

Brain+ is carrying out a pre-emptive rights issue of units – What does this mean?

This text is contemplated as a basic information and instructional document. For detailed terms and conditions, the company refers to the official documents established in connection with the rights issue, such as the prospectus, company announcement and the article of association.

What is a share issue?

A share issue is an event where a company asks the general public and/or existing shareholders for more capital in exchange for newly issued shares in the company. Shares in a new share issues are often offered to a lower price than the prevailing market price.

Brain+ is carrying out the issue in order to finance increased sales activities and clinical trials for the company's coming products.

What are pre-emptive rights?

When carrying out a new share issue, the company can choose to give existing shareholder priority in subscribing for the new shares, as they are (typically) offered to an advantageous price. Share issues where subscriptions from existing shareholders are prioritized are typically called "rights issues".

To keep track on which subscriptions that should have prioritized allocation, a company can choose to give out a financial instrument called "pre-emptive right" to existing shareholders on a record day close to the subscription period. The pre-emptive right is essentially a ticket for guaranteed allocation when subscribing in the issue.

The company's pre-emptive unit rights (the ticket) are traded with the ticker "BrainP UR" on First North until 23 May. Shareholders that do not want to subscribe the rights issue can choose to sell the pre-emptive right over the market to investors who wish to obtain guaranteed allocation in the rights issue. Similarly, existing shareholder wishing to subscribe for more units can acquire additional pre-emptive rights over the market. Any pre-emptive rights not exercised or sold before 23 May will lapse with no value and without any right for compensation.

What is a unit?

A unit is bundle of financial instruments offered as a "package deal". An issue of units typically means that the Company is offering shares and warrants.

In Brain+'s case, the units offered contains two (2) shares, two (2) warrants of series TO 2 and two (2) warrants of series TO 3. Price per unit is DKK 1.00 per unit, meaning that the average price per share is DKK 0.50. Warrants are given out as a bonus and represent an opportunity to invest more into the Company in the future, also at an advantageous price.

What is a warrant?

A warrant is a financial instrument which gives the holder the right (but not the obligation) to acquire new shares in the company to a pre-determined price at a specific window of investment opportunity in the future ("exercise period").

The warrants offered through the rights issue gives the holder the right to subscribe for new shares at a discount of 30% to the share price that prevails during the exercise period. Terms for Brain+ warrants including when the exercise period takes place are explained in detail on the next page.

How to subscribe?

In a pre-emptive rights issue there are two ways to subscribe: 1) by exercising pre-emptive rights or 2) by applying for remaining shares/units.

1. With pre-emptive rights:

Investors who have obtained pre-emptive unit rights, or who have purchased pre-emptive unit rights over the market, wishing to subscribe for units do so through their custodian bank. Use the custodian bank's corporate actions web page where information regarding corporate actions can be found. Advisers from the bank can also support in the subscription process.

Example:

Assume that you have 1,000 shares in the company and thus receive 1000 pre-emptive rights in your account. For these 1,000 pre-emptive rights, you have the opportunity to subscribe for 1,000 new units (2,000 shares, and 4,000 warrants) for DKK 1,00 each (DKK 0.50 per share). Assume the share is currently trading at DKK 0.75 on the stock exchange, and since you believe in the company's future prospects, you decide to accept the offer and convert your pre-emptive rights into shares. You then pay a total of DKK 1,000.

2. Without pre-emptive rights:

Investors who are not a shareholder in the company and do not want to acquire pre-emptive rights over the market, or are an existing shareholder but wish to subscribe for more units (than the number of pre-emptive rights held) without acquiring additional pre-emptive rights over the market, can do so through the custodian bank's corporate action page. Investors subscribing without pre-emptive rights will only be allocated units to the extent that the rights issue is not subscribed for by use of pre-emptive rights in a first instance.

Example:

Suppose you are not currently an owner of the company, but you believe in its business concept and are interested in investing money in it (or you are a current shareholder wishing to subscribe for more units than you have pre-emptive rights for). You don't want to pay for pre-emptive unit rights by buying them on the market, but instead subscribe for units without pre-emptive rights. In this case you will only be allocated units if all units are not subscribed for with pre-emptive rights. In such a scenario the company's board of directors will decide on how to allocate remaining units to subscribers without pre-emptive rights, and you risk to not be allocated any.

What actions are needed from you?

If you have obtained pre-emptive unit rights you must decide whether to use the pre-emptive right to subscribe for new units in the issue or sell the pre-emptive over the market. If you choose to sell, you do so in the same way as you would sell a share. If you wish to subscribe in the issue, find the custodian bank's corporate actions web page where the offer can be found.

NOTE: inform yourself about you custodian bank's internal deadlines as they can differ from the dates in the rights issue.

Deadlines for Nordnet customers:

1. If you have obtained pre-emptive unit rights and wish to subscribe in the rights issue, you must do so before 16 May, or else Nordnet will try to sell your pre-emptive rights over the market.
2. Pre-emptive unit rights purchased over the market after 16 May will not be sold by Nordnet. Subscription with acquired pre-emptive rights must be submitted before 23 May.
3. If you do not have pre-emptive unit rights but want to subscribe in the issue anyway, you can submit an application to acquire remaining units until 23 May.

Brain+ warrants of series TO 2

Each warrant of series TO 2 entitles the holder to subscribe for one (1) new share at a price within the range of DKK 0.20 – 0.80 during the exercise period which runs from 2 October 2023 until and including 16 October 2023 (the "exercise period"). The cost for exchanging a TO 2-warrant into a share (the "exercise price") will be set to 70 percent of the volume-weighted average price during the period of twenty (20) trading days ending two (2) trading days before the first day of the exercise period (the "calculation period"). The exercise price which will be communicated in a company announcement on 1 October 2023 will be rounded to the nearest øre. Below illustrates the value of warrants during the exercise period depending on the average share price during the calculation period. Please note the exact profit may be different than the illustration below depending on the actual share development during the calculation period and during the exercise period.

Average share price (DKK)	Exercise price of warrants (DKK)	Cost of exchanging 1000 warrants to 1000 shares (DKK)	Market value of 1000 shares (DKK)	Profit from / Value of 1000 warrants (DKK)
0-0.2	0.2 ¹	0*	<200	0
0.4	0.28	280	400	120
0.6	0.42	420	600	180
0.8	0.56	560	800	240
1.0	0.7	700	1000	300
1.2	0.8 ²	800	1200	400
1.4	0.8 ²	800	1400	600
1.6	0.8 ²	800	1600	800
1.8	0.8 ²	800	1800	1000
2.0	0.8 ²	800	2000	1200

¹Minimum exercise price

²Maximum exercise price

*Don't exercise if the exercise price is higher than the market value of the share

Brain+ warrants of series TO 3

Each warrant of series TO 3 entitles the holder to subscribe for one (1) new share at a subscription price within the range of DKK 0.30 – 1.20 during the exercise period which runs from 8 March 2024 until and including 22 March 2024. The exercise price for the warrants of series TO 3 will be set to 70 percent of the volume-weighted average price during the period of twenty (20) trading days ending two (2) trading days before the first day of the exercise period. The exercise price which will be communicated in a press release on 7 March 2024 will be rounded to the nearest øre. Below illustrates the value of warrants depending on the average share price during the calculation period. Please note the exact profit may be different than the illustration below depending on the actual share development during the calculation period and during the exercise period.

Average share price (DKK)	Exercise price of warrants (DKK)	Cost of exchanging 1000 warrants for 1000 shares (DKK)	Market value of 1000 shares (DKK)	Profit from / Value of 1000 warrants (DKK)
0-0.3	0.3 ¹	0*	<200	0
0.6	0.42	420	600	180
0.9	0.63	630	900	270
1.2	0.84	840	1200	360
1.5	1.05	1050	1500	450
1.8	1.2 ²	1200	1800	600
2.1	1.2 ²	1200	2100	900
2.4	1.2 ²	1200	2400	1200
2.7	1.2 ²	1200	2700	1500

¹Minimum exercise price

²Maximum exercise price

*Don't exercise if the exercise price is higher than the market value of the share