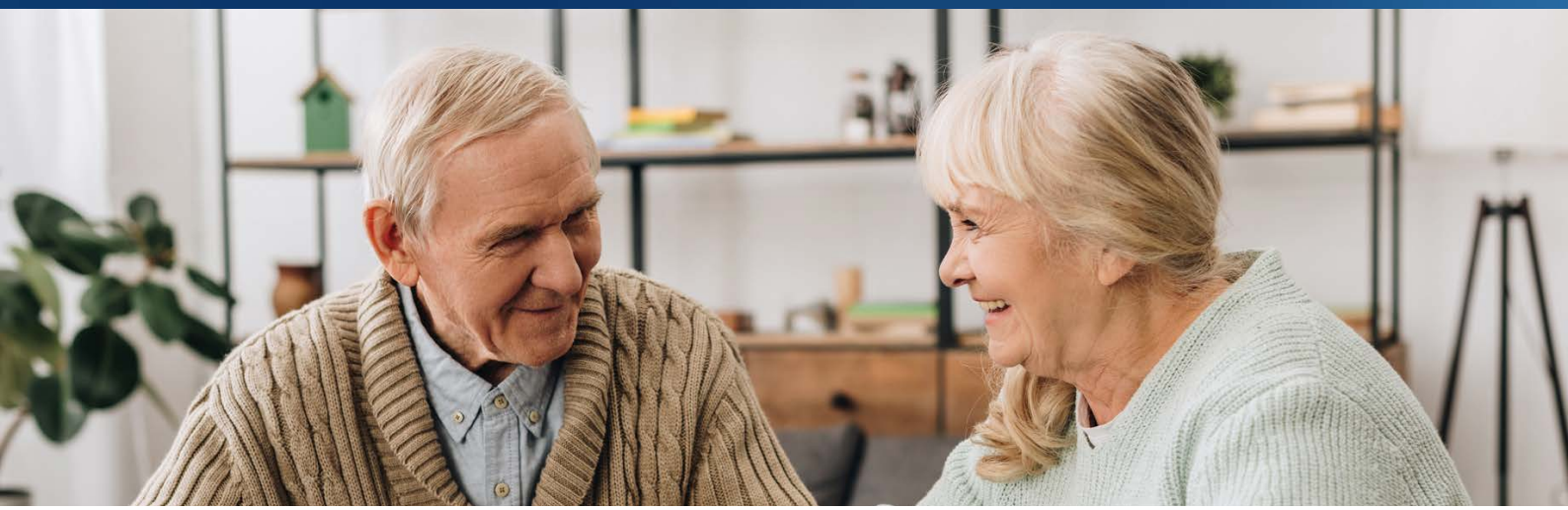


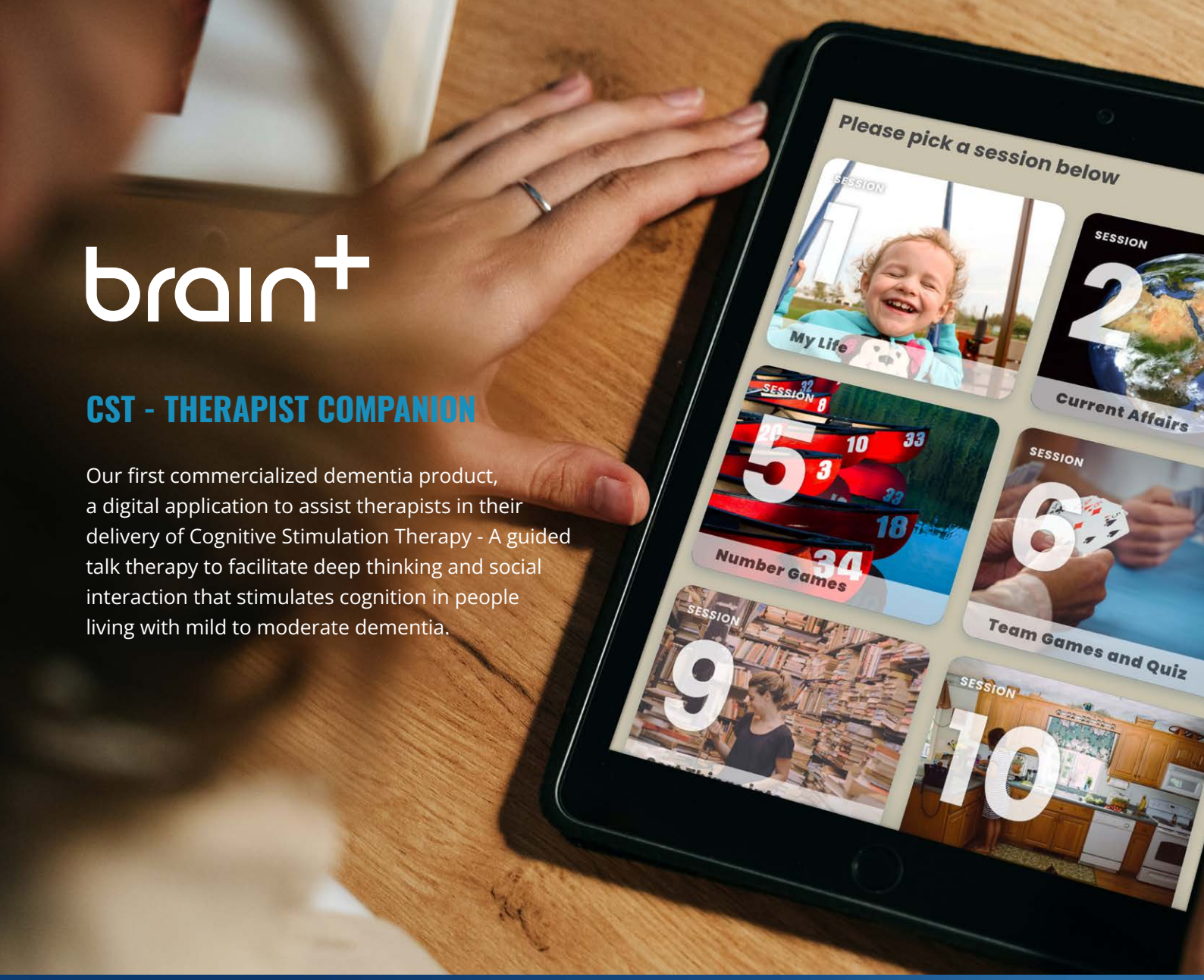
2022 LIQUIDITY AND CAPITAL RESOURCES

DKK
6.4M
End of period cash and cash equivalents

DKK
16.4M
End of period equity

**See Note 2 for a specification of gross profit*





CST - THERAPIST COMPANION

Our first commercialized dementia product, a digital application to assist therapists in their delivery of Cognitive Stimulation Therapy - A guided talk therapy to facilitate deep thinking and social interaction that stimulates cognition in people living with mild to moderate dementia.

"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."

DR. NIKOS GREEN,
Senior Venture Architect & PO Neuroscience, RoX Health

"The first therapy session based on the CST - Therapist Companion was a huge success. We started talking about activities from when we were younger, continued with today's activities, and ended with a story from Canada of bear hunting etc. There was broad agreement that it is a good supporting tool."

CHARLOTTE DE LICHTENBERG,
CST responsible nurse, Rudersdal Municipality

"We are excited about trying Cognitive Stimulation Therapy to facilitate stimulating conversations between our volunteers and our members. Our hope is that these structured conversations will result in more interactions and engagement and could be a valuable service to our members."

LOTTE KOFOED HANSEN,
Dementia Consulant, DaneAge

KEY EVENTS & MILESTONES 2023

FINANCIAL

Q2

GENERAL ASSEMBLY - MAY 26TH

Q2

RIGHTS ISSUE SUBSCRIPTION PERIOD

Period 2023 May 10th - May 25th

Q3

HALF-YEAR REPORT - SEPTEMBER 29TH

Period 2023 January 1st – June 30th

Q3

TO2 WARRANT EXERCISE - OCTOBER

Period 2023 October 2nd – October 16th

COMMERCIAL

Q2

MARKET INTRODUCTION OF CST - TC IN GERMANY

Market introduction of CST - Therapist Companion (RoX Health's 2nd milestone)

Q2

GERMAN PARTNERSHIP

With major dementia café operator, Malteser, to pilot CST - Therapist Companion supported by CST therapy in their clinics.

Q3

DK BRAND & SALES

Dementia & CST 1st Danish Conference

Q3

UK CST - TC PILOTS

Use case verification in UK care pathway for CST - Therapist Companion, to give input to v2. of the product

CLINICAL R&D & MARKET ACCESS

Q2

REGULATORY ROADMAP

Clinical & regulatory pathway finalized for CST in UK

Clinical & regulatory pathway finalized for CST in Germany

Q4

CLINICAL TRIALS

Product: CST - Therapist Companion v2.
Group: Mild-to-moderate dementia
Target: Outcomes data for regulatory and payers

Q4

IPR ON CORE TECH

Multiple IPR tracks will be completed to protect CST and patentable CCT technology

PRODUCT DEVELOPMENT

Q2

MEDICAL DEVICE TECH DEVELOPMENT & QMS PROCESS FULLY INTEGRATED

Q4

2ND GENERATION COMPUTERIZED COGNITIVE TRAINING FOR ALZHEIMER'S

Ready for pilot trial in ACTnow project

Q4

CST-THERAPIST COMPANION VERSION 2

- includes Home Companion
- ready for United Kingdom and Germany and for requirements from DiPA (DE) and NICE (UK)

Q4

CST-HOME CARE

Requirements specifications verified with users & KOLs

ROX HEALTH PARTNERSHIP MILESTONES FOR CST-THERAPIST COMPANION

ROX

1. Product launch in Germany › 2. First sale in Germany

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ANNUAL REPORT 2022 KEY FIGURES

1 JANUARY 2022 - 31 DECEMBER 2022

DKK	FULL YEAR 2022	FULL YEAR 2021	6 MONTHS ENDED JUNE 30, 2022 (NOT AUDITED)	6 MONTHS ENDED JUNE 30, 2021 (NOT AUDITED)
Income statement				
Gross profit	3,232,617	3,992,214	1,904,875	2,745,525
Staff expenses	-12,689,278	-9,653,213	-6,556,620	-4,130,369
Depreciation and amortization	-1,627,791	-1,605,874	-813,896	-801,371
Other finance income/expenses	-29,800	-1,837,900	-36,675	-1,729,188
Profit/loss before tax	-11,114,252	-9,104,773	-5,502,316	-3,915,403
Profit/loss	-9,679,595	-7,079,752	-4,119,828	-2,821,718
Balance sheet				
Cash and cash equivalents	6,401,919	9,992,638	2,532,843	5,892,214
Fixed assets	36,956,284	33,560,334	35,545,802	31,750,338
Total assets	45,372,160	46,883,117	41,234,187	39,355,571
Shareholders' equity	16,382,902	20,604,018	16,484,190	-418,146
Share capital	1,572,052	1,181,591	1,181,591	493,757
Cash flow statement				
Cash flow from operating activities	-4,025,370	-8,382,370	-4,668,349	-1,770,425
Cash flow from Investing activities	-5,023,742	-7,358,197	-2,799,362	-4,743,698
Cash flow from financing activities	5,458,394	24,370,748	7,917	11,043,880
Financial ratios				
Earnings per share	-0.78	-1.33	-0.35	-1.68
Earnings per share, diluted	-0.77	0.00	-0.25	-0.48
Shareholders' equity per share	1.04	1.74	1.40	-0.08
Equity ratio	36.11%	43.95%	40.00%	-1.06%
Shares outstanding	15,720,518	11,815,912	11,815,912	4,937,570

MESSAGE FROM THE CEO

At Brain+, we're on a mission to improve the way dementia is treated. In 2022, we took an important step towards this goal with the commercial introduction of our first digital dementia product, Cognitive Stimulation Therapy (CST) - Therapist Companion, in our home market, Denmark. We met this milestone two years earlier than expected at the time of our IPO in October 2021, and signed our first digital dementia therapy contract with a Danish municipality in 2022. With our first contract secured, ongoing dialogues with a number of other Danish municipalities and the upcoming market introduction of a German product version, Brain+ is well underway to establishing a commercial business.

2022 was marked by several other important achievements. We attracted new talents to our team, made important advancements in product development, received positive results on our core technologies, and secured additional funding.

- We strengthened our clinical, development, and finance teams by hiring top talents, and welcomed three heavyweight international life science and Digital Therapeutic profiles on our board, including our new Chairman Anders Härfstrand.

- In R&D, we completed the development of our first digital dementia product, CST – Therapist Companion, and concluded translations for the German and United Kingdom markets to pave the way for further commercialization. We also received positive clinical results on our Starry Night cognitive test and promising feasibility results on our 1st generation Computerized Cognitive Training technologies. Commercially, we identified a faster regulatory route to market for the CST – Therapist Companion via our RoX Health (Roche) partnership, and have accelerated our product market introduction in the largest European dementia market, Germany, by two years to Q2 2023.

- Financially, we received more than DKK 3M in cash contributions from grant-funded partnerships and secured DKK 6.4M via the first unit warrant exercise on Nasdaq First North CPH.

In 2023 our objectives and focus will be on lean execution of our commercial plans including the market introduction of CST - Therapist Companion in Germany in Q2. We will continue to diligently invest in R&D to ensure we bring effective and safe products to our massively underserved market, and importantly, to claim a leading competitive position, while we create long-term value for our shareholders. To fund our commercial growth and clinical development programs, we announced a unit rights issue in March. Provided that the initial Rights Issue is fully subscribed, the Company will initially receive approximately DKK 15.7M before transaction costs, and collectively the units can provide sufficient resources to scale commercially in the first three to four targets markets, complete two medical claims studies, launch two new dementia products with these medical claims, and get strong proof of concept data on the efficacy of a third new product for mild cognitive impairment. All of this brings us closer to expected break even in 2025.

I'm confident we are in the right position, in the right disease area, with the right technologies and product roadmap at the right time. Commercial adoption of Digital Therapeutics is maturing rapidly, and our Digital Therapeutics for dementia compete in a blue ocean. The supporting trends are firmly in place to support strong growth for our products. Regulatory approvals of Digital Therapeutics are on the rise, and reimbursement trends are positive with major payer pathways being introduced in markets like Germany and the US. Global key opinion leaders also validate the potential of and recommend adoption of Digital Therapeutics. CST, the cornerstone of our product portfolio, was in 2022 recommended for global implementation by the World Alzheimer Report and highlighted by the WHO, as it offers the potential for improved patient outcomes and cost savings for payors. We see these market forces drive the value of the estimated addressable market for our products from ~ USD 5B today to ~ USD 15-20 billion by 2035.

I thank our customers, employees, shareholders, and partners for their support and look forward to sharing our continued progress in the months to come.

Kim Baden-Kristensen
CEO

STATEMENT FROM THE CHAIRMAN

I am honored to have taken on the role of Chairman at Brain+ at such an exciting time for the company and the Digital Therapeutics industry. The burden of Alzheimer's and dementia, both for people living with it and their caregivers, as well as for healthcare systems, is tremendous and unfortunately rapidly growing. At Brain+, we are doing our utmost to approach these complex diseases, the people they affect, and the entire eco-system surrounding it in a conscientious yet innovative way.

2022 was a landmark year for Brain+ with the commercial introduction of our first major product, the Cognitive Stimulation Therapy - Therapist Companion, and our first digital dementia product contract, which validates the relevance and value of our platform and sets the stage for future growth.

During the year, we accelerated our global reach and recognition by announcing substantially advanced market introductionof our CST - Therapist Companion in Germany. Further, to prepare for market adoption we formed new commercial partnerships in Germany with the major service provider Malteser Hilfsdienst and the Danish-German Care Alliance, while continuing our valuable RoX Health (Roche) partnership. Additionally, our pipeline is maturing, and expanded with new use cases. This includes our CST - Home Companion, a product extension to the CST - Therapist Companion, which allows people enrolled in CST group sessions access to the software at home, and the DaneAge partnership, which will explore dementia volunteer use cases – volunteers provide key supporting networks for the dementia ecosystems in particularly the UK and Denmark. We also successfully completed fundraising that will enable and expand commercial and pipeline opportunities.

The Digital Therapeutics industry is a rapidly growing field that uses technology to deliver evidence-based interventions to improve health outcomes. This is driven by high-quality clinical evidence to support the efficacy of these solutions, maturation of reimbursement and regulatory channels and clinical adoption among health-care professionals and individuals. In our core markets, we see signs of steady maturation and adoption of Digital Therapeutics. In Germany, reimbursement pathways have been established, and awareness of the potential benefits of Digital Therapeutics is growing among health-care providers, payers and patients. The long-term demographic trends of an aging population and the increasing prevalence of dementia are unfortunately also very strong. With the global population with dementia set to triple by 2050, there is a great need for cost-effective options for people affected.

Our core business model is to develop and mature in-house digital dementia technologies into products. We do this via co-development partnerships and grant-funded research projects, and intend to show cost-effective proof-of-business commercialization in target markets. Our first mover advantage within CST has enabled us to build a fully integrated organization with the capabilities to design, develop, and market innovative digital dementia therapeutics, addressing the most common and debilitating symptom for people living with Alzheimer's and dementia, namely cognitive decline. Our strategy is to engage with licensing or distribution partners with deep local knowledge, subject to initial proof of business in target markets or strong clinical evidence.

Brain+ has historically been largely funded by grants and the commercialization journey ahead of us requires additional resources. To that end, we have announced our upcoming unit rights issue. The funds, if fully subscribed, should take us to strong revenues and clinical results, which in time would enable Brain+ to internally fund its innovation pipeline maturation, and bring us closer to establishing ourselves as a market leader in Digital Therapeutics for Alzheimer's, while generating attractive returns for our shareholders.

I would like to take this opportunity to recognize and thank our employees for their hard work and dedication, as well as our stakeholders and shareholders for their support and confidence in the company. Together, we will continue to bring effective dementia treatments to people everywhere.

Karl Anders Olof Härfstrand
Chairman

THE MARKET AND POTENTIAL FOR BRAIN+ DIGITAL DEMENTIA THERAPIES

DIGITAL THERAPEUTICS, A NEW MEGA TREND, PROVIDE NEW SAFE MEDICAL SOLUTIONS

Digital Therapeutics are a class of medical interventions that use digital and online technologies to improve health outcomes. These can be used for a variety of purposes including as supportive and diagnostic tools, as well as add-ons to pharmacological therapy and stand-alone therapy.

Digital Therapeutics offer numerous benefits that collectively support safe and effective use, including iterative enhancement, real-world data collection, clinical validation, regulatory approval, prescription by physicians, and reimbursement. They are currently available for particularly diabetes management, mental health, cardiovascular health, chronic pain management, weight management, and smoking cessation. Brain+ is commercializing and developing these solutions specifically for dementia treatment.

GROWING MARKET FOR DIGITAL DEMENTIA THERAPEUTICS TO ADDRESS UNMET NEEDS

The global market for digital dementia therapeutics is experiencing strong growth. The estimated current addressable market is approximately USD 5B, or 0.5% of the total USD 1T dementia treatment cost. However, as Digital Therapeutics continue to establish their relevance and value as a new medical class, particularly for diseases with strong behavioral and mental indications, the addressable market is expected to grow to USD 15-20B by 2035, partly driven by the over 50 million people currently diagnosed with dementia, which is expected to triple to 152 million by 2050.

LARGE MARKET POTENTIAL FOR DIGITAL DEMENTIA THERAPEUTICS

US

1 IN 3

seniors die with, or of, dementia

UK

 # 1 CAUSE OF DEATH

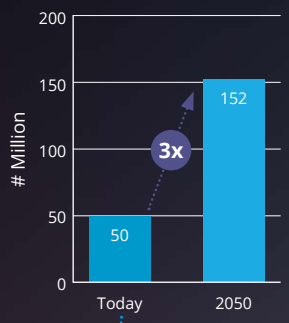
for women

GLOBAL

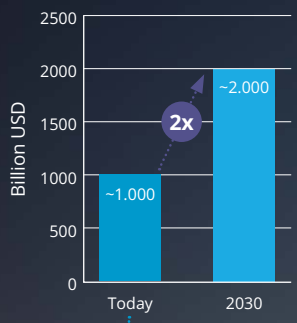
$5 BILLION

market potential for digital dementia therapeutics today

GLOBAL POPULATION DIAGNOSED WITH DEMENTIA

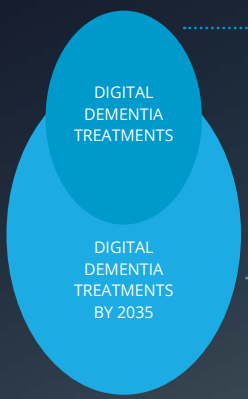


GLOBAL HEALTH CARE COST OF DEMENTIA



Health care cost #diagnosed with dementia today: USD ~19k per year

GROWING ADDRESSABLE MARKET



MARKET 2022

USD 5 BILLION

Brain+ target populations:
- 50M people with dementia
- 150M people with Mild Cognitive Impairment

MARKET 2035

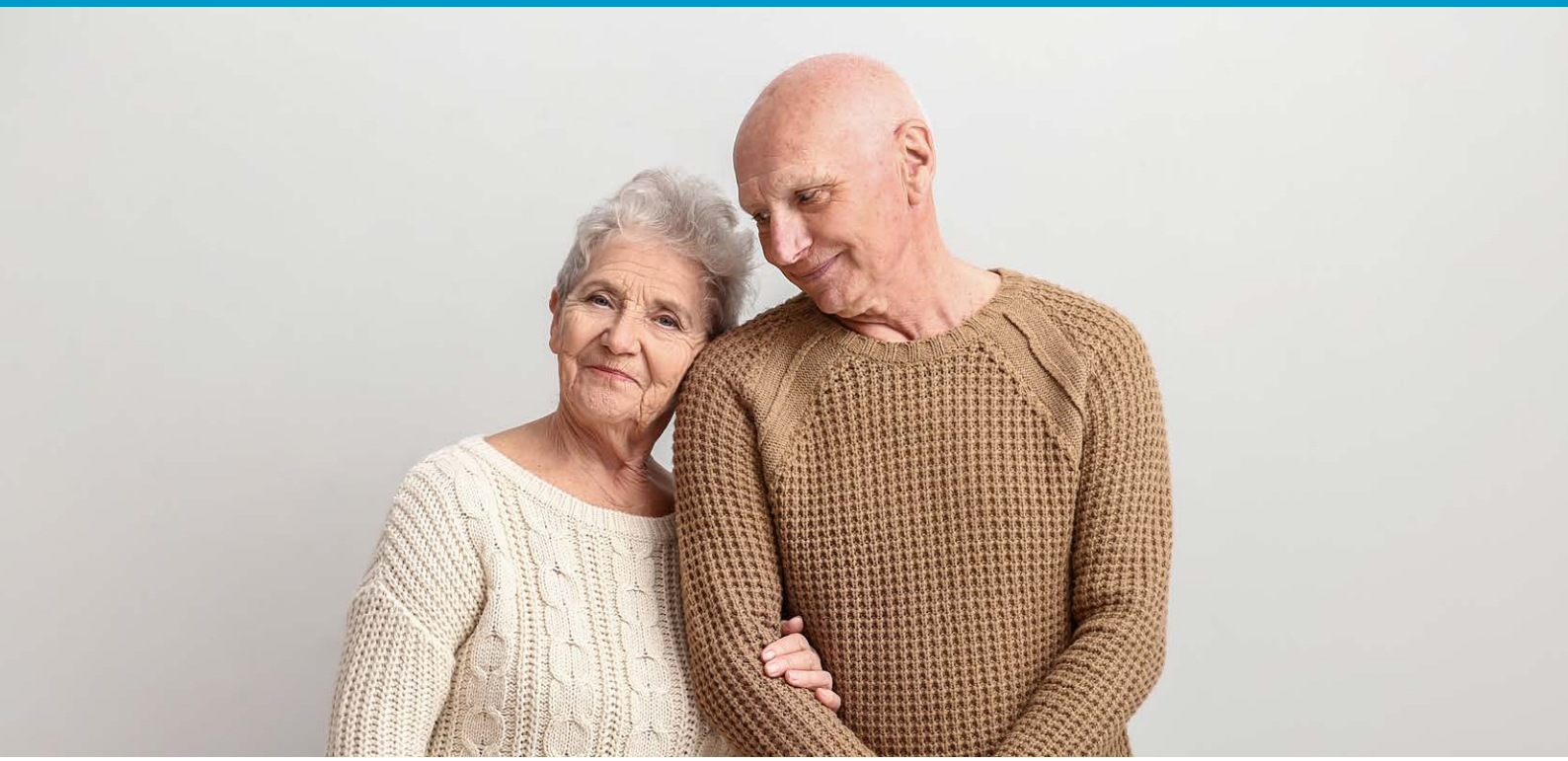
USD 15-20 BILLION

Brain+ target populations:
- 100M people with dementia
- 300M people with Mild Cognitive Impairment

The key drivers of digital dementia therapeutics adoption are expected tied to improving patient outcomes by addressing unmet needs, and reducing costs for payors. The potential for costs-savings is for payors a material incentive to adopting Digital Therapeutics. The World Health Organization and the World Alzheimer Report 2022 have recognized Cognitive Stimulation Therapy (CST) can improve cognition and quality of life in dementia patients. A 2023 Cochrane review supports this recognition, and finds that CST likely results in cognitive improvement equivalent to a six-month delay in the cognitive decline typically observed in mild-to-moderate dementia. The clinical evidence is strong and supports CST implementation as a possible cost effective and impactful intervention globally. CST is currently delivered in 35 markets, and a recommended standard of care in both UK and Germany.

STRONG TRENDS UNDERPIN BRAIN+'S MARKET POTENTIAL

- The elderly share of the world population is rapidly growing
- Health care systems are overwhelmed and understaffed
- There are few effective therapeutic options for Alzheimer's and dementia
- Digital Therapeutics are rapidly adopted by healthcare systems
- Health care payers are increasingly reimbursing Digital Therapeutics at scale
- Pharmaceutical companies investing in and partnering with Digital Therapeutics
- Cognitive Stimulation Therapy becoming a global standard for non-pharmacological dementia care, highlighted by WHO and World Alzheimer report 2022



COMMERCIAL STATUS AND OUTLOOK

OVERVIEW OF COMMERCIAL STATUS FOR CORE MARKETS DENMARK AND GERMANY

In 2022, Brain+ achieved key commercial milestones with the finalized and marketed Danish version of our first dementia product CST -Therapist Companion in Denmark in November, and subsequently signed our first contract with the municipality of Herning. We also established new partnerships and promoted brand awareness in both the Danish and German markets, ahead of our expected market introduction of CST – Therapist Companion in Germany in Q2. In this section, we provide an overview of our commercial initiatives in current and future target markets.

In Denmark, the past year marked the finalization of product development and the launch of CST - Therapist Companion in Q4 2022. The product is intended to enable dementia therapists to consistently deliver highquality CST and at the same time save up to eight hours of preparation for every ten hours of therapy delivered.

The first contract provides strong validation of the market fit for CST Therapist Companion, as the Municipality of Herning is a Danish lighthouse in terms of CST adoption, and here four separate teams and a collective 25 therapists will be using the product to facilitate 10 to 13 annual CST groups. The CST-Therapist Companion has been acknowledged beyond Herning for its impact and effectiveness. Pia Østergaard, a CST professional from Silkeborg, Denmark, appreciates its features, stating, “this product needs to be adopted widely - especially the new features you’ve developed.” She believes they hold material value for volunteers, relatives, and professionals alike. Dr. Nikos Green of RoX Health also recognizes the potential of Brain+ technologies, describing them as “promising.” Other users express interest in the capabilities of the CST-Therapist Companion, and share “excitement” about its potential.

The market size for digital dementia therapeutics in Denmark is projected at DKK 200M, with an estimated 90K people living with dementia. Brain+ is initially using a Software-as-a-Service (SaaS) pricing model with options for limited or full municipal license or a fee per therapist for the CST – Therapist Companion. For CST - Home Companion, our application to provide repeat exposure to the CST program in an at-home setting, the model is expected to be based on a fee per user. The current level of staff is expected sufficient throughout 2023 to enable additional contracts for our CST-Therapist Companion and CST – Home Companion in Denmark.

In Germany, 2022 was characterized by our efforts to pave the way for a successful market introduction of CST Therapist Companion in Q2 2022. In Q4 2022, we advanced our market introduction by another six months, and successfully met the first milestone in our pharma partnership with RoX Health, part of Roche, when we finalized a full German version of CST – Therapist Companion, and completed the regulatory and commercial preparation. In March 2022, we joined the Danish-German Care Alliance (Dänisch Deutsche Pflegeallianz), to enable meetings and workshops with large German care home chains, with the aim of establishing local pilots and lead customers. In April 2023, we announced our collaboration with Malteser Hilfsdienst, to pilot CST – Therapist Companion supported CST therapy in a Café Malta clinic which serves people with dementia and their caregivers. Malteser is one of the largest providers in Germany with more than 50 dementia Cafés. Malteser International has activities in more than 20 countries. As we prioritize high-impact reference Partners and cross-leverage existing commercial resources, market introduction cost for Germany will be partly borne by current commercial expenditure levels, and subject to sales, additional resources towards particularly on-the-ground implementation and customer support.

The market size for digital dementia therapeutics in Germany is projected at EUR 400M, with an estimated 1.6

million people living with dementia. Germany has 2,275 nursing homes (20% of all nursing homes) specialized in dementia care, as well as over 3,800 out-patient services (25% of all out-patient services) specialized in dementia care. Brain+'s CST products may qualify under the new DiPA pathway and the existing DiGA pathway for end-users and caregivers, which would unlock access to reimbursement covered by statutory health insurance. For DiPA approved solutions the insurance sick funds will pay up to EUR 50 per month and for Neurology category DiGA solutions EUR 200-600 per treatment.

The initial sales model for the CST-Therapist Companion is a B2B subscription-based SaaS model targeting individual clinics and care homes. Parallel with initial sales efforts, Brain+ and RoX Health will be working to establish Brain+ products as reimbursable Digital Therapeutics at a national healthcare level in Germany, focusing initially on the CST - Therapist Companion, and the subsequent product, CST-Home Care.

Future target market: United Kingdom

As a small Digital Therapeutics company, Brain+ is prioritizing resources by carefully sequencing commercial traction, balancing maturation of our pipeline, to drive value accretive growth, while building a strong competitive position.

In the UK, the market size for digital dementia therapeutics is projected to be more than £150M. There are approximately 67 million people and 1 million people with dementia, and the disease is the number one cause of death for women. Brain+ products support CST, which is the recommended standard of care by The National Institute for Health and Care Excellence (NICE) and widely used across the UK. Furthermore, adoption is well-supported as researchers (LSE) have found that CST is cost-effective when compared to usual care in terms of benefits in cognition and quality of life, and could generate a net benefit of nearly £54.9M per year for the National Health Service (NHS). Brain+ already has pre-existing multi-year R&D partnerships in the UK with the University of Oxford, University of Nottingham and University College London.

Exploring New Use Cases for CST Product Suite with DaneAge Partnership

Maturation of new use-cases, is an important near-term driver of commercial progress. In December Brain+ initiated a project with one of the largest non-profit organizations in Denmark, the DaneAge Association DaneAge, which counts 930,000 members, and 215 local chapters across Denmark, uses volunteers to care for both elderly individuals and people with dementia. The collaboration explores a new commercial opportunity (volunteer services supported by our products), in a project where 12 volunteers over three months will leverage our CST - Therapist Companion product, to facilitate structured conversations and activities in one-to-one settings with the associations elderly members. Benefits to Brain+ include product R&D for our at-home use product, CST - Home Care, which is under development. The commercial potential from scalably supporting volunteers in facilitating stimulating conversations is attractive, and volunteers play a key role in caring for people with dementia in markets such as Denmark, Germany, and the United Kingdom.

"We are excited about trying Cognitive Stimulation Therapy to facilitate stimulating conversations between our volunteers and our members. Our hope is that these structured conversations will result in more interactions and engagement and could be a valuable service to our members."

Lotte Kofoed Hansen, Dementia Consultant at DaneAge.

PARTNERSHIPS

Partnerships extend the organic capabilities of Brain+ beyond what is achievable within our own organization and provide resources. Brain+ collaborates with an extensive partner network, to achieve commercial acceleration, access leading core competencies, and resources to enable clinical maturation of our technologies with academic partners and KOLs, and enable insights from patient organizations.

Partnering with Open Telekom Cloud to Develop Cost-Effective Solutions on German Cloud Infrastructure and Ensure Data Privacy Compliance

We have since August 2022 partnered with Open Telekom Cloud to cost-effectively develop our solutions on German cloud infrastructure, and ensure compliance with German and European data privacy requirements.

Partnerships Key to Maturation of Clinical Pipeline at Brain+: Grant-Funded Research and Strong Consortium of Expert Partners

Partnerships play a key role in the maturation of our clinical pipeline at Brain+. This approach has enabled the establishment of a strong and long-term consortium of expert partners, including leading international scientists from top universities such as the University of Oxford, University of Nottingham, University of Gothenburg, University of York, The Sahlgrenska Academy, and Via University College. Working in these partnerships provides Brain+ access to expertise and resources, as well as nondilutive funding via grant funded collaboration and increased efficiency and cost-savings.

To date, about DKK 100M has been invested in Brain+ technologies, with a majority through grant-funded research. This approach has facilitated the establishment of a strong, long-term consortium of expert partners, including leading international scientists from top universities.

MILESTONES & DEVELOPMENT HISTORY OF BRAIN+

DKK 9,77M 2013-2014	FORNYELSESFONDEN	**Brain+ prototype:** From 2013 to 2014, the Brain+ general cognitive training prototype was developed through funding from Fornyelses-fonden. This provided usability results and early proof of concept in healthy elderly adults.
DKK 5,96M 2015-2016	Equity investors	**Brain+ platform & mobile app:** The Brain+ technology was moved to the Unity 3D platform for both IOS and Android (and portable to other platforms), backend and analytics platform was developed. Partner-ships were formed with leading Danish clinicians.
DKK 13,39M 2017-2019	Innovation Fund Denmark	**Recover and Pro insights:** *The Healthy Brain Project* funded by the Innovation Fund Denmark (IFD) was used to develop the patient-facing cognitive training app and clinician app targeting Brain injury (BI), Parkinson's and Depression. BI trial results in peer review.
DKK 21,89M 2019-2022	Horizon2020 European Union Funding for Research & Innovation	**Starry Nights Memory test:** *The Alzheimer's Detect & Prevent project*, funded by the Horizon 2020 Fast Track to Innovation, has resulted in a gamified cognitive memory test with potential for pre-clinical early detection of Alzheimer's disease.
DKK 9,45M 2019-2022	EUREKA innovation across borders VINNOVA Innovation Fund Denmark	**Thrive:** *The AD Shield project*, funded by Eureka, IFD & Vinnova, is developing digital tools for lifestyle risk assessment and lifestyle change reduce risk of neurodegenerative diseases. The prototype goes into clinical trials with Swedish memory clinics in 2021.
DKK 11,36M 2021-2024	EUREKA innovation across borders DLR Projektträger Innovation Fund Denmark	**ACTnow:** *The ACCTDS project*, funded by Eureka, IFD & DLR, is develop-ing novel modes of action for modulating improving cognitive reserve and cognition, and reducing Alzheimer's risk, targeting APOE4 gene carriers (the risk gene for Alzheimer's disease).

Grant overview in syndication with partners. Source: Brain+

The future of health care will combine the best of Digital Therapeutics and Pharmacological treatments
Brain+ digital therapies can be used on their own or in combination with traditional drug treatments. The future of health care is expected to combine the best of both worlds for synergies in compliance, patient engagement, and mechanisms of action for better health outcomes.

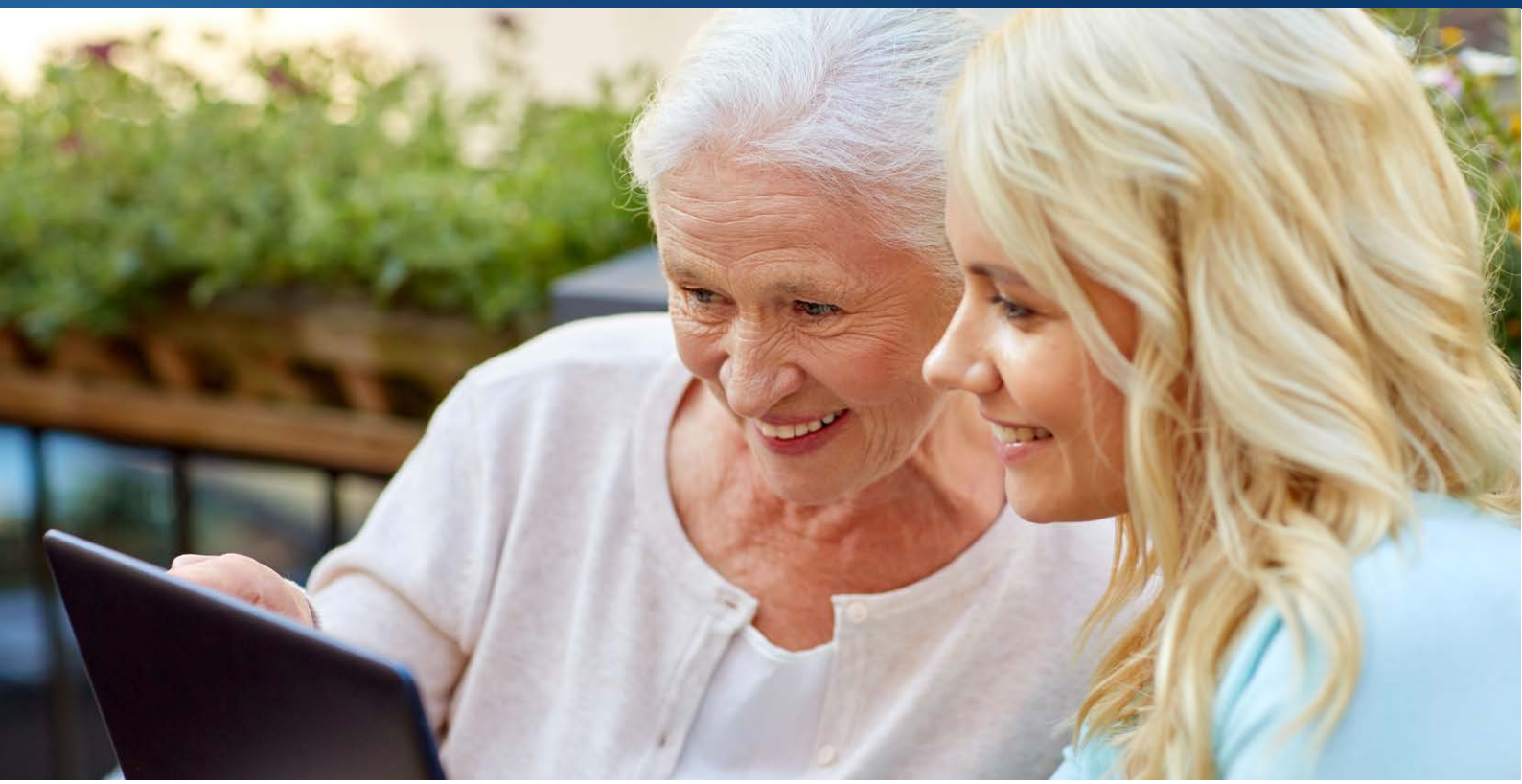
We are actively in conversations with leading pharmaceutical companies to explore ways to partner. Pharmaceutical companies are increasingly reviewing scalable digital therapies for dementia treatment and recognize that our CST products can become a core component of holistic dementia care based on the level of clinical validation and wide CST adoption. Digital Therapeutics can be used as companions to traditional drug therapy, with the aim of improving patient outcomes and compliance. Combination approaches have the potential to modulate the effectiveness of each standalone therapy, and offers an attractive option for pharmaceutical companies to expand product offerings and address unmet clinical needs. With 143 drugs in the current Alzheimer's disease drug development pipeline and 47 trials in Phase three, the field of potential partners is wide, and new pharmacological innovations are emerging. In January 2023, the FDA for instance approved Eisai's Leqembi via the Accelerated Approval pathway for the treatment of Alzheimer's disease.

"We believe that an ecosystem approach to Alzheimer's and dementia is needed, and we believe Digital Therapeutics will play an important role".

Dr. Nikos Green from our partner RoX Health

Pharmaceutical partnerships can have step-change impact, and there have been a number of reference deals in the Digital Therapeutics space in recent years, including Boehringer Ingelheim's partnership with Click Therapeutics, Shionogi's partnership with Akili, and Otsuka's partnership with Click Therapeutics.

When Click Therapeutics and Boehringer Ingelheim announced an expanded partnership to develop prescription Digital Therapeutics for patients with schizophrenia in December 2022, Click Therapeutics received an upfront payment, funding for research and development as well as clinical, regulatory and commercial milestones.



OVERVIEW OF KEY PRODUCTS AND TECHNOLOGY PIPELINE

Our product pipeline includes

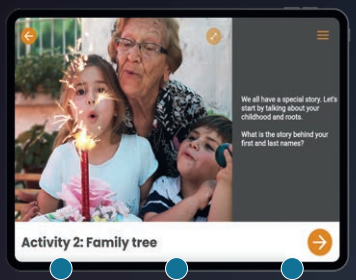
- CST - Therapist Companion, and the CST – Home Companion
- CST - Home Care
- CST for Mild Cognitive Impairment (MCI)

Each product builds on 'digital ingredients' we refer to as technologies. In this section, we provide an overview of each product and technology and its current status and regulatory path.

2 DEMENTIA THERAPIES, AND 1 COGNITIVE TEST

COGNITIVE STIMULATION THERAPY

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



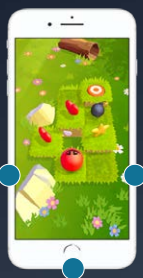
24 CST sessions:* exercises and activities, presented visually with interactive features (30-45min/session)

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 for people at risk with mild cognitive impairment, the method targets Alzheimer's



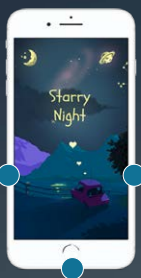
Cognitive training exercises/video-games in engaging environments (20-30min/session)

Mechanism of action accommodates the typical pathology seen in Alzheimer's disease

Method has shown medium to large effect sizes in dementia and MCI

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/test*)

Designed for remote testing at home

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

* Expected in final form, longer during trials to gather data
** For first commercial version of Digital CST, the 'Cognitive Stimulation Therapy (CST) - Therapist Companion"

PRODUCT MATURITY & CLINICAL STAGE

TECHNOLOGY	PRODUCT	REGULATORY CLASS	PRODUCT MATURITY STAGE
			Pilot / Clinical feasibility / Pivotal / regulatory / Commercialization
Cognitive Stimulation Therapy (CST)	CST - Therapist Companion	Tool for therapists	n/a*
	CST - Home Companion	Home-use tool to support CST - Therapists	n/a*
	CST - Therapist Companion v2.	Medical device software Class 1	
	CST - Home Care	Medical device software Class 1/2a	
Computerized Cognitive Training – 2nd generation*	CST for MCI..	Medical device Software Class 2a	
Starry Night cognitive test	Starry Night (SN) cognitive test	TBD	

*Since CST - Therapist Companion and CST - Home Companion are not medical devices, pivotal studies and certification are not needed to commercialize them.

Technology: Cognitive Stimulation Therapy

Our first marketed product, CST - Therapist Companion, is based on the Cognitive Stimulation Therapy (CST) technology, derived from a proven and widely recognized therapy for treatment of dementia. Brain+ is researching and developing a suite of products based on this platform for therapy intervention in groups (clinic or online), complemented by home use to treat cognitive symptoms of Alzheimer's and improve quality of life for people living with dementia in the mild-moderate stage and mild cognitive impairment (MCI).

CST is a structured psychosocial interaction that reliably has shown to improve cognition and quality of life using language and social interaction mechanisms. The cognitive therapy is currently widely used in clinical settings, and traditionally requires in-person therapy sessions with trained therapists.

COGNITIVE STIMULATION THERAPY

Cognitive Stimulation Therapy (CST) uses psychosocial interaction to stimulate cognition and create new associations via existing memories, stimulation of memory networks, imagination for people with mild to moderate Alzheimer's. It also works to increase the quality of the patient's interaction with their caregivers, as it facilitates a structured way to engage socially. It provides orientation to make the participants feel safe and self-confident, stimulating cognition through multiple sensory activation, and using reminiscence as an aid to the here-and-now.

CST was highlighted in two critical policy papers this year, first in the World Alzheimer Report 2022, where it is recommended to be 'implemented globally' and latest in the World Health Organization's report, 'A blueprint for dementia research'. These recommendations come based on the strong scientific evidence for CST showing clinical relevance and are further supported by the 2023 Cochrane review, 'Cognitive stimulation to improve cognitive functioning in people with dementia', involving 37 studies with 2766 participants, which shows cognitive benefits of CST corresponding to a 6-month delay in cognitive decline in mild to moderate dementia.

Product: CST - Therapist Companion

The CST - Therapist Companion is designed to support clinicians in delivering more efficient and effective CST treatment to patients. It allows therapists to provide personalized and adaptive therapy, while also tracking progress and enabling the therapist to adjust treatment as needed. This digitalized version of CST enables dementia therapists to consistently deliver high-quality CST and at the same time save up to eight hours of preparation for every ten hours of therapy delivered. The digital CST version also enables newly trained therapists to get started fast.

The CST - Therapist Companion, is a digital health tool to support professional therapists, which does not require regulatory certification. This pathway enables us to bring the product to market quickly, generate revenue, gather valuable data, and build close relationships with dementia health care providers. Subsequent product versions including CST - Therapist Companion v2. are expected to be classified as 'software-as-medical-device' under the European MDR regime, and 'medical-device-software' under the US FDA regulations.

In Germany, we expect to introduce the product as a digital health tool in Q2 2023, and subsequently target reimbursement via the DiPA channel. To qualify for DiPA requirements, Brain+ expects to initiate a ~DKK 1M study during 2023 to meet end-points displaying positive care effects in relation to usability and ease of use reimbursement. The clinical development plan is under development.

Product: CST – Home Companion

Following the market introduction of CST - Therapist Companion in Denmark we have received valuable feedback from CST therapists and other target users. Based on requests we developed the CST - Home Companion product in Q1 2023. The CST – Home Companion is designed as a digital health application to provide repeat exposure to the CST program in an at-home use setting, during and immediately after participation in a therapist-facilitated CST program.

Product: CST - Home Care

Brain+ has two additional higher complexity digital CST products in development, that are intended certified as software as medical devices with specific medical claims. The first 'CST - Home Care', aims to allow CST to be extended to the comfort of people's homes. The product is designed to enable people with dementia to continue to receive maintenance benefits from CST therapy after completion of the seven-week basic CST group program[3].

3 The seven-week basic CST group program is the standard of care being offered by the municipalities in Denmark, or clinics in Germany and the UK. The CST-Therapist Companion is aiding the delivery of this CST program.

CST - Home Care relies on a caregiver to facilitate the home-setting maintenance CST therapy. To strengthen our knowledge on particularly caregiver compliance, Brain+ in May became a partner in the FORTE grant project which reviews digital interventions for dementia and mild cognitive impairment, with University of Gothenburg, University of York, The Sahlgrenska Academy, and Via University College.

Our partnership with RoX Health, the German subsidiary of Roche Pharma, is important to the success of the CST-Home Care product. RoX Health brings pharmaceutical and healthcare expertise, as well as a strong track record with regulatory affairs, as we proceed to target national reimbursement, which will require us to focus on the necessary health outcomes, health economic outcomes, and regulatory requirements to obtain reimbursement.

The clinical plan is under development, and we plan to proceed with an additional clinical study in 2024 to document the benefits of CST - Home Care, specifically with the intention to meet end-points validating clinical benefits in relation to slowed cognitive decline, and quality of life for care givers and users. CST - Home Care is expected to complete product development in 2024 and subject to regulatory approvals, expected to be launched in 2025.

Product: CST for MCI, leveraging Computerized Cognitive Training and CST technologies
The second higher complexity digital CST product in research and development is CST for MCI (Mild Cognitive Impairment), which combines CST with our 2nd generation Computerized Cognitive Training (CCT) technology for MCI (See Technology: CCT). The product is also expected to feature our third technology, the Starry Night cognitive test, which will be added for the purpose of monitoring cognitive decline or improvements.

Technology: Computerized Cognitive Training (CCT)
CST for MCI includes computerized cognitive training and offers a fun and engaging way for patients to improve their cognitive function. The personalized and adaptive nature of the games ensures that patients receive therapy that is tailored to their specific needs, helping to support continued cognitive improvement. This technology was based on original work done by Brain+ aiming to alleviate cognitive issues in people with traumatic brain injury, which is the 1st generation of this technology. The learnings from this 1st generation of CCT games have formed the basis of the 2nd generation CCT which now targets very specific cognitive domains relevant for MCI and the utilization of behavioural interventions that have proven effective.

MILD COGNITIVE IMPAIRMENT (MCI)

Dementia is a significant global health issue, with estimates suggesting that 5-8% of people over the age of 60 are affected by it. In recent years, researchers have been focusing on ways to delay or prevent the onset of dementia, particularly in its preclinical stages.
One condition that is often a precursor to dementia is mild cognitive impairment (MCI), which is characterized by a decline in cognitive function that is more severe than normal age-related changes, but not severe enough to be classified as dementia. Studies have shown that 8-15% of individuals with MCI will develop dementia each year, and as many as 80% will progress to dementia within six years. Between 150 – 200 million are estimated to live with MCI, which is three to four times as many as those living with dementia.

As the MCI indication often leads dementia diagnosis, which frequently is not diagnosed until one year into dementia disease progression, Brain+ is working to extend therapeutic reach to leverage the benefits of early intervention.

CST for MCI is intended as a therapeutic intervention based on CST, but using specific CCT modules for core cognitive functions affected in MCI to treat cognitive symptoms in areas of visual spatial attention and memory, attentional control, and episodic memory. Brain+ has a range of initiatives to progress clinical maturation of the product.

The relevance of using Brain+ CCT in products for people with cognitive impairments is supported by clinical results to date. In two 2021 studies, Brain+ presented how computerized cognitive training 1st generation showed positive effects in brain injury patients and feasibility in Parkinson's disease. These disease groups correlate with dementia in terms of overlapping cognitive symptoms, and they are also high-risk groups for later development of dementia. In January 2023, the results of an eight-week placebo-controlled intervention study in people with Subjective Cognitive Impairments (SCI) demonstrated improved cognitive load after use of Brain+'s 1st generation CCT games. Some far-transfer effects were also seen on the participants' performance in a shopping task, meaning that improvements from the training transferred to daily life tasks. For Brain+, this gives feasibility validation of doing remote at-home training and for using cognitive training to make a positive impact on daily activities.

To further mature our 2nd generation CCT technology, Brain+ has since 2021 led a Eurostars grant project called ACTTDCS to develop a new mechanism of action for cognitive training targeting people-at-risk of dementia, especially MCI. This project enables collaborations with leading KOLs such as the University of Gothenburg, the University of Oxford, the University of Nottingham, and game development and software engineering company Nurogames.

In connection with the project, we are currently progressing a pilot open label controlled study with Århus University to assess cognitive abilities and patient-reported outcomes with MCI patients. The full ACTTDCS project ends in Q4 2023 and we expect the clinical results shortly after.

The clinical development plan is under development and Brain+ is planning another small 2023 pilot study to further mature clinical validation of computerized cognitive training. To add clinical claims and obtain reimbursement, it is expected that CST for MCI will merit classification as a medical-device software Class 2a, which will require additional proof of concept and pivotal studies including applicability in MCI, CST integration, and combination effects.

It is estimated that three to four as many people live with MCI compared to dementia , so subject to commercialization, this product is expected to have the potential to be highly impactful. Brain+ aims to partner with a strategic industry partner to co-develop and launch CST for MCI, and will continue to mature the product.

Technology: Starry Night

The Starry Night memory test is a novel tool for detecting Alzheimer's disease and other forms of brain dysfunction. Its quick and easy administration makes it suitable for use in a wide range of settings. The test measures the specific component of working memory related to the binding of identity and location of objects, which is a critical cognitive ability for episodic memory and perception, and is supported by the hippocampus. The Starry Night technology is currently envisioned to form part of our CST for MCI product.

The Starry Night test is currently in the development and research phase, with proof of concept studies underway. The test was adapted from a version developed by Oxford University and co-developed with the University of Oxford as part of an EU-Horizon2020 funded innovation project led by Brain+. The purpose of the adaptation was to enable large scale and remote testing, and to increase sensitivity in measurement.

Brain+ is currently working with Oxford University, Aarhus University, and Nottingham University on the development and research of the Starry Night test. Over the past year, Brain+ has made significant clinical progress with our technology, Starry Night. We have successfully completed two clinical trials and one Public and Patient Engagement (PPI) study, with one additional study currently in the final stages.

The first study, conducted by Oxford University, aimed to replicate the original lab test results in healthy elderly individuals. The results were positive, and were announced in February 2022. An additional study was planned with individuals with Mild Cognitive Impairment (MCI) at Oxford, but was ultimately deemed not feasible due to Covid-related restrictions. Despite this, valuable demographic data was still collected.

At the University of Nottingham, we carried out two additional studies. The first was a clinical study involving 86 people with Subjective Cognitive Impairments, in which the Starry Night test was successfully used for measuring working memory. The second was a qualitative PPI study to inform the opinions of those living with dementia on Computerised Cognitive Training and cognitive screening tools for early detection (doi: 10.2196/32489). Finally, a study conducted by Aarhus University with people at genetic risk of developing Alzheimer's disease is in the final stages, with results expected in this quarter.

Looking ahead, our next clinical development step for Starry Night is to conduct a large-scale trial to gather normative data on the technology. This will provide a population performance baseline against which to compare individuals at risk of developing Alzheimer's disease, and to track how outcomes develop over time for more effective future disease detection and treatment. Brain+ plans to leverage the Starry Night test to

support cognitive screening for MCI, and in the detection and monitoring of symptoms and improvements from our therapies. Similar to our other therapeutics in development, additional clinical validation is required before clinical claims can be made and reimbursement can be obtained for Starry Night. Subject to the completion of existing clinical trials, Brain+ expects to conduct an additional proof of concept study in people with MCI to support monitoring validation via test-retest reliability, and a larger-scale population study for monitoring validation and stage discrimination.

Technology Maturation

We believe the best outcomes are achieved through collaboration and therefore partner with the best minds and hearts in our eco-system; pharmaceutical leaders in the Alzheimer's disease market, such as Biogen and RoX Health, a subsidiary of Roche Germany, academic & clinical partners, such as universities of Oxford, Nottingham, Aarhus, and Gothenburg; patient organizations and NGOs, such as Alzheimer Europe, Alzheimer's Disease International, and the European Brain Council.

6 FEASIBILITY AND PROOF OF CONCEPT TRIALS SUCCESSFULLY COMPLETED, ON 3 TECHNOLOGIES

WITH A STRONG NETWORK OF EXPERT AND KEY OPINION LEADER PARTNERS

TECHNOLOGIES	THERAPEUTIC AREA	FEASIBILITY / PILOT	PROOF OF CONCEPT	RESULTS / GOAL	PARTNERS ACADEMIC, CLINICAL, PATIENT, COMMERCIAL
 STARRY NIGHT	Healthy elderlies	n = 120	2022	Positive early proof of concept	University of Oxford; Alzheimer Europe; Horizon2020 European Union Funding for Research & Innovation
	Subjective cognitive impairment	n = 86	2022	Positive feasibility & real world task transfer	University of Nottingham UK | CHINA | MALAYSIA; Alzheimer Europe; Horizon2020 European Union Funding for Research & Innovation
 CCT 1ST GEN	Acquired Brain Injury	n = 80	2021	Positive efficacy and early PoC	University of Copenhagen; Center for Rehabilitation of Brain Injury Center for Hjerneskade; Innovation Fund Denmark
	Parkinson's disease	n = 30	2021	Positive feasibility	University of Copenhagen; Region Bispebjerg Hospital; Innovation Fund Denmark
 CST	Mild to moderate dementia	n = 8 / 10+	2020	Positive feasibility	VIA University College; MTIC MedTech Innovation Consortium; Syddjurs Kommune
	Healthy adults	n = 5	2022	Positive feasibility	RISE Research Institutes of Sweden; EUREKA innovation across borders

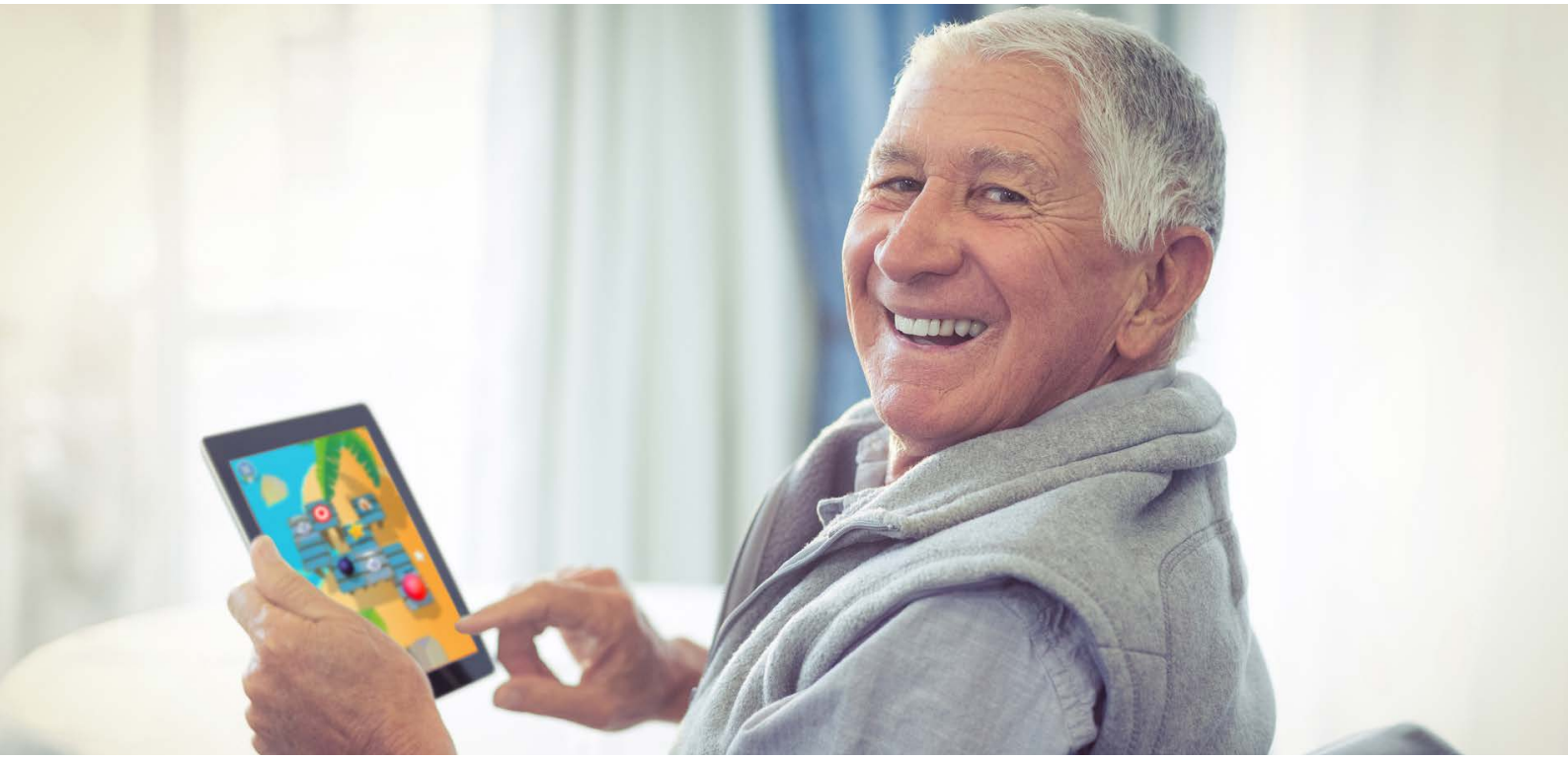
CST = COGNITIVE STIMULATION THERAPY
CCT = COMPUTERIZED COGNITIVE TRAINING
SN = STARRY NIGHT MEMORY TEST

2 TRIALS IN ONGOING PROJECTS AND 3 TRIALS PLANNED

TECHNOLOGIES	THERAPEUTIC AREA	FEASIBILITY / PILOT	PROOF OF CONCEPT	RESULTS / GOAL	PARTNERS ACADEMIC, CLINICAL, PATIENT, COMMERCIAL
STARRY NIGHT	Healthy elderlies at genetic risk of Alzheimer's	n = 80	Est. Q1 2023	Validate Starry Night test	AARHUS UNIVERSITY, Alzheimer Europe, Horizon2020 European Union Funding for Research & Innovation
CCT	Mild cognitive impairment / At risk of Alzheimer's disease	n = TBD	Est. Q4 2023	Validate 2nd Gen CCT technology	AARHUS UNIVERSITY, EUREKA innovation across borders, NUROGAMES
PLANNED TRIALS					
CST TC^{V2}	Mild to moderate dementia	n = <50	TBD Est. 2023	Get data for regulatory and payers for CST	
CST HC	Mild to moderate dementia	n = <300	TBD Est. 2024	Get data for regulatory and payers for CST	
CST MCI	Mild to moderate dementia	n = TBD	TBD Est. 2024	Proof of concept level efficacy & safety data	

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

TC^{V2} = THERAPIST COMPANION - VERSION 2
HC = HOME CARE
MCI = mild cognitive impairment



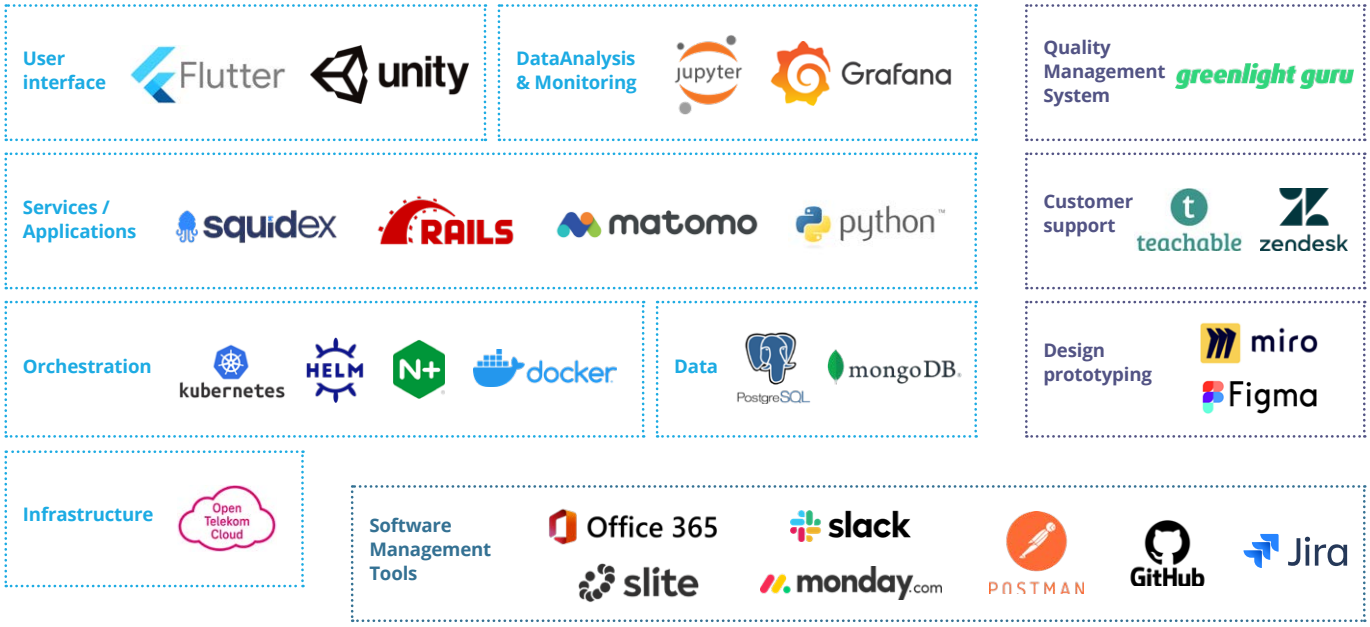
BUILDING A STRONG DIGITAL THERAPEUTICS PLATFORM TO MEET THE HIGHEST STANDARDS

Our tech platform plays a crucial role in driving business growth. During the past year we have implemented a modular infrastructure that will accelerate and cost-effectively facilitate the development of our future products.

We have introduced new features and capabilities to enhance the functionality and usability of the platform, and our usage data helps us to continuously tailor and improve the platform for users. The data will also enable us to provide clinicians with engagement monitoring tools to support them in their work with our digital CST products.

We are developing and maintaining a tech platform to meet the highest standards for use in software-as-medical-devices prioritizing compliance with medical device regulations, regional data privacy and cybersecurity requirements and health system interfacing requirements.

TECH STACK



Our therapeutic software solutions are developed for both web and mobile applications, in short, for versatile use. We use Flutter, a widely recognized framework for building multi-platform applications from a single codebase. We have a microservices architecture, where we separate the different aspects of the solution into smaller dedicated services that are loosely coupled. Integrations between our systems allow for traceability, and we automate checks, tests, and deployments where possible.

OUR ORGANIZATION AND PEOPLE

At Brain+, we are committed to building a strong and capable team to support our mission of developing Digital Therapeutics for dementia. As a strong team and a positive culture are essential to our success as an early stage Digital Therapeutics company within dementia, we made several new key hires over the past year to strengthen areas such as clinical development, quality management, user research and financial management.

MANAGEMENT COMMENTARY

PRIMARY ACTIVITIES

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 also referred to as Digital Therapeutics.

Digital dementia therapeutics have vast potential. The absence of comparable solutions and effective pharmacological treatments for dementia imply a large unmet need to serve, and Brain+ is at the forefront of commercializing and developing innovative detection and treatment solutions, in close collaboration with our leading academic and commercial partners.

Our product pipeline is designed to support the delivery of Cognitive Stimulation Therapy (CST) and includes the following solutions:

- CST - Therapist Companion: An application that enables therapists to deliver CST efficiently and consistently, while saving significant preparation time.
- CST – Home Companion: A digital health application to provide repeat exposure to the CST program in an at-home setting, during and immediately after participation in a therapist facilitated CST program.
- CST - Home Care: A solution under development, tailored to enable people with dementia to continue to receive maintenance benefits from CST therapy after completion of the seven-week basic CST group program.
- CST for Mild Cognitive Impairment (MCI): A solution under development, designed specifically for individuals with MCI, offering an adapted version of CST to address their unique needs.

Brain+ has developed the CST - Therapist Companion for dementia care to deliver tangible benefits to therapists, patients, and municipalities. The product streamlines therapy preparation, enables treatment consistency, and ultimately supports delivery of CST.

As Brain+ expands its product line to bring CST into patients' homes, the company continues to offer innovative and convenient solutions to improve patients' lives.

DEVELOPMENT IN ACTIVITIES AND FINANCES:

Market Introduction: Enhancing Dementia Care with CST - Therapist Companion
In 2022, Brain+ achieved a key commercial milestone with the market introduction of our first dementia product CST - Therapist Companion in Denmark in November, and the market fit is evident from the positive reception and subsequent contract secured for our first dementia product.

Expanding Sales and Accelerating Market Penetration
With CST – Therapist Companion our initial sales strategy focuses on targeting municipalities that already offer regular CST sessions, and therefore realize immediate benefits from adoption. The rapid adoption of CST in Denmark has resulted in a growing demand and six-month waitlist for CST therapist training, with

98 municipalities offering dementia care, and over 30 using CST. We maintain a healthy pipeline of quality leads to secure growth, with a typical sales cycle of 6-18 months for comparable municipal contracts, peaking during Q4. Our initial contract with Herning was secured within a materially shorter two-month period, as we are taking a combination of measures with the intention to shorten the cycle.

Targeting German and Danish Markets

Brain+ is pursuing a B2B subscription-based SaaS model, targeting municipalities, individual clinics, and care homes. In collaboration with RoX Health, we aim to subsequently establish Brain+ products as reimbursable Digital Therapeutics at a national healthcare level in Germany, initially focusing on the CST - Therapist Companion and CST - Home Care. The collaboration has been successful to date and we have accelerated the development of the German version of CST - Therapist Companion two years ahead of plan.

Market testing has also enabled us to adapt and expand our pipeline with new use cases, as evident from our development of the CST - Home Companion, to support repeat exposure to the CST program in an at-home setting, during and immediately after participation in a therapist facilitated CST program. We are also actively evaluating dementia volunteer use cases with DaneAge, as volunteers provide key supporting networks for the dementia ecosystems in particularly the United Kingdom and Denmark.

Strengthening Capabilities & Governance

As we navigate the transition to the commercial stage and expand our focus on international partnering, our team's capabilities play a vital role in our success. Our Board has been enhanced with three experienced international profiles within Life Science, Digital Therapeutics, and Alzheimer's disease: Anders Härfstrand (Director at Prothena Corporation), Johan Luthman (EVP of R&D at Lundbeck), and Betül Unaran (CCO at Unilabs). Their expertise has already contributed to key strategic decisions and fostered new partnerships. To enable growth and mature our product suite, we have also strengthened our organization by attracting international talent in key departments, including finance, research, quality and compliance management, and software engineering. This was achieved through a combination of new hires and reprioritized headcount to bring in leading specialists with a proven track record in their respective fields.

Our flat organizational structure facilitates rapid decision-making and effective communication. Our primary departments are Technology, led by CTO Paula Petcu; Science & Innovation, directed by CSIO Simon Nielsen; Commercial, managed by BDM Brian Østergaard; and Finance, overseen by CFO Bertil Stengaard Jessen. All department heads report directly to CEO and Co-founder Kim Baden-Kristensen. In the past year, we have enhanced our governance, risk management, and control measures by implementing comprehensive company-wide policies to strengthen internal controls. Additionally, we have established our audit committee to further ensure adherence to best practices and maintain robust oversight.

Investments and Financial Health

Strategic investments in R&D, partnerships, and funding are crucial for fueling growth and securing a competitive position in our underserved market. We diligently invest in R&D to bring effective and safe products to our underserved market, claim a leading competitive position, and create long-term value for our shareholders. To fund these we in 2022, secured DKK 6.4M through an 82% subscribed TO1 warrant and received over DKK 3M in grant funding from various sources, such as the Horizon 2020-funded project, Alzheimer's Detect & Prevent, Eurostars ACTTDCS project, and FORTE projects. These grants minimize shareholder dilution and provide valuable research contributions to our platform. Our cash and cash equivalents position at year-end 2022 is DKK 6.4M.

Expanding our Positive Track Record in R&D and Building Strategic Alliances

We have established a positive track record with our R&D investments, achieving early proof of concept for our three core technologies through positive results from four clinical studies. In 2022 we together with partners, concluded the two grant-funded projects Horizon and Eurostars AD Shield. Our partnership approach to clinical studies allows us to pursue grant-funded collaboration, and strategic alliances have also significantly benefited our operations. Collaborations with the Danish-German Care Alliance, RoX Health (Roche), and others have opened new opportunities for joint research and development projects, while providing access to cutting-edge expertise in the healthcare sector. In 2022, we established three new strategic collaborations as part of the Danish-German Care Alliance, FORTE-, and DaneAge projects, and continued our existing partnerships with seven universities/ university hospitals and patient organizations Alzheimer Europe and Alzheimer's Disease International.

Working in these partnerships provides Brain+ access to expertise, resources, non-dilutive funding, and increased efficiency and cost-savings. We currently have two grant-funded trials and we will continue to explore and pursue attractive grant funding opportunities, that closely tie to our strategy in the year ahead.

Significant uncertainties in recognition and measurement of development costs

The Company's development projects are naturally linked to uncertainty as some of the development activities are not yet completed. Management has estimated that each development project has a potential that exceeds the capitalized development costs. The calculation method for the Company's development projects consists of time registrations as well as discretionary allocation of costs. The method is estimated to give a reliable calculation of costs, although the accounting estimates are subject to some uncertainty.

DEVELOPMENT IN FINANCES

FINANCIAL PERFORMANCE SUMMARY:

- 2022 financial performance is as expected, with a profit/loss of DKK -9.7M, compared to DKK -7.1M in 2021. This development is attributable to the addition of new key competencies which have strengthened the technology platform and facilitated a faster route to commercialization for our suite of CST products.

GROSS PROFIT:

- Gross profit for FY 2022 was DKK 3.2M, in line with our guidance of DKK 2-4M, compared with 4.0M in 2021. The result in 2022 was driven primarily by income from innovation-grant funded projects, ongoing development, a milestone payment from our partner, RoX, and increased sales enabling cost. FY 2021 gross profit was impacted by larger capitalization of development cost and certain one-time expenses incurred in connection with the public listing of the company.

STAFF EXPENSES:

- Staff expenses for FY 2022 were DKK 12.7M, an increase from DKK 9.7M in 2021. The increase is primarily due to the onboarding of new talent to support accelerated business activities, including the preparation of CST - Therapist Companion for commercialization and the advancement of the clinical development of other pipeline products.

CASH FLOW AND FUNDING:

- Operations in 2022 were funded by a combination of cash in from grants and proceeds from the IPO in October 2021 as well as from the subsequent 82% exercise of unit warrants in October 2022.
- Net change in cash and cash equivalents for FY 2022 was DKK -3.6M compared to DKK 8.6M in FY 2021, which included cash proceeds from the IPO, a Pre-IPO round, and another debt instrument.
- As of December 31, 2022, the company's cash and cash equivalents amounted to DKK 6.4M.

Overall, the company's financial performance over the past year has been satisfactory, with a focus on investing in key areas to drive growth and prepare for commercialization. The company has implemented diligent cost control, prioritizing financial resources on value accretive activities with near-term revenue potential. The company will continue to prioritize investments in clinical trials to build additional evidence for current and maturing products, and to build commercial operations towards profitability and is focused on securing additional funding in 2023 to enable these activities.

EVENTS AFTER THE BALANCE SHEET DATE

Rights issue
To fund our commercial growth and clinical development programs, the board of directors has resolved to carry out a rights issue in May 2023.

Provided that the Rights Issue is fully subscribed, the Company will initially receive approximately DKK 15.7M, whereof approximately DKK 3.7M already has been received through bridge financing in March 2023, before deduction of transaction related costs. The Rights Issue is through subscription-and guarantee commitments secured to approximately DKK 13.4M corresponding to approximately 85 percent of the issue volume.
The Board of Directors may carry out an over-allotment issue of up to DKK 5.8M if the Rights Issue is fully subscribed (the "Over-Allotment Issue"). The bridge financing will be converted in full, plus a premium of 20 percent, into units in the Rights Issue.

TO2 and TO3 warrants
The issue is a Unit Rights Issue, which excluding over-allotment comprises a maximum of 15,720,518 units, corresponding to 31,441,036 shares, 31,441,036 warrants of series TO 2 and 31,441,036 warrants of series TO 3.

The warrants of series TO 2 and TO 3, if fully subscribed, can provide the company with an additional amount of approximately DKK 6.3 – 25.2M and DKK 9.4 – 37.7M in gross proceeds, respectively. These warrants give the right to subscribe for one (1) new share in the Company during the exercise period, which is planned to be from October 2 – October 16, 2023, for series TO 2 and from March 8 – March 22, 2024, for series TO 3.

The exercise price of the warrants is determined based on the average volume-weighted price for the share according to Nasdaq First North Growth Market's official price statistics during the period of 20 trading days ending two (2) banking days before the exercise period begins. The exercise price must be rounded to the nearest whole øre, and there are price limitations for each series of warrants. For series TO 2, the exercise price shall not exceed DKK 0.80 or fall below DKK 0.20, while for series TO 3, the exercise price shall not exceed DKK 1.20 or fall below DKK 0.30.

Management changes
As announced in April 2023, CFO Bertil Jessen will be taking a 12 month leave of absence starting 1 May 2023 for family reasons. During Bertil's absence, Hanne Leth Hillman, who has been a member of Brain+'s board of directors since May 2021 and Chairman of the Audit Committee sine September 2022, will step in to fill the CFO position. To ensure appropriate governance, Hanne will step down as a Brain+ board member, while holding the CFO position. In addition, Lars Terney, Vice Chairman of the board of directors, has decided not to stand for re-election for work related reasons, and he will be leaving the board at the Company's Annual General Meeting on 26 May, 2023. Brain+ is working to find a relevant replacement for Hanne as Chairman of the Audit Committee from May 2023 and a new board candidate as replacement for Lars.

OUTLOOK FOR 2023

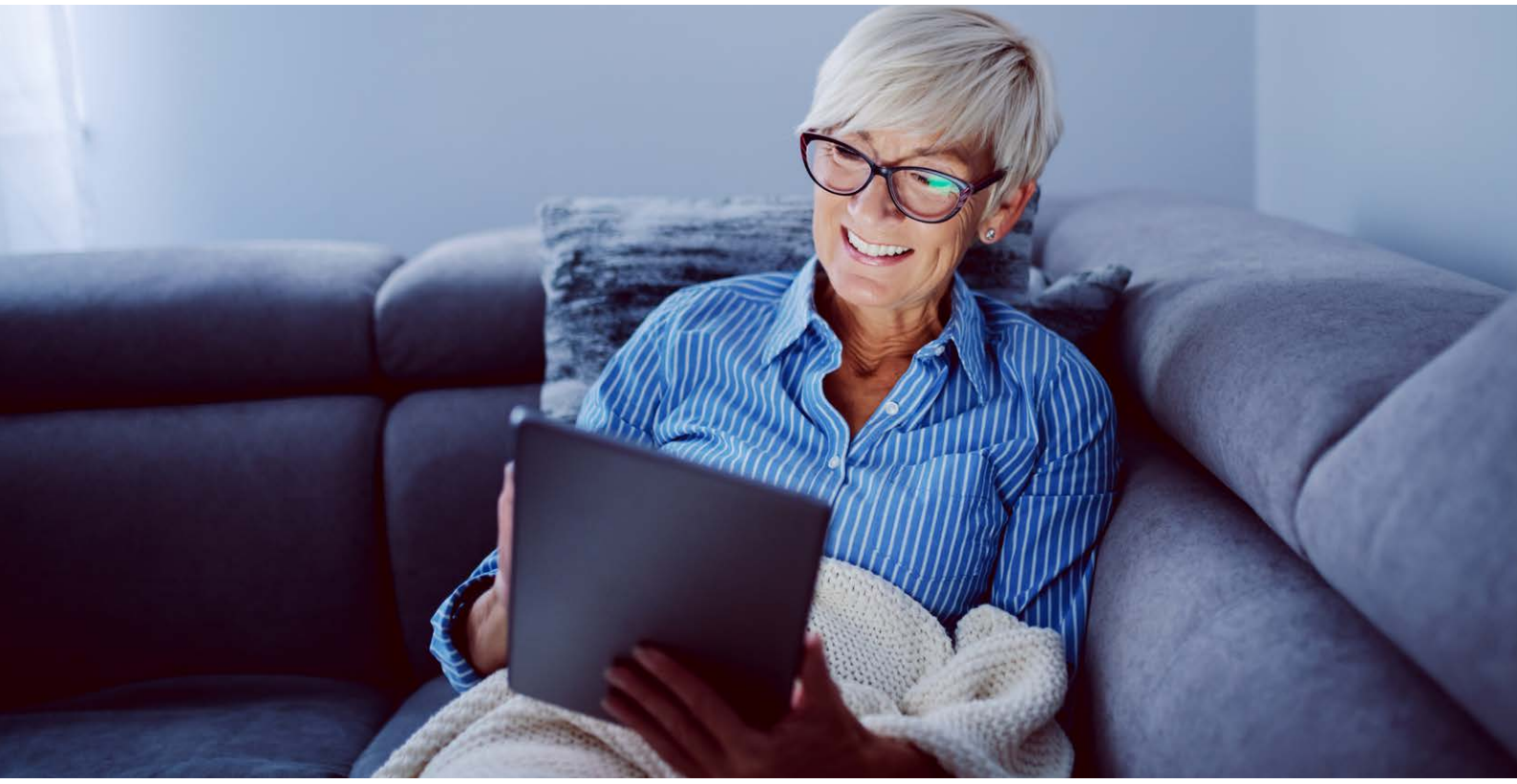
Business Strategy and Priorities

2022 was pivotal for Brain+ as we transitioned to a commercial Digital Therapeutics company with the market introduction of our first product, the CST - Therapist Companion, in Denmark. Our advanced CST-suite focused on dementia care sets us apart and our 2023 priorities are to accelerate CST - Therapist Companion sales in Denmark and in Q2 2023 introduce the product in Germany, while crafting additional features and maturing our product pipeline. We have ongoing dialogues with potential customers and are particularly focused on fast-tracking municipalities in Denmark. In the German market we will use a B2B subscription-based SaaS model, initially targeting clinics and care homes.

Financial Outlook

In acknowledgment of the uncertainties surrounding projections within the context of introducing a product into the new industry for digital CST products which we are driving, Brain+ will not provide specific guidance for 2023. However, to promote transparency and offer insight into our anticipated performance, our managements current expectation is to secure 5-10 commercial contracts during 2023. To enhance information available to our shareholders, we will initiate revenue disclosure from 2023 and provide commercial updates.

Brain+ expects to require additional funding in 2023 to scale sales, and mature and expand our product portfolio. To raise the necessary funds, the Board of Directors of Brain+ A/S has resolved to carry out a rights issue in May and will continue to explore other funding avenues, all while striving to maximize shareholder value.



RISK FACTORS

Brain+ has identified several risk factors that we consider to be the most significant. The risk factors are presented in a prioritized order of importance, the possibility that the risk will materialize, and the impact of the risk – these are summarized in the graphic below.

Market adoption

The level of acceptance and usage of digital therapeutics are subject to various factors, including the health care system, prescribers and patients and their readiness or lack of same to embrace Digital Therapeutics. Brain+ also works in disease areas of predominantly elderly and not digitally savvy patients and caregivers, which could pose challenges in using and understanding the concept of a digital therapy. These factors could result in a slower than expected market uptake and achievement of target sales.

Financing

Since the start of operations, Brain+ has had limited revenue and is still in a development phase with ongoing R&D projects. The Company launched its first product in November 2022 and secured its first commercial contract in December the same year. Despite commercial launch of the first dementia product, sufficient market adoption to generate revenues sufficient to cover the Company's operating cost is subject to risk. There is a risk, that in the future, the Company will not have sufficient revenue or positive cash flows to finance its operating cost and investments. If the Company is unable to obtain sufficient financing, the Company's ability to invest to maintain the competitiveness of its offering may be affected, as well as its financial position. Factors such as success of development of products, commercial acceptance by the market, obtaining of grants and possible strategic investments may affect the Company's future capital needs.

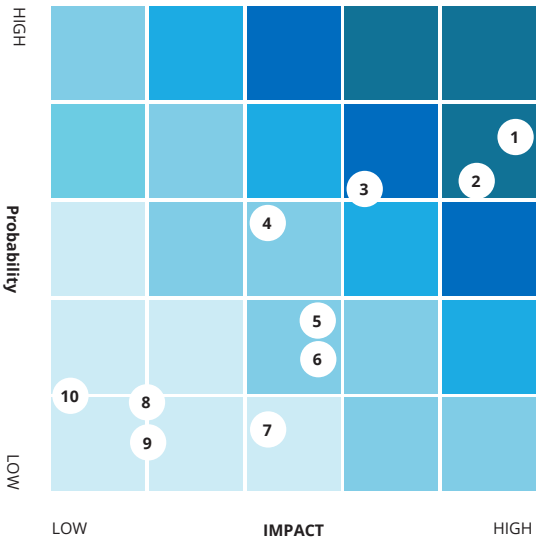
Clinical development programs

The development and commercial success of Brain+ products rely on getting positive results from scientific and clinical trials. The ongoing trials are at early stages including the feasibility studies and proof of concept. The nature of highly innovative new technologies, like the Brain+ Digital Therapeutics products, carries inherent high risk that the trials may not be completed or will not yield the expected results. There is also a risk of delays of the trials which may be caused by third parties and subcontractors.

BARRIERS & RISKS

		Impact	Probability
1.	Market adoption	5	4
2.	Financing	5	4
3.	Clinical development	4	4
4.	Medical device regulations ("MDR")	3	3
5.	Loss of key staff	3	2
6.	Competition	3	2
7.	Intellectual property rights and infringement	3	1
8.	Product liability	1	1
9.	Political risk	1	1
10.	Currency risk	1	1

(1 low, 5 high)



HIGH BRAIN POWER, WITH EXPERIENCE FROM BOTH PHARMA AND HIGH-TECH SCALE-UPS

EXECUTIVE TEAM

KIM BADEN-KRISTENSEN
Co-founder & CEO

Former Vice President of Marketing & Strategy @ world's largest wind energy co. 5 years @ Boston Consulting Group.

M.Sc. Management of Technology, CBS.

Cognitive Psychology studies, UCPH.

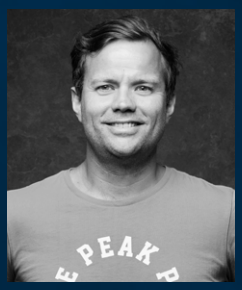
Healthcare Innovation degree HARVARD Business School (Pasteur Program).

PAULA PETCU
Chief Technology Officer

10+ years in Software Development, 7 years in Pharma. Formerly Head of Digital Technologies at Lundbeck.

One of Berlingske's Top 100 Talent in Denmark.

M.Sc. in Computer Science from University of Copenhagen.



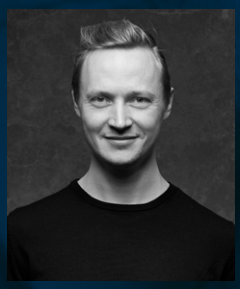
SIMON NIELSEN
Chief Science & Innovation Officer

12 years of experience as a biomedical engineer.

Senior scientist & team mgr. at Coloplast.

Postdoc, Cognitive Neuroscience, UCPH.

PhD. Psychophysics DTU.



BERTIL S. JESSEN
Chief Financial Officer

Former head of a global strategic business program in GN Store Nord.

Strategy and M&A advisory roles in Maersk and in J.P. Morgan's investment banking division.

One of Berlingske's Top 100 Talent in Denmark.

M.Sc. Applied Economics and Finance, CBS & St. Gallen.

BRIAN ØSTERGAARD
Business Development Manager

Entrepreneur in public health care and digital health with successful exit of his company in Autism & dementia care software.

25 years of experience in selling into public and private health care sectors.

EXECUTIVE MANAGEMENT - Headcount: 5
ADMINISTRATION - Headcount: 3
PRODUCT - Headcount: 5
SCIENCE & INNOVATION - Headcount: 5 + consultants
COMMERCIAL OPERATIONS - Headcount: 1

BOARD OF DIRECTORS

KARL ANDERS OLOF HÄRFSTRAND
Chairman and Board Member since 2022

Former Chairman of Diurnal Group (UK), Vivesto AB (Sweden), and a non-executive board member of Prothena (Ireland). Anders held previously senior executive roles in various major pharmaceutical/biotech companies and brings extensive experience in global business development and new product commercialization as chief executive at multiple pharmaceutical companies.

LARS TERNEY
Vice Chairman and Board Member since 2021

Senior Partner, Nordic Capital 13 years in Private Equity, 14 years Head of Boston Consulting Group Denmark. Lars is an international heavy weight within business, strategy and economics.

PER JOHAN LUTHMAN
Board Member since 2022

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.

HANNE HILLMAN
Chair of the Audit Committee and Board Member since 2021

Experienced life science executive focused on finance, communications and investor relations (IR). Former Jyske Bank, Gudme Raaschou, NeuroSearch and Zealand Pharma. Currently the CFO for Nanovi A/S.

BETÜL UNARAN-SUSAMIS
Board Member since 2022

Board of Directors of Ypsomed, and brings extensive Digital Therapeutics and Pharma experience as former Chief Strategy and Digital Officer at the largest e-commerce pharmacy in Europe, Zur Rose Group and as member of their executive board, and formerly as Global Head of Digital Medicines at Novartis Pharmaceuticals. Currently CCO at Unilabs.

MANAGEMENT'S STATEMENT

Today, the Executive Board and Board of Directors have considered and adopted the Annual Report of BRAIN+ A/S for the financial year January 1st 2022 - December 31st 2022.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Company at December 31st 2022 and of the results of the Company's operations and cash flow for the financial year January 1st 2022 - December 31st 2022.

In our opinion, the Management Commentary includes a true and fair account of the matters addressed therein.

We recommend that the Annual Report be adopted at the Annual General Meeting.

COPENHAGEN, APRIL 28TH 2023

Executive Board

Kim Baden-Kristensen
CEO

Board of Directors

Karl Anders Olof Härfstrand
Chairman

Lars Terney

Per Johan Luthman

Hanne Hillman

Betül Unaran-Susamis

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BRAIN+ A/S

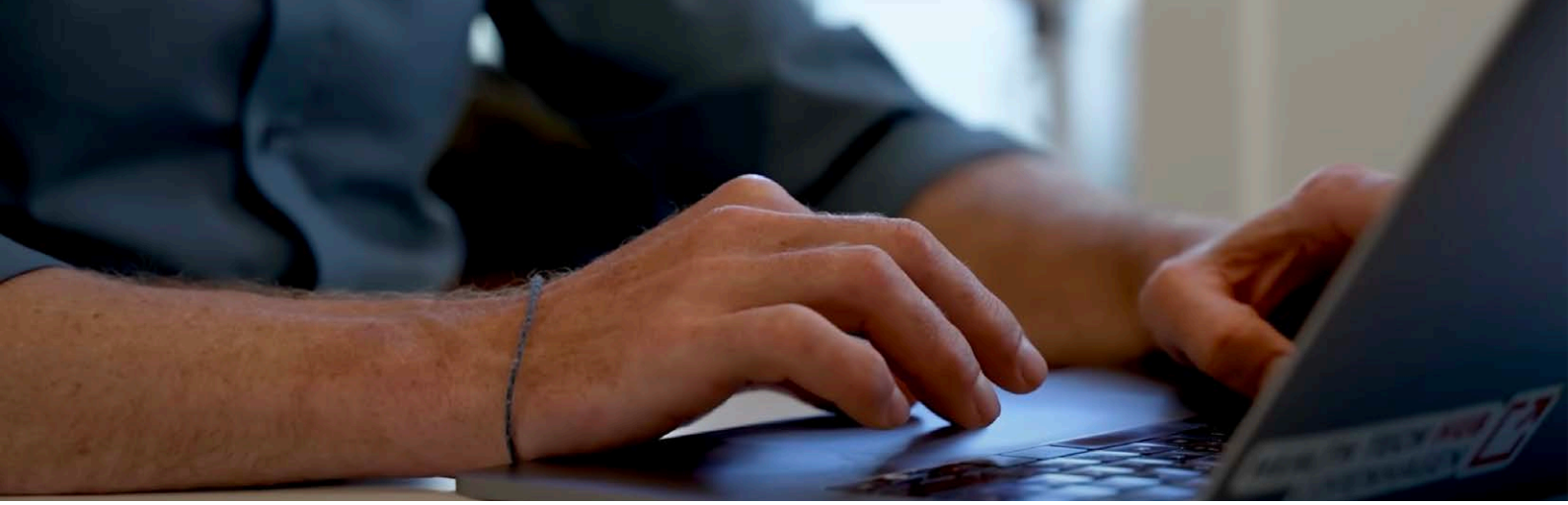
Opinion

We have audited the financial statements of BRAIN+ A/S for the financial year January 1st 2022 - December 31st 2022, which comprise the income statement, balance sheet, statement of changes in equity, cash flow and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at December 31st 2022 and of the results of its operations and cash flows for the financial year January 1st 2022 - December 31st 2022 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Management's responsibility for the financial statements
Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management's commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

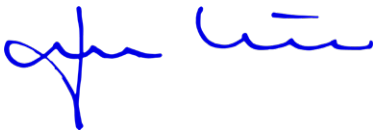
In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

AARHUS, APRIL 28TH 2023

Deloitte Statsautoriseret Revisionspartnerselskab CVR No. 33963556

Mads Fauerskov
State Authorised Public Accountant
mne35428



Jens Lauridsen
State Authorised Public Accountant
mne34323

COMPANY DETAILS

Company	BRAIN+ A/S Købmagergade 53, 3, 1150 København K CVR No. 36439440 Date of formation November 19th 2014 Registered office Copenhagen
Board of Directors	Karl Anders Olof Härfstrand, Chairman Lars Terney Hanne Hillman Per Johan Luthman Betül Unaran-Susamis
Executive Board	Kim Baden-Kristensen, CEO
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Værkmestergade 2 8000 Aarhus C CVR No.: 33963556
Annual General Meeting	The Annual General Meeting is held on May 26th, 2023.
Published	The Annual Report 2022 is available for download on our website, www.brain-plus.com from April 28th,2023. Following the Annual General Meeting it will be registered with the Danish Business Authority (Erhvervsstyrelsen) for publication also on www.cvr.dk.

ACCOUNTING POLICIES

REPORTING CLASS

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year, with the exception of a few reclassifications.

RECOGNITION AND MEASUREMENT

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

FOREIGN CURRENCY TRANSLATION

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Balance sheet items are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

PUBLIC GRANTS

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned. Grants awarded for acquisition of assets are recognised as deferred income in the balance sheet, which is taken to income on a straight-line basis over the useful life of the asset.

INCOME STATEMENT

Gross profit/loss

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit or loss comprises revenue, own work capitalised, other operating income, cost of sales and external expenses.

Revenue

Revenue from sale of software and licenses is recognised in the income statement on a straight line basis over the licence period.

Own work capitalised

Own work capitalised comprises staff costs and indirect allocated costs incurred in the financial year and recognised in cost for intangible assets.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff expenses

Staff costs comprise salaries and wages, and social security contributions, pension contributions, warrants, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises interest income, net capital gains on payables and transactions in foreign currencies, and debt write off.

Other financial expenses
Other financial expenses comprise interest expenses, exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

BALANCE SHEET

Intangible assets
Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and indirectly allocated costs that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation period used is 10 years.

Intangibles are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of the useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	USEFUL LIFE
Other fixtures and fittings, tools and equipment	5

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

The recoverable amount of an asset is determined as the higher of the net sales price and the value in use. Where the recoverable amount of the individual assets cannot be determined, the assets are grouped together into the smallest group of assets that can be estimated to determine an aggregate reliable recoverable amount for those units.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises bank deposits

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other payables
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the software agreed or completion of the service agreed.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

CASH FLOW STATEMENT

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with purchase and development of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash.

INCOME STATEMENT

DKK	NOTE	2022	2021
Gross profit	2	**3,232,617**	**3,992,214**
Staff expenses	3	-12,689,278	-9,653,213
Depreciation, amortization and impairment losses of intangible and tangible fixed assets	4	-1,627,791	-1,605,874
Profit/loss from operating activities		**-11,084,452**	**-7,266,873**
Other finance income	5	17,221	103,877
Finance expenses		-47,021	-1,941,777
Profit/loss before tax		**-11,114,252**	**-9,104,773**
Tax income	6	1,434,657	2,025,021
Profit/loss		**-9,679,595**	**-7,079,752**
Proposed distribution of results			
Retained earnings		-12,354,225	-11,477,570
Reserve for development expenditure		2,674,630	4,397,818
Distribution of profit/loss		**-9,679,595**	**-7,079,752**

BALANCE SHEET AS OF 31 DECEMBER 2022

DKK	NOTE	2022	2021
Asset			
Completed development projects	7	32,283,280	11,163,101
Development projects in progress	8	4,561,457	22,252,623
Intangible assets	9	**36,844,737**	**33,415,724**
Fixtures, fittings, tools and equipment	10	111,547	144,610
Property, plant and equipment		**111,547**	**144,610**
Fixed assets		**36,956,284**	**33,560,334**
Accounts receivable		22,250	0
Short-term tax receivables	11	977,359	1,591,250
Other short-term receivables		691,202	1,569,583
Prepayments		323,145	169,312
Receivables		**2,013,956**	**3,330,145**
Cash and cash equivalents		**6,401,919**	**9,992,638**
Current assets		**8,415,875**	**13,322,783**
Assets		**45,372,160**	**46,883,117**

BALANCE SHEET AS OF 31 DECEMBER 2022

DKK	NOTE	2022	2021
Liabilities and equity			
Contributed capital	12	1,572,052	1,181,591
Reserve for development expenditure		28,738,895	26,064,264
Retained earnings		-13,928,045	-6,641,837
Equity		**16,382,902**	**20,604,018**
Provisions for deferred tax	13	0	457,299
Provisions		**0**	**457,299**
Other payables		545,788	733,854
Deferred income, long term liabilities	14	21,352,937	21,043,545
Long-term liabilities other than provisions	**15**	**21,898,725**	**21,777,399**
Debt to banks		0	87
Trade payables		870,751	1,531,275
Other payables		3,484,296	1,277,758
Deferred income, short term liabilities	14	2,735,486	1,235,282
Short-term liabilities other than provisions		**7,090,533**	**4,044,401**
Liabilities other than provisions within the business		**28,989,258**	**25,821,800**
Liabilities and equity		**45,372,160**	**46,883,117**
Contingent liabilities	16		
Warrants	17		

STATEMENT OF CHANGES IN EQUITY

2022

DKK	CONTRIBUTED CAPITAL	SHARE PREMIUM	DEVELOPMENT EXPENDITURE	OTHER STATUTORY RESERVES	RETAINED EARNINGS	TOTAL
Equity 1 January 2022	1,181,591	0	26,064,264	0	-6,641,837	20,604,018
Increase of capital	390,461	6,005,284	0	0	0	6,395,745
Cost related to increase of capital	0	0	0	0	-937,264	-937,264
Transferred from share premium	0	-6,005,284	0	0	6,005,284	0
Profit (loss)	0	0	2,674,630	0	-12,354,225	-9,679,595
Equity 31 December 2022	**1,572,052**	**0**	**28,738,895**	**0**	**-13,928,045**	**16,382,902**

2021

DKK	CONTRIBUTED CAPITAL	SHARE PREMIUM	DEVELOPMENT EXPENDITURE	OTHER STATUTORY RESERVES	RETAINED EARNINGS	TOTAL
Equity 1 January 2021	95,830	0	1,470,358	13,965	2,525,112	4,105,265
Changes of equity through corrections of errors*	0	0	20,196,088	0	-22,383,310	-2,187,222
Adjusted equity 1 January 2021	**95,830**	**0**	**21,666,446**	**13,965**	**-19,858,198**	**1,918,043**
Change of equity through mergers and business combinations	646	0	0	0	-83,291	-82,645
Increase of capital	514,381	17,071,899	0	0	0	17,586,280
Increase of capital by capitalization of retained earnings	395,006	0	0	0	-395,006	0
Increase of capital by conversion of debt	175,729	10,261,948	0	0	0	10,437,676
Cost related to increase of capital	0	0	0	0	-2,175,584	-2,175,584
Equity transfers to reserves	0	0	0	-13,965	13,965	0
Transferred from share premium	0	-27,333,847	0	0	27,333,847	0
Profit (loss)	0	0	4,397,818	0	-11,477,570	-7,079,752
Equity 31 December 2021	**1,181,591**	**0**	**26,064,264**	**0**	**-6,641,837**	**20,604,018**

THE SHARE CAPITAL HAS DEVELOPED AS FOLLOWS:	2022	2021	2020	2019	2018
Balance at the beginning of the year	1,181,591	95,830	95,830	95,830	95,830
Addition during the year	390,461	1,085,761	0	0	0
Balance at the end of the year	**1,572,052**	**1,181,591**	**95,830**	**95,830**	**95,830**

CASH FLOW STATEMENT

DKK	2022	2021
Profit/loss	**-9,679,595**	**-7,079,752**
Depreciation and amortization expense of property, plant and equipment and intangible assets	1,627,791	1,605,874
Adjustments of tax receivables	-977,359	-1,591,250
Adjustments for deferred tax	-457,298	-433,771
Decrease (increase) in receivables	2,204,547	-1,020,776
Increase (decrease) in trade payables	3,256,544	137,305
Cash flows from operating activities	**-4,025,370**	**-8,382,370**
Purchase of intangible assets	-5,023,742	-7,232,957
Purchase of property, plant and equipment	0	-125,240
Cash flows from investing activities	**-5,023,742**	**-7,358,197**
Repayment of other long-term payables	0	-1,008,441
Cash capital increase	6,395,745	27,455,784
Cost related to increase of capital	-937,264	-2,175,584
Other components of cash flows from financing activities	-87	98,989
Cash flows from financing activities	**5,458,394**	**24,370,748**
Net increase (decrease) in cash and cash equivalents	**-3,590,719**	**8,630,181**
Cash and cash equivalents, beginning balance	9,992,638	1,362,457
Cash and cash equivalents, ending balance	**6,401,919**	**9,992,638**

NOTES

1. GOING CONCERN

As of December 31, 2022, the Company's cash and cash equivalents amounted to DKK 6.4M. Brain+ will require additional funding in 2023 to scale sales, and mature and expand our product portfolio.

To raise the necessary funds, the Board of Directors of Brain+ A/S has resolved to carry out a rights issue in May 2023 and will continue to explore other funding avenues, all while striving to maximize shareholder value.

Provided that the Rights Issue is fully subscribed, the Company will initially receive approximately DKK 15.7M, whereof approximately DKK 3.7M already has been received through bridge financing in March 2023, before deduction of transaction related costs. The Rights Issue is through subscription- and guarantee commitments secured to approximately DKK 13.4M, corresponding to approximately 85 percent of the issue volume. Total funds raised in connection with the initial Rights Issue will depend on the level of public subscription to the offer in May 2023.

The issue is a Unit Rights Issue, which excluding over-allotment comprises a maximum of 15,720,518 units, corresponding to 31,441,036 shares, 31,441,036 warrants of series TO 2 and 31,441,036 warrants of series TO 3.

The warrants of series TO 2 and TO 3, if fully subscribed, can provide the company with an additional amount of approximately DKK 6.3 – 25.2M and DKK 9.4 – 37.7M in gross proceeds, respectively. These warrants give the right to subscribe for one (1) new share in the Company during the exercise period, which is planned to be from October 2 – October 16, 2023, for series TO 2 and from March 8 – March 22, 2024, for series TO 3. Total funds raised in connection with TO2 and TO3 warrants will depend on the prevailing share price of Brain+ A/S shares at the time of exercise, and the number of warrants exercised.

Brain+'s management expects that the aforementioned funding sources will be sufficient to finance operations throughout 2023, and intends to adapt operations if needed to accommodate this based on realized proceeds from the issuances. The annual report is therefore presented on a going concern basis.

2. GROSS PROFIT

Gross profit or loss comprises revenue, own work capitalised, other operating income, cost of sales and external expenses.

DKK	2022	2021
Public grants	1,468,474	838,660
Covid-19 support from authorities	0	152,886
Own work capitalised	5,023,742	7,232,957
Other income	671,677	356

The above table does not include cost of sales and external expenses.

3. STAFF EXPENSES

DKK	2022	2021
Wages and salaries	10,901,195	8,724,419
Pension	1,025,758	504,021
Social security contributions	122,788	105,216
Other employee expenses	639,538	319,557
	12,689,278	**9,653,213**

Average number of employees (FTE)	**16**	**15**

Salaries transferred to the balance sheet under development projects are DKK 4,438,785 (2021: DKK 6,431,995). The amounts presented in this note reflect gross amounts and capitalized costs are therefore not subtracted.

4 DEPRECIATION OF EQUIPMENT AND INTANGIBLE ASSETS RECOGNIZED IN PROFIT OR LOSS

DKK	2022	2021
Amortization of completed development projects	1,594,729	1,594,728
Plant/machinery depreciation	33,062	11,146
	1,627,791	**1,605,874**

5. OTHER FINANCE INCOME

DKK	2022	2021
Exchange rate variance	16,454	0
Bank interest	767	0
Other finance income	0	103,877
	17,221	**103,877**

6 TAX INCOME

DKK	2022	2021
Corporate tax, current	977,359	1,591,250
Deferred tax, adjustment	457,298	433,771
	1,434,657	**2,025,021**

Current tax relates to the use of the tax credit scheme defined in Ligningsloven § 8X for research and development costs. For further see Note 11.

7 COMPLETED DEVELOPMENT PROJECTS

DKK	2022	2021
Cost at the beginning of the year	17,989,027	17,989,027
Transfers during year	22,714,908	0
Cost at the end of the year	**40,703,935**	**17,989,027**
Amortization at the beginning of the year	-6,825,926	-5,231,198
Amortization for the year	-1,594,729	-1,594,728
Amortization at the end of the year	**-8,420,654**	**-6,825,926**
Carrying amount at the end of the year	**32,283,280**	**11,163,101**

Transfers are made in December 2022 and amortization on the transferred amounts is initiated from January 2023 over a 10-year straight line.

8 DEVELOPMENT PROJECTS IN PROGRESS

DKK	2022	2021
Cost at the beginning of the year	22,252,623	15,019,665
Addition during the year	5,023,742	7,232,958
Transfers during the year	-22,714,908	0
Cost at the end year	**4,561,457**	**22,252,623**
Carrying amount at the end of the year	**4,561,457**	**22,252,623**

9. DEVELOPMENT PROJECTS SPECIAL PREREQUISITES

Brain+ A/S develops pioneering products for the early detection and treatment of dementia in collaboration with scientific partners. As we continue to develop our product portfolio, the balance sheet reflects investments made in our software and knowledge base, conditional on our anticipation of the future economic benefits derived from these assets. We are fully committed to the completion of all initiatives in the pipeline and trust our track record shows capacity to execute and internalize the value creation of the consortium projects in which we are engaged. For this purpose, we have raised the necessary capital through grants and capital issuances to secure the completion of the projects. With completed development projects and a promising diversified pipeline, we see great commercial potential in different go-to-market approaches, and especially our close ties to the scientific community made us capable of developing unique intangible assets and a competitive market position. As demonstrated by the growing societal burden of dementia and the support from our external parties, we are addressing a market with enormous demand.

Our portfolio comprises a range of both medical and non-medical solutions, that ensure commercial, competitiveness, and regulatory risks are mitigated even in the event of negative clinical trial results or commercialization challenges.

The Company's development projects are naturally linked to uncertainty as some of the development activities are not yet completed. Management has estimated that each development project has a potential that exceeds the capitalized development costs. The calculation method for the Company's development projects consists of time registrations as well as discretionary allocation of costs. The method is estimated to give a reliable calculation of costs, although the accounting estimates are subject to some uncertainty.

As of 31 December 2022, the Company has two ongoing development projects that are capitalised. The first development project relates to the development of our digital cloud infrastructure while the second project relates to the development of our technologies Starry Night and CCT. Both projects are expected to support our product pipeline. The project on the digital cloud infrastructure is expected completed in 2023, while the second project on technological development is expected completed in 2024.

Management sees no impairment issues regarding development projects.

10 FIXTURES, FITTINGS, TOOLS AND EQUIPMENT

DKK	2022	2021
Cost at the beginning of the year	191,854	66,614
Addition during the year	0	125,240
	191,854	**191,854**
Depreciation at the beginning of the year	-47,244	-36,098
Depreciation for the year	-33,062	-11,146
Depreciation at the end of the year	**-80,307**	**-47,244**
Carrying amount at the end of the year	**111,547**	**144,610**

11 SHORT-TERM TAX RECEIVABLE

The tax receivable relates to the use of the tax credit scheme defined in Ligningsloven § 8X. The Company expects a cash reimbursement corresponding to the tax value of our tax loss attributable to research and development costs. Based on an assessment of the application criteria, it is the management view that the Company is eligible to the reimbursement under the tax credit scheme and therefore the asset is recognised in the balance.

Whether the application criteria are satisfied is, however, a discretionary assessment. As a result hereof, there is a risk the tax authorities deny the reimbursement or that any incorrect reimbursement must be repaid in subsequent financial years.

12 EARNINGS PER SHARE

DKK	NOTE	2022	2021
The calculation of earnings per share is based on			
Profit/(loss) for the period		-9,679,595	-7,079,752
Number of shares			
Beginning of the year		11,815,912	95,830
Capital increase		3,904,606	2,275
Capital increase*		0	889,405
Capital increase		0	3,950,060
Capital increase		0	2,089,800
Capital increase		0	4,788,542
Number of shares total		**15,720,518**	**11,815,912**
Average number of shares		12,468,463	5,321,820
Effect of dilutive potential ordinary shares:			
Outstanding shares	17	177,238	4,965,780
Weighted average number of shares for calculation of diluted EPS		12,645,701	10,287,600
Earnings per share (EPS)		-0.78	-1.33
Earnings per share , diluted (DEPS)		-0.77	-0.69

**Change of unit size of the company's shares in a share split in the ratio 1:10, so the unit size is changed from DKK 1 to DKK 0.10.*

Correction of error regarding half year report 2022 and annual report 2021. A misrepresentation of the number of outstanding warrants as of December 31st, 2021, render the diluted earnings per share calculation of the annual report 2021 incorrect. The corrected diluted earnings per share for the financial year 2021 is -0.69 instead of the reported -0.70 while diluted earnings per share for the first half year of 2022 remains unchanged.

13 PROVISIONS FOR DEFERRED TAX

DKK	2022	2021
Deferred tax	0	-457,299
Balance at the end of the year	**0**	**-457,299**

The company has a non-recognized deferred tax asset of DKK: 1,299,649

14 DEFERRED INCOME, LIABILITIES

DKK	2022	2021
Deferred income, beginning of the year	22,278,827	22,284,054
Deferred income, addition during the year	4,130,057	833,433
Deferred income, recognized as income during the year	-1,468,474	-838,660
Deferred income, disposal during the year	-851,987	0
	24,088,423	**22,278,827**
Deferred income, addition during the year	21,352,937	21,043,545
Deferred income, disposal during the year	2,735,486	1,235,282
	24,088,423	**22,278,827**

End of year 2022, an amount of DKK 198,311 relates to deferred income from strategic partners and DKK 23,890,112 to public grants.

15. LONG-TERM LIABILITIES

DKK	DUE WITHIN 1 YEAR	DUE AFTER 1 YEAR	DUE AFTER 5 YEARS
Other payables	0	-545,788	-545,788
Deferred income	0	-21,352,937	-10,548,686
	0	**-21,898,725**	**-11,094,474**

Other payables of DKK 545,788 relates to frozen holiday funds.

16 UNRECOGNISED RENTAL AND LEASE COMMITMENTS

The Company is committed to a rent of DKK 146,250 after the year-end 2022 (2021: DKK 308,100) and a lease expense of DKK 341,386.

17. WARRANTS

	OUTSTANDING WARRANTS AS OF JANUARY 1ST, 2022	WARRANTS EXERCISED IN EXERCISE PERIOD OCTOBER 17TH TO 30TH, 2022, AT EXERCISE PRICE OF DKK 1.638 PER WARRANT*	WARRANTS EXPIRED AS OF NOVEMBER 1ST, 2022	OUTSTANDING WARRANTS AS OF DECEMBER 31ST, 2022
Warrants granted as part of the units in IPO by public subscription from September 17th to 30th, 2021	4,788,542	3,904,606	883,936	0
Warrants granted in accordance with article 4.3.1A of the Articles of Association.**	177,238	0	0	177,238
Total number of warrants	**4,965,780**	**3,904,606**	**883,936**	**177,238**

**The exercise price is equal to the weighted average Brain+ share price over the 10 trading days leading up to October 17th 2022 less*

***Warrants issued to financial advisor Gemstone Capital A/S as part of the IPO. The warrants give Gemstone Capital A/S the right to subscribe up to 177.238 shares of nom. DKK 0.10 in the Company by cash payment of DKK 5.69 per share. Warrants can be exercised until 1 October 2026.*

As of 31 December 2022, the Board of Directors is authorised to issue up to 1,200,000 subscription rights ("Warrants") giving the right to subscribe up to 1,200,000 shares of DKK 0.10 (nom. DKK 120,000) in the company by cash payment, to the management, employees, consultants and other business relations, as determined by the Board of Directors, and subsequently, at one or more times to increase the company's share capital in connection with the issue of new shares. Terms are further specified in the Articles of Association.

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