2024
Annual Report

brain+

BRAIN+ A/S › SVANEVEJ 22, 2. COPENHAGEN, DENMARK › BUSINESS REG NO. 36439440 › BRAIN-PLUS.COM

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Comment from usability study of Ayla – your CST Assistant

Often we don't get beyond the questions, as many good and deep conversations get started! And it's these conversations that I can also use in relation to updating the journal system with useful "nice to know material for the future caregivers."

"It is great to see a product being developed that provides such a practical and user-friendly platform to provide CST, I believe it will add value for therapists."

Prof. Aimee Spector, UCL, Co-inventor of CST on Ayla – your CST Assistant

Company details

Company	Brain+ A/S Svanevej 22, 2. 2400 København NV CVR no. 36439440 Date of formation: 19 November 2014 Registered office Copenhagen
Board of Directors	Tim Juergens, Chairman Per Johan Luthman Anish Shindore
Executive Board	Devika Wood, CEO
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Værkmestergade 2 8000 Aarhus C CVR No.: 33963556
Annual General meeting	29 May 2025
Published	The annual report is available for download on the Company's website www.brain-plus.com from 29 April 2025. Pending adoption at the Annual General Meeting, the report will be registered with the Danish Business Authority Erhvervsstyrelsen)

Management commentary

Brain+ in brief

Brain+ A/S is a publicly listed (BRAINP.CO) healthtech company developing and commercializing solutions for better dementia care and with a primary focus on Cognitive Stimulation Therapy (CST).

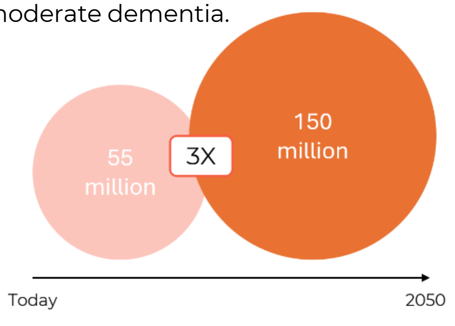
Vision: Build the world's first scalable dementia care platform to help people affected by dementia live better lives.

Three-fold ambition

- Give quality of life back to people living with dementia and their families
- Empower healthcare personnel to deliver better dementia care and make better use of resources in elderly care
- Build a meaningful and valuable international business

Dementia – a global health care challenge

Dementia affects ~55 million people worldwide. With a growing elderly population, this number is projected to increase 3-fold to ~150 million by 2050. About 80% of people diagnosed have mild to moderate dementia.



"The heartbreaking personal cost of dementia goes hand-in-hand with huge economic and societal impacts, strengthening the case to governments across the world to do more to protect lives now and in the future."

Hilary Evans-Newton, Chief Executive of Alzheimer's Research UK

CST: Globally renown dementia therapy

Cognitive Stimulation Therapy (CST) is an interventional non-drug therapy proven to delay cognitive decline with up to 6 months in people with mild to moderate dementia, equal to the effect of most dementia drugs. In addition, CST improves social and communication skills and quality of life.

CST was developed in the UK and is recommended for global implementation by the World Alzheimers' Association. It is also mentioned by WHO as relevant for better dementia management and the only non-drug dementia therapy endorsed by the UK National Institute of Health and Care Excellence (NICE).

Ayla – the world's first dementia care platform

At Brain+, we are developing Ayla, an innovative healthtech platform for scalable dementia care. Our initial focus is to extend access to CST.

Ayla builds on the combined competencies of our team of healthtech and clinical experts, PhDs, and neuroscientists and is being developed in collaboration with an international network of CST, dementia and elderly care specialists.

Ayla – your CST Assistant

Ayla – your CST Assistant, the first product on our dementia care platform, is a unique software-based offering to enable effective delivery of high-quality and scalable CST. The product has shown to provide the same benefits as analogue CST while saving preparation time, ensuring compliant delivery, and facilitating a much faster and much more scalable adoption of the therapy for the benefit of people living with dementia.

Commercial SaaS model targeting private care home market and public health care systems

In 2024, we launched Ayla – your CST Assistant in Denmark and as a Class 1 certified Medical Device software in the UK. The UK has ~1M people with dementia, a high healthtech readiness level and broad CST endorsement. Our primary UK target segment is ~10,000 private dementia care homes and NHS memory service units. Our expanding UK sales pipeline currently represents a potential value of €620,000, and in March we closed our first UK care home contract – an important sales milestone.

In Denmark, we have so far closed sales contracts with 5 municipalities, including Copenhagen.

Significant growth potential

Our objective is to launch additional products on our Ayla platform and expand our offerings to other markets, including the US via partnerships.

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Key figures 2024

DKK	2024	2023	6 months ended June 30, 2024 (not audited)	6 months ended June 30, 2023 (not audited)
Income statement				
Gross profit	2,464,125	2,352,491	1,032,673	1,619,151
Staff expenses	-10,612,527	-11,039,670	-5,660,552	-6,168,030
Depreciation and amortization	-3,512,134	-8,819,650	-2,046,487	-2,034,178
Financial income/expenses	-856,967	-2,245,644	-835,036	-925
Profit/loss before tax	-12,517,503	-19,752,474	-7,509,402	-6,583,981
Profit/loss	-12,045,412	-19,124,815	-7,057,752	-6,074,227
Balance sheet				
Cash and cash equivalents	57,352	3,091,166	4,675,428	5,292,683
Fixed assets	32,308,176	31,551,697	31,558,165	37,239,169
Financial assets (UK subsidiary)	90,162	0	0	0
Total assets	33,134,341	35,969,780	37,859,138	44,601,553
Shareholders' equity	10,982,449	12,384,756	12,669,083	20,211,823
Share capital	17,003,239	6,546,243	13,272,214	4,426,287
Cash flow statement				
Cash flow from operating activities	-9,250,426	-13,707,331	-5,396,996	-8,695,323
Cash flow from investing activities	-4,178,450	-3,513,168	-2,052,954	-2,317,062
Cash flow from financing activities	10,395,062	13,909,746	9,034,212	9,903,149
Financial ratios				
Earnings per share	-0.09	-0.52	-0.09	-0.30
Earnings per share, diluted	-0.08	-0.26	-0.05	-0.07
Shares outstanding	212,540,485	65,462,430	165,902,669	44,262,866

Business highlights 2024

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The below is an overview of key business-related company releases published by Brain+ in 2024.

JANUARY
2 new Danish sales contracts signed
New contract signed with Syddjurs Municipality and contract with Herning municipality extended, bringing the total value of Danish sales to DKK 0.25M

FEBRUARY
Partnership with Quiditty Health
Quiddity, a UK healthtech market specialist, engaged to prepare a targeted UK go-to-market and launch plan for Ayla – your CST Assistant

FEBRUARY
Healthtech industry expert nominated as new Chairman candidate
Tim Jürgens, a healthtech experienced executive, investor and advisor, nominated as board observer and Chairman candidate to be presented for election at the AGM in 2025

MARCH
Strategy update: Focus shift to the UK market
The UK evaluated as the most mature and attractive market for Brain+ CST-product to underpin commercial validation the fastest and meet expected break-even by end 2026.

MARCH
DKK 2.9M raised in 91% covered TO 3 warrant exercise
Capital raised to fund UK focused operations until next funding event.

APRIL
Ayla – your CST Assistant cited as an impactful dementia healthtech intervention
Nordic Life Science magazine highlighted the CST Assistant as an impactful healthtech treatment pointing also to its potential in combination therapy

MAY
60% secured Unit Right Offering
New capital raised with pre-emptive subscription rights for existing shareholders to fund operations and the execution of UK commercialization plan.

JUNE
DKK 6.0M raised in 67% subscribed Rights Issue
New capital to fund continued execution of UK focused go-to-market plan and complete development of Ayla-your CST Assistant for launch in Denmark and the UK.

JUNE
UK subsidiary established
Legal presence in commercial target market to facilitate easier access to both private and public care providers and UK funded grants and accelerator support.

JUNE
New UK healthtech experienced CCO hired
Award winning commercial healthtech leader, Devika Wood hired into a new position as Chief Commercial Officer to build and scale UK commercial operations.

JULY
Ayla – your CST Assistant launched in Denmark
A new version of the Danish CST Assistant launched, offering significant upgrades in terms of content, user interface and functionality compared to the first product version made available in late 2022.

AUGUST
Clinical relevance of Ayla – your CST Assistant validated
The Clinical Evaluation Report of Ayla – your CST Assistant reviewed for regulatory compliance by Prof. Aimee Spector, Prof. of Clinical Psychology of Aging at UCL and creator of CST, who endorsed the product's clinical relevance

SEPTEMBER
Study of Ayla - your CST-Assistant show clinical relevance and cost-benefit
Results of a usability study conducted in collaboration with Age UK showed 50% reduction in CST preparation time and a 100% user satisfaction.

OCTOBER
DKK 3.5M raised from 63% exercise of TO 4 warrants and subsequent directed issue
Capital raised to fund Brain+ to end 2024, bridging UK market entry, sales pipeline establishment and next step funding for 2025:

OCTOBER
Ayla – your CST Assistant launched in the UK as a certified Medical Device software
Capital raised to fund Brain+ to end 2024, bridging UK market entry, sales pipeline establishment and next step funding for 2025:

OCTOBER
Ayla brand launch and new B+ visual identity
Ayla introduced as new brand name for the dementia care platform including new corporate visual identity and website to support UK market introduction and the Brain+ vision.

NOVEMBER
Sales contract closed with 5th Danish municipality
Introductory Ayla – your CST Assistant contract signed with Vesthimmerland municipality

DECEMBER
First multi-year contract closed with Syddjurs municipality
Following an introductory annual contract, a 3-year contract, valued at DKK 150,000 was signed.

For highlights in 2025 to date, see page 14 on 'Events after the balance sheet date'.

Financial highlights 2024

Gross profit
In 2024, Brain+ realized a gross profit of DKK 2.5 million, which was a small increase compared to DKK 2.4 million in 2023.

Total income amounted to DKK 7.9 million compared to DKK 6.4 million in 2023. Hereof recognized sales revenues contributed with DKK 0.2 million (2023: DKK 0.1 million), which was slightly below expectations of DKK 0.25-0.3 million, as the first UK sales contract has been recognized after the close of 2024 Recognized income from grants amounted to DKK 3.5 million (2023: DKK 2.8 million) and work at own cost booked as income amounted to DKK 4.2 million (2023: DKK 3.5 million).

Sales, general and administrative costs in 2024 totaled DKK 5.4 million compared to DKK 4.0 million in 2023. The increase in these costs was driven by accelerated UK regulatory and go-to-market advisory services accounting for DKK 1.5 million in expenses.

Net result
The net result for 2024 is a loss of DKK 12.0 million (2023: DKK -19.1 million), which is at the lowest end of the Company's expectations of a net loss of DKK 12-15 million as communicated in both the Annual Report for 2023 and in the Half-year Report for 2024. While a continued tight cost control in 2024 resulted in a reduction of DKK 0.4 million in staff expenses, the reduction in net loss compared to 2023 is mainly the result of considerably lower funding expenses and that there has been no impairment write down on intangible assets for the year compared to a write down of DKK 4.9 million in 2023.

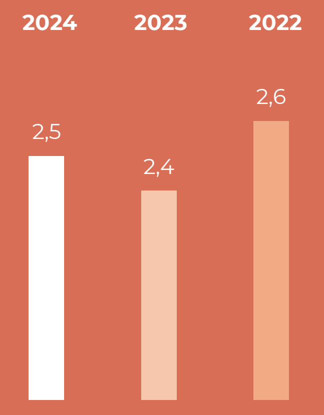
The net result in 2024 is positively impacted by a calculated tax credit amount of DKK 0.5 million (2023: DKK 0.6 million).

Cash flow and cash position
Cash flow from operating and investment activities (capitalization of work at own cost) amounted to DKK -13.4 million in 2024 compared to DKK -17.2 million in 2023.

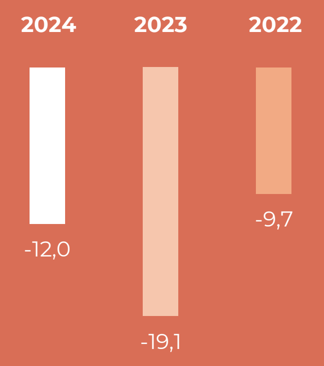
Cash flow from financing activities, including a public unit rights issue in June 2024 and exercise of associated TO 4 warrants in October 2024, totaled DKK 10.4 million (2023: DKK 13.9 million). Due to challenging capital market conditions and a low market valuation of the Brain+ share, cash proceeds to the company from particularly the TO 4 warrant exercise were lower than projected.

Total 2024 cash flow thus amounted to DKK -3.0 million (2023: DKK -3.3 million), and the end-year cash position was DKK 0.1 million. To ensure continued funding of operations from early 2025, Brain+ management has worked since mid 2024 on several funding tracks, which resulted in the launch and execution of a 50% secured public unit rights issue in Q1 2025, including a bridge loan to the company in January 2025 (see page 13 on Events after the balance sheet date).

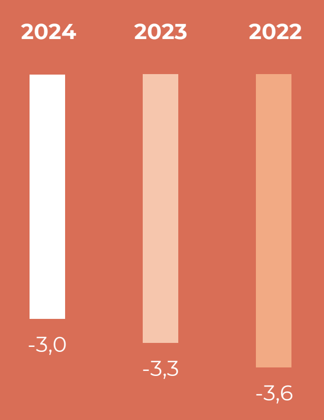
GROSS PROFIT



NET RESULT



CASH FLOW



*All figures are in millions DKK.

Letter to shareholders from former CEO

2024 was a decisive year for Brain+ as we moved from being mainly development focused to becoming truly commercial, marking a critical step towards realizing our mission: provide scalable dementia care solutions to help people affected by dementia live better lives – globally.

Early in the year, we decided to focus our commercial efforts on the UK as the most mature and attractive market for our CST healthtech offerings, and we are now starting to see the results. As a first key commercial achievement, we successfully completed the development of Ayla - your CST Assistant and launched both in Denmark and in the UK as a Class 1 certified Medical Device software.

In conjunction with the Ayla launch, we hired healthtech specialised commercial competencies in the UK. Starting with Devika Wood as new Chief Commercial Officer, we have built a committed team with a strong track record in launching and scaling new healthtech solutions on the UK healthcare market. Demonstrating the value of the team's market insight and commercial effectiveness, awareness and interest for Ayla has been successfully created both with NHS institutions and in the private care home market. In less than 6 months, a solid UK sales pipeline, exceeding €600,000 in contract value, has been built, and recently, the first sales contract was closed with a care home provider, an important first step in demonstrating the attractiveness of our offering and validating our commercial approach.

Despite satisfactory commercial progress in the UK, we also recognized the need for time to scale towards substantial revenues and therefore a need to reduce our burn-rate. As conditions for raising new capital at the same time remained harsh throughout 2024, it led us to restructure in early 2025, pausing all development activities to significantly cut operational expenditures and allocate all remaining resources to directly sales supportive activities. Via this initiative we extended the company's financial runway, creating the option that money raised in the rights issue in March plus expected proceeds from the warrant exercise in June 2025 can provide the necessary funding of our continued commercial operations to build growing sales revenues and achieve operational cash-flow break-even by mid-2026 (see Note 1 on Going Concern on p. 32).

As a founder, my journey with Brain+ has been both challenging and tremendously rewarding, and I am proud of what we have achieved so far. I remain fully convinced of the strong potential of our offerings and deeply committed to the Company's vision of helping people with dementia live better lives. However, as communicated earlier in April 2025, the current business phase with focus on commercial scaling calls for other leadership skills and competencies than those required to navigate a research and development-oriented organization.

It is with utmost support and conviction that I have handed over the CEO role to Devika, who possesses the right combination of leadership skills and optimal commercial and business competencies to successfully execute the commercial strategy set for Brain+ and steer the company towards business growth and global expansion.

In my future role as strategic advisor to board and management, I will bring my experience to bear in the continued journey of Brain+. I cannot wait to see the positive impact of our offerings being implemented, changing how dementia care is being delivered on a massive scale.

Kim Baden-Kristensen
Founder and Management Advisor
(Stepped down as CEO on 15 April 2025)

Letter to shareholders from new CEO

I am incredibly honoured to step into the role of CEO at Brain+ at such a pivotal moment in the company's journey. What drew me here wasn't just the strength of our Ayla dementia care offering, our great team or our clear market opportunity—it was the depth of our mission. Dementia affects millions globally and is the leading cause of death in women, the second leading in men – yet the condition remains vastly underserved. I've seen its impact up close, and I believe we have a profound obligation to act. At Brain+, we are dedicated to transforming dementia care, proving that health technology, when thoughtfully and skillfully applied, can humanise care, empower professionals, and restore quality of life for people affected by dementia. That's the future we're building.

Our work is built on clinical rigour, technological excellence, and a deep understanding of real-world needs. We are developing Ayla, the world's first dementia care platform, and in 2024, we achieved a major milestone on this journey, launching Ayla – your CST Assistant, a unique software offering to deliver Cognitive Stimulation Therapy (CST), in Denmark and the UK. This included obtaining certification for the product as a medical device in the UK. CST is implemented in +40 countries, endorsed by the World Alzheimer's Association and the only non-drug dementia therapy recommended by NICE. Ayla – your CST Assistant enables scalable, efficient, and high-quality CST delivery—making it easier for healthcare professionals to meet rising dementia care demands with better resource allocation and patient outcomes.

The response to Ayla has been overwhelmingly positive. In our home test market in Denmark, our solution has been applied by five municipalities, including Copenhagen Municipality, which earlier in 2025 renewed and extended their evaluation contract, representing our largest sale to date. Several others are engaged in the implementation of Ayla through the CO-PI grant-funded CST scaling project. In the UK, we're executing a validated commercial strategy, which as of date has resulted in a strong sales pipeline across private care homes and NHS Integrated Care Boards, representing over €600,000 in qualified opportunities based on our license-based SaaS model. We see significant Annual Recurring Revenue potential, as our service-driven approach ensures seamless CST adoption. and the product has received strong endorsement; an Age UK usability study reported a 50% reduction in session preparation time and 100% satisfaction from both therapists and patients.

For the rest of 2025, our commercial focus is clear. We recently closed our first UK Care Home contract – a key business validating milestone, and we are now working to convert more pipeline sales leads into revenue, aiming to reach UK 300 sites by year-end. Our dementia care offering is unique, and with over 10,000 dementia care homes in the UK and a total revenue potential of over €30 million in this segment alone, we are well-positioned to lead. In parallel, we work to integrate our solution into NHS dementia pathways, and our longer-term growth strategy is international expansion and evolution of Ayla into a comprehensive digital care platform.

I bring a steadfast belief in the power of mission-led growth and solid experience in digital health with a deep respect for evidence-based care, and a commitment to building sustainable, scalable people centered solutions. My vision is for Brain+ and Ayla to become the gold standard in dementia care, recognised across Europe and beyond for the positive impact we make on lives. Few challenges are as urgent or as personal as dementia. It touches every generation, every community—and it is only growing. At Brain+, we are building real solutions for real people, grounded in science and empathy. The path ahead is clear, and the need has never been greater. Thank you for standing with us as we lead this vital work forward.

Devika Wood

Devika Wood
Chief Executive Officer from 16 April 2025

Primary activities

Brain+ is developing *Ayla, the world's first scalable dementia care platform*, to offer practical, human-centered and clinically proven software-based dementia therapy and care solutions. The Company's vision is to enhance quality of life for people affected with dementia on a global scale. The *first Ayla platform product, Ayla – your CST Assistant*, is a healthtech solution to offer scaled and high-quality implementation and access to Cognitive Stimulation Therapy (CST), the world-wide most renowned non-pharmaceutical dementia therapy. A Danish version of Ayla – your CST Assistant was launched in Denmark in July 2024 and an English version in the UK in October 2024. The UK represents the currently most attractive market for Brain+' dementia care solutions, and commercial presence and sales are being built, targeting both UK private care homes and public memory services under the National Health System (NHS).

Innovation and product development

Brain+ has worked for more than 10 years with advanced brain stimulating digital training tools and gained significant insight into the science behind therapeutic solutions to best enhance neurological functions and counteract cognitive impairment. To support the Company's focus on evidence-based healthtech solutions for better dementia care, a strong and committed set of competencies has been assembled that underpins the ability to develop practical, user-friendly and clinically proven high-quality healthtech products. The inhouse development team represents a multidisciplinary skillset, combining expertise in neuroscience, clinical research, software development, and user-centric design.

By leveraging advanced digital technologies and applying deep clinical insights, Brain+ is developing the Ayla dementia care platform and simultaneously contributing to the global body of knowledge on cognitive health. To complement its inhouse expertise, the Company is drawing on a growing network of clinical partners and healthcare stakeholders with real dementia practice and care insights. This allows continuous evolvement and validation of applied methods to optimally meet real-word needs.

Brain+ focuses on evidence-based early intervention approaches to dementia therapy and care and has CST, the world-leading non-pharmaceutical dementia therapy, at the core of its product strategy.

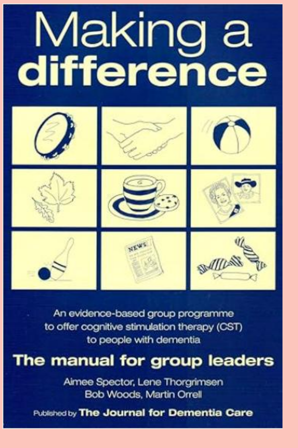
Cognitive Stimulation Therapy (CST) for dementia

CST is an evidence-based non-pharmaceutical interventional therapy for people with mild to moderate dementia. It is delivered by trained healthcare professionals in 14 bi-weekly sessions to groups of 5-8 people.

Benefits of CST:

- Consistent improvements in memory, language and cognitive function corresponding to 4-6 months delay in cognitive decline in mild to moderate dementia
- Fosters social interaction, mood improvement, and enhanced quality of life
- Can be flexibly tailored to suit varying age ranges, cognitive and physical abilities

CST was invented at University College of London, UK and first piloted in 2001. Today, the therapy is recommended for global implementation by the World Alzheimer's Association and the only non-drug dementia therapy included in the UK National Institute for Health and Care Excellence (NICE) guidelines. CST is adopted by more than 40 countries world-wide.



Ayla – your CST Assistant to scale access to CST

Ayla – your CST Assistant is the first solution offered on Brain+' evolving Ayla Dementia Care healthtech platform. The software provides a digital companion that supports health care professionals in preparing and delivering CST, offering structured activities, progress tracking, and tailored guidance in compliance with the CST protocol for the most effective outcomes for people with dementia. Ayla – your CST Assistant is certified as a Class I Medical Device Software in the UK (UKCA marked), meeting the highest regulatory standards and ensuring high impact clinical outcomes for patients. Ayla – your CST Assistant is endorsed for its clinical relevance and effect in accordance with the CST protocol by the co-creator of CST, Prof. Aimee Spector, UCL, UK.

Alongside the software, Brain+ delivers training in Ayla and education programs in effectively implementing CST, empowering care personnel to effectively adopt this evidence-based dementia therapy in their daily routines. By integrating practical training with an intuitive digital solution, Ayla – your CST Assistant allows care professionals to deploy CST fast and with confidence, leading to improved engagement and better overall outcomes in a resourceful and cost-effective way, enabling that more people with dementia can benefit of the therapy.

Graphical illustration of the offering of Ayla – your CST Assistant

Train in less than a day

One day training course equips a range of healthcare professionals at various levels to deliver CST with courses run on a monthly basis.

- Quick and Effective
- Engaging and fun
- Standardised Approach

Plug and Play

Deliver **quality dementia care from day one** with our intuitive user-friendly platform that accommodates for the needs of residents and patients.

- Instant Setup
- Seamless Integration
- User-Centred Design

Scalable growth

Teams can develop and customise sessions to **meet the evolving needs of residents,** ensuring continued improvement in care quality.

- Adaptable to Resident Needs
- Continuous Skill Development
- Sustained Care Excellence

Commercial activities

<u>Denmark – home and test market</u>

In its home market Denmark, where the delivery of CST is municipality-led, Brain+ is testing its offerings, gaining valuable user input and real practice insights. The company has worked with several Danish municipalities on the development of Ayla – your CST assistant, and sales contracts have been closed with five (5) municipalities, including two (2) extension contracts and one 3-year contract.

Brain+ is also engaged in a public grant funded CO-PI (Center for Offentlig ('Public') – Privat Innovation) project working with five (5) other municipalities and the Danish Alzheimer's Association on the implementation and scaling of CST delivered via Ayla – your CST Assistant. No targeted commercialization activities are currently prioritized for the Danish market.

<u>UK – target market with high CST recognition</u>

Since early 2024, Brain+ has been focusing commercially on the UK dementia care market. As CST was developed in the UK and is the only non-pharmaceutical dementia therapy recommended in the National Institute for Health and Care Excellence (NICE) guidelines, the therapy is relatively widely recognized. The UK also has a high healthtech readiness level and a large private dementia care home market. Still, access to the benefits of CST for people with dementia remains limited and significantly below NICE recommendations, due to an ineffective and resource consuming current delivery model.

The company has established a UK-based commercial team with experience in the implementation and scaling of new healthcare solutions and set up a UK subsidiary to facilitate easier access to both UK private and public customers as well as to support business activities and potential UK based soft funding.

Based on a proven commercial go-to-market and penetration plan, Brain+ is initially targeting two dementia care market segments:

- Private dementia care homes
- Public Memory Assessment units under the National Health Services (NHS)

Private dementia care homes

A large number of people diagnosed with dementia in the UK live in private care homes. According to the Care Quality Commission, CQC (www.cqc.org.uk), which is an independent regulator of health and social care in England, there are around 14,800 private care homes in the UK.

The UK private care home market is divided into individual or small groups of up to 9 care home units, mid-size care home groups and large care home groups with up to 100 units.

Private care home providers are highly people-centric and often committed to offering high-quality services for their residents, which can also help them qualify for top-ratings by the CQC. This market segment therefore represents attractive potential for the Ayla dementia care platform offerings with sale cycles of less than 2 months.

NHS Memory Assessment Services
There are +200 memory clinics under the National Health Services (NHS) in England, organized under 42 NHS Integrated Care Boards (ICBs), which are responsible for planning health services for their local population.

The NHS offers larger, strategic opportunities for Brain+ but with longer sales cycles.

Development in activities

In early 2024, Brain+ launched a UK focused commercialization plan with the objective of achieving proof-of-business and commercial scaling before the end of 2025. As part of the plan, the Company engaged Quiddity, a UK healthtech market specialist, to start preparing a targeted UK go-to-market and launch plan for Ayla – your CST Assistant with focus on the National Health Services. At the same time, internal development resources were allocated to finalizing a significantly upgraded version of the product containing expert-curated ready-to-use CST content and +200 customizable activities structured in accordance with the CST manual. A Danish version of the product was completed and released in early July for both sales and access for municipalities participating in the grant funded CO-PI project on CST implementation and scaling in Denmark.

Subsequently, in October Brain+ launched an English version in the UK after having obtained UKCA certification for Ayla – your CST Assistant as a class 1 medical device software, including claims on clinical benefits on par with those seen from the CST literature. The Clinical Evaluation Report of Ayla – your CST Assistant, which was an essential element of the certification, was reviewed for regulatory compliance by Prof. Aimee Spector, Prof. of Clinical Psychology of Aging at UCL and the creator of CST, who endorsed the product's clinical relevance. Building into this was evidence also from a usability study conducted by two Age UK sites on Ayla- your CST Assistant, which showed a 50% reduction in preparation time, delivering a CST course based on the product, and 100% satisfaction in the use from both CST therapists and participating people with dementia.

Leading up to the UK launch, the company in June established legal presence in the UK by opening a UK subsidiary, Brain+ UK Limited, and Devika Wood, who has a proven track-record in launching and building new innovative healthtech solution to scale in the UK, was hired into a new position as Chief Commercial Offier to lead the build up of a commercial organization and refining the go-to-market and commercialization strategy. Later in 2024, the product was accepted for inclusion on the NHS G-Cloud 14 procurement platform enabling easier procurement of Ayla from public health units and organizations. In October following launch of Ayla – your CST Assistant, Brain+ launched a full strategic rebranding of its dementia care offering to support the UK commercial introduction, based on the name 'Ayla' including new corporate colours and a new website.

During Q4 2024, the commercial UK team was expanded, and the go-to-market plan was being implemented, building awareness and interest for the Ayla dementia care platform in particular among private care homes, identified as a relevant and attractive customer segment, and resulting in a sales pipeline starting to materialize. In Denmark, the company closed two new sales on Ayla – your CST Assistant towards the end of 2024, including its first multi-year renewal contract.

Ayla
Powered by brain+

Development in finances

Brain+ realized a net loss of DKK -12.0 million in 2024, which is at the lowest end of the Company's expectations as communicated in both the Annual Report for 2023 and the Half-year Report for 2024 of realizing a net loss of between DKK 12–15 million. The result is a significant reduction in net loss compared to DKK -19.1 million realized in 2023, and is a result mainly of the following:

1) Significantly lower amortization and depreciation, which amounted to DKK 3.5 million in 2024 compared to DKK 8.8 million in 2023. The reason for the reduction is that no impairment value write down of the Company's immaterial assets was needed for 2024, while a write down of DKK 4.9 million was made in 2023 as a result of a decrease in the calculated Net Present Value (NPV) of the assets stemming from 1) pushing projected revenues from the less mature pipeline products 1-1.5 years out in the future, and 2) the decision by management to apply a higher discount factor (Weighted Average Cost of Capital, WACC) to reflect an increase in equity market risk premiums for pre-revenue generating companies. In 2024, the same diligent NPV approach has been applied, however no need for further value write down has been detected. Impairment write downs of assets have no cash flow impact.
2) Lower financial costs related to funding resulted in a net financial result of DKK -0.9 million in 2024 compared to a net financial result of DKK -2.6 million in 2023.

Gross profit
Gross profit in 2024 was DKK 2.5 million, a small increase compared to a gross profit of DKK 2.4 million in 2023.

Total income for the year amounted to DKK 7.9 million compared to DKK 6.4 million in 2023. Hereof recognized revenue from sales recontributed with DKK 0.2 million (2023: DKK 0.1 million), which was slightly below expectations of sales revenue of DKK 0.25-0.3 million, because of the first UK sales contract being realized only in 2025. Recognized income from grants amounted to DKK 3.5 million (2023: DKK 2.8 million). The increase in grant income was mainly related to the Danish CO-PI project, which was initiated in November 2023. Work at own cost was capitalized and recognized as income for an amount of DKK 4.2 million (2023: DKK 3.5 million) reflecting an increase in work associated with the development of the English version of Ayla – your CST Assistant towards UK regulatory certification as a Class 1 Medical Device.

Sales, general and administrative costs in 2024 totaled DKK 5.4 million compared to DKK 4.0 million in 2023. The increase was driven mainly by higher regulatory and go-to-market advisory costs leading up to Medical Device certification and launch of Ayla in the UK in October 2024. Other administrative and general costs were slightly lower than in 2023..

Staff expenses
Staff expenses constitute the most significant operational expense for Brain+. In 2024, staff expenses amounted to DKK 10.6M, slightly lower than in 2023 (DKK 11.0M). Behind the numbers is a shift in resource allocation in 2024, as we have continued to be diligent on staff costs in development and administrative functions to allow for building a commercial team in the UK.

Cash flow and funding
For most of 2024, Brain+ was mainly working on product development and UK go-to-market preparations, which resulted in a cash flow from operating and investment activities of DKK -13.4 million. Investment activities cover capitalization of work at own cost, so of the part of salaries related to development activities. This compares to a cash flow from operating and investment activities of DKK -17.2 million in 2023, which however included a multimillion DKK payment to partners in an EU grant funded project, received for distribution in 2022. Excluding this extraordinary payment, cash flow from operating and investment activities was slightly lower in 2024 than in 2023.

Cash flow from financing activities, primarily comprising net proceeds from a public unit rights issue in June 2024 and the subsequent exercise of associated TO 4 warrants in October 2024, totaled DKK 10.4 million (2023: DKK 13.9 million). Due to challenging equity market conditions and a low market valuation of Brain+' shares, proceeds from the TO 4 warrant exercise were lower than projected.

Total cash flow amounted to DKK -3.0 million in 2024 (2023: DKK -3.3 million), and Brain+ ended the year with a cash position of DKK 0.1 million. To diligently address the company's need for new capital to fund operations from start 2025, management started pursuing new funding options in Q3 2024. This led to the decision of carrying out a 50% secured unit rights issue, announced in January 2025 and including a connected bridge loan of DKK 4.5 million net, which was paid to the company in January 2025. See also Events after the balance sheet date and Financial Statements, Note 1.

Uncertainty relating to recognition and measurement

As part of the presentation of the Company's annual accounts, Brain+ management makes measurements and assumptions related to the recognition of income and assets. Such measurements and assumptions are associated with uncertainty, including but not limited to the recognition of the value of immaterial assets. See also Financial Statements, Note 2.

Events after the balance sheet date

In January 2025, Brain+ Management carried out an organizational restructuring which included a number of cost cutting initiatives. The objective was to implement a leaner operational model and allocate more resources to UK commercial activities. The restructuring was set out to reduce operational expenses (OPEX) with 30-35% and full effect from Q3 2025.

In January, Brain+ also launched the intention to carry out a 50% secured rights issue of units (bundles of new shares and warrants of series TO 5) to raise a maximum of DKK 16 million with preferential rights for the Company's existing shareholders and subscription to take place 17-28 March 2025. In connection with the announcement of the intended rights issue, a related bridge loan of DKK 4.8 million was realized, which provided DKK 4.5 million in net proceeds to the Company after payment of upfront costs associated with the loan. The bridge loan was partly to be converted into subscriptions in the planned rights issue, partly to be repaid with proceeds from the Rights Issue.

On 12 February 2025, the intended unit rights issue was resolved at an Extraordinary General Meeting (EGM) of shareholders in Brain+. The EGM also resolved to reduce the Company's share capital to cover losses and consequently lower the nominal value per share from DKK 0.08 to DKK 0.01.

In March 2025, Brain+ launched the 50% secured rights issue of units. Each unit in the issue comprised 53 new Brain+ shares and 53 warrants of series TO 5. The unit subscription price was set at DKK 1,2189, corresponding to a subscription price per share of DKK 0.0213. The TO 5 warrants were to be subscribed free of charge and to be exercisable in the period 3-17 June 2025. Each TO 5 warrant represents the right to subscribe for one new Brain+ share at a 30% discount to the volume weighted average market price of the Company's existing shares over 10 days prior to the exercise period, however with a maximum exercise price of DKK 0.03195 and a minimum exercise price of DKK 0.01 (the nominal value). During the subscription period 17 – 28 March 2025, a total of 47.1% of the rights issue were subscribed resulting in only 2.9% activation of the guarantor commitments to secure the 50% securedcoverage of the rights issue. As a result of the rights issue, a total of 7,080,199 units were subscribed, corresponding to the subsequent issue of 375,250,547 new shares and 375,250,547 warrants of series TO 5.

After the rights issue, the Board of Directors in Brain+ resolved on a directed issue of units to compensate convertible bridge loan providers and five (5) of the seven (7) guarantors of the Company's rights issue in March 2025 (the "Rights Issue"), who had chosen to have at least 50% of the compensation for their commitments paid in the form of extra units. The units in the directed issue were issued with the same structure and on the same terms as the units issued in the rights issue. A total of 1,225,075 units were issued, corresponding to the issue of 64,928,975 new shares at a price of

DKK 0.0213 and 64,928,975 warrants of TO 5 warrants. The directed issue thus totalled DKK 1.4 million in new capital raised to cover the contractual compensation claims from bridge lenders and guarantors of the issue.

Following the rights Issue and the directed issue, the total number of outstanding warrants of series TO 5 amounts to 440,179,522.

In March, the company met an important commercial milestone, closing its first UK partnership with Southcare Homes Group Ltd, a smaller UK private care home group renowned for its commitment to best practice dementia care. The agreement has a 12 months term and covers access to Ayla – your CST Assistant to support CST, including delivery by Brian+ of accredited CST training to selected caregivers in initially two (2) of Southcare Homes' five (5) home and nursing care sites. While the exact value of the contract is held undisclosed for business reasons, the partnership agreement is an early validation of Brain+ offering and pricing model for the private care home sector.

In early April 2025, Brain+ signed an extended and expanded sales contract with Copenhagen Municipality to cover evaluation of Ayla – your CST Assistant to support delivery of CST in 9 elderly care units for the rest of the budget year. At a discounted evaluation price of DKK 100,000 ex VAT for the extension, the new contract still represents the largest sales contract closed by Brain+ to date. The new agreement with Copenhagen on expanded access to Ayla is a positive step ahead of the municipality's final evaluation of Ayla by the end of 2025 and the potential for a multi-year, multi-site contract with Denmark's largest and most CST-experienced municipality.

In April, Brain+ also announced the appointed of former Chief Commercial Officer, Devika Wood, as new CEO to succeed co-founder and CEO Kim Baden-Kristensen. In agreement by all parties, the succession was with immediate effect with Kim continuing in a role as Strategic Advisor to management. The change of CEO is a natural step the ongoing transition of Brain+ from mainly a research and development led organization to a commercially driven healthtech company. In the CEO position, Devika will remain focused on commercial business scaling, while SVP, Partnerships, Fiona Costello will continue to focus on building commercial presence and momentum in the UK.

Outlook for 2025

Business outlook

In 2025, Brain+ will continue to focus on building a solid and scalable UK commercial business based on the Ayla dementia care platform offering. Focus is centered on continuously growing the awareness and customer engagement of Ayla – your CST Assistant, which is gaining traction across both the public and private dementia care sectors.

Based on the broad-based positive interest from customers and the initial validation of the relevance of the Company's offerings, in particular in the private care home sector, Brain+ management expects the company's continued marketing and customer engagement efforts in the UK will convert into a growing number of new contract closings and long-term UK customer relationships. Also, in Denmark Brain+ see the potential for a couple of additional municipality contracts as the interest for the Ayla platform offering is growing and as Ayla training in the CO-PI implementation project is advancing.

The business outlook for 2025 is rooted in the following achievements and prospects for the year:

- A realistic and proven commercial roll-out strategy and pricing model, weighted toward initial momentum and key strategic wins in 1H 2025, with expected consolidations, renewals and contract uplifts in 2H of the year.
- As of end April 2025, the UK sales pipeline represents a total potential contract value of €620,000 with almost 20% of sales leads having advanced to stakeholder engagement stage, including

product demos booked or proposals sent. About 3/4 of the current total pipeline value derives from medium to large group operators with additional multi-site potential renewals and uplifts.

- The first UK contract closed with Southcare Homes in late March this year demonstrates the relevance and attractive value of the Ayla-your CST Assistant based offering to private care homes. The agreement includes a planned uplift from initially 2 care home sites to cover all 5 care homes in the group post an initial 3 months onboarding period. The first 2 care home sites have been successfully trained and onboarded.
- Initial engagement with a large UK care home operator (+100 sites) potentially starting with a pilot phase covering up to a handful of the group's care homes, and if successful, holding prospects of a transformational rollout across all sites starting in H2 2025.
- Active talks ongoing with one of the largest NHS Integrated Care Boards and multiple other conversations with NHS units maturing for potential conversion into the first NHS contract in H2 2025.
- Growing traction of our Ayla offering in Denmark, building on the advancements in the CO-PI implementation project and the expanded renewal contract recently closed with the leading municipality of Copenhagen.

To ensure continued momentum in the UK commercial penetration and inflow to the sales pipeline, Brain+ intends, to the extend possible in due consideration of financial resources, to further expand its commercial organization and resources in the UK. This includes the planned hire of a Sales Development Manager to drive and advance customer dialogue and pipeline conversion.
In further support of sales, it is also planned to launch of new marketing website for a broader reaching inbound approach, which will be based on a collaboration with a leading UK Marketing and Communications Agency, contracted in April 2025, to improve lead quality and pipeline stability.
Brain+ will also work to optimize its CST training programme and the technical and usability team will work mainly to accommodate customer requests and implement user-based product updates to Ayla – your CST Assistant.

The objective in the UK is to have Ayla implemented across 300 private care home sites and to have closed at least 1 pilot contract with an NHS unit by end 2025. In Denmark, Brain+ management will continue to nurture existing relationships with those municipalities where CST is already adopted and to create awareness and interest for implementation of Ayla – your CST Assistant for increased efficacy, quality alignment and faster onboarding.

Brain+ remains committed to it product pipeline for future growth, however will only reallocate resources back to new product development when the revenue stream from Ayla – your CST Assistant has started to grow and to the extent that funding and available resources allow.

Financial outlook

Brain+ has realised and contracted sales of approximately DKK 0.2 million in the first four (4) months of 2025. This includes the first UK care home pilot contract closed in March and an expanded renewal contract signed with the Municipality of Copenhagen in April.

At the date of this report, the UK pipeline of sales leads alone represents a potential additional contract value of almost €620,000 / DKK 4.6 million. Based on expectations of both continuously growing inflow of new sales leads into the pipeline and accelerated conversion into signed contracts through the year, **Management forecasts total cash flow from sales in the range of DKK 3.5-3.7 million in 2025**.

Because of the shift during H2 2024 of the Company's initial UK target market focus from NHS units to private care homes, Brain+ expects sales in 2025 to be based primarily on a high volume of smaller and mid-sized annual contracts and less on larger contracts. Based on an updated and now validated SaaS (Software as a Service) pricing model for the private care home sector, the majority of UK contracts expected closed in 2025 will reflect annual per site license fees with full upfront payment. This pricing model entails a much closer alignment between cash flow from sales and Annual Recurring Revenue (ARR). Consequently, **Brain+ has increased its expectations to cash flow from sales in 2025 and at the same time lowered its expectations on ARR, which is now expected to reach a level of €0.5-0.6 million** by end-year, compared to previously expected €1 million.

Considering that most sales contracts are expected to be on annual terms, a considerable part of the forecasted cash flow from upfront payments in 2025 will only be recognized as sales revenue in 2026. Based on the currently expected timing of sales contracts during the year, Management forecast around 25% of the DKK 3.5-3.7 million in expected cash flow from sales to be recognized as revenue in 2025, corresponding to recognized revenue of DKK 0.9-1.0 million. As a result of the restructuring and expense reduction initiatives taken in Q1 2025, Brain+ forecast its OPEX level to fall considerably from early Q3 2026.

Based on the above, **Brain+ is forecast to realize a net loss of DKK 8.0-9.0 million in 2025**, while Management retains expectations that **based on cash flow, the company can attain operational break-even by mid-2026.**

For the funding outlook for 2025, reference is made to Note 1 Going concern on p. 32.

Management

Devika Wood
Chief Executive Officer

"This year, our focus is clear: scale impact and drive commercial growth. At Brain+, we're committed to proving that dementia care can be both clinically effective and commercially viable—delivering value to patients, care providers, and our partners."

Simon Nielsen
Chief Strategy & Innovation Officer

"Ayla is the foundation for our broader suite of dementia care services and exemplifies our commitment to combining cutting-edge research with compassionate design for meaningful impact."

Hanne Vissing Leth
Chief Financial Officer

"While we start to see customer engagement converting into sales revenue we remain very cost conscious . Our focus is to ensure we have the funding needed to realize the full potential of Ayla for better dementia care."

Board of directors

Tim Jürgens
Chairman

"Millions of people are affected by dementia, impacting their lives, and posing a massive burden on health-care systems and society. Brain+ effectively addresses this challenge by enabling caretakers to deliver high-quality CST efficiently at scale. This is a strong purpose to contribute to.'

Per Johan Luthman
Board member

"Brain+ is a pioneer in the field of dementia therapy, and our clinically validated and convenient approach offers behavioral therapists the opportunity to engage patients and enhance their cognitive functioning for better quality of life"

Anish Shindore Chouksey
Board member

"Dementia is a global crisis, and Brain+ is one of few companies serious about solving it. Building practical, scalable solutions that move beyond theory, into real-world impact is exactly what the fight against cognitive decline needs."

Vishal Shah
Board Observer

"Brain+ and the Ayla platform are transforming dementia support in the UK care sector. This clinically validated, proactive, and person-centred approach enables CST to be more accessible, helping care providers and stakeholders set new standards for dementia care."

Risk factors

Brain+ Management has identified 10 risk factors of relevance for the Company's business and outlook for 2025. The risk factors have been reassessed in connection with the Annual Report for 2024 and ranked in the table below based on their expected degree of impact (1 to 5) times their probability of occurrence (1 to 5). The scores have subjectively been set by Management. The four highest ranked risk factors are described in the below.

Financing
Over the past couple of years, Brain+ has matured significantly and is transitioned from mainly science and development focused to being commercially driven. This includes the launch in 2024 of Ayla – your CST Assistant in a final version in both Denmark and in the UK. Despite initial sales revenue and a growing sales pipeline, Brain+ will however remain dependent on external funding to finance its operations until at least mid-2026. With challenging external funding conditions, it is Management's assessment that securing sufficient external funding constitutes the main risk for the company's business in 2025. Funding is secured to end June 2025, while additional new capital can be generated from the exercise of issued TO 5 warrants in June. The extent to which TO5 warrant exercise will provide sufficient funding depends on a favourable development of the Company's share price and related to this on the warrant exercise rate. Both are associated with uncertainty (see Note 1 on Going Concern)

Market adoption
Brain+ offers new dementia care solutions and is dependent on positive receipt by care sector customer and on their willingness to use and pay for the products. Lack of customer acceptance or slower than anticipated conversion of the Company's existing pipeline into sales represent a major risk for Brain+, particularly giving uncertainly regarding the Company's ability to secure sufficient external funding. Longer term, Brain+ will continuously depend on constant inflow to its pipeline and a seamless adoption by customers and contract renewals.

Loss of key staff
In January 2025, Brain+ rescheduled and reduced its cost base. This included cuts in the organization, and as a result, staff resources have become limited, making each position and individual employees more important. With that the company has become more vulnerable for loss of staff until the Company can justify upscaling its organization.

Currency Risk
As Brain+ has turned its commercial focus to the UK market, its exposure to currency risk has increased. To mitigate the increased currency risk on revenues in GBP, the company is growing its expenses in GBP.

	Impact	Probability	Rank score
1. Financing	5	4	20
2. Market adoption	5	3	15
3. Loss of key staff	4	3	12
4. Currency risk	3	3	9
5 Medical device regulations	3	2	6
6. Clinical development	2	2	4
7. Competition	2	2	4
8. IP infringement	2	1	2
9. Product liability	1	1	1
10. Political risk	1	1	1

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 2024 - December 31st 2024.

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 2024 and of the results of the Company's operations and cash flow for the financial year January 1st 2024 - December 31st 2024.

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.

Executive Board

Devika Wood
CEO

Board of Directors

Tim Juergens

Per Johan Luthman

Anish Shindore Chouksey

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 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 31.12.2024 and of the results of its operations and cash flows for the financial year 01.01.2024 - 31.12.2024 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.

Material uncertainty related to going concern

Without modifying our opinion, we draw attention to Management's assessment that material uncertainty about the company's ability to continue as a going concern exists.

We note that Management's assessment is highly dependent on the expected proceeds from the exercise of warrants in June 2025. It is Management's assessment and expectation that the proceeds from the warrants exercise will at least meet the minimum required level.

We note that Management's assessment is highly dependent on the company's ability to meet its revenue targets in due time. It is Management's assessments that the company will obtain sufficient cashflow from contracts in due time through the year.

Therefore, the financial statements have been prepared on a going concern basis. We refer to the description in Note 1, where the matter and the significant uncertainty regarding the going concern are described.

We have not found a basis for a different assessment, and the matter has therefore not resulted in a modification to our conclusion.

Management's responsibility for the financial statements

Management is responsible for the preparation of 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 statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 29.04.2025

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mads Fauerskov
State Authorised Public Accountant
Identification No (MNE) mne35428

Leon Thomas Ravn Fagerlind
State Authorised Public Accountant
Identification No (MNE) mne49914

Financial statements

Income statement for the period 1 January to 31 December

DKK	Note	2024	2023
Gross profit	**3**	**2,464,125**	**2,352,491**
Staff expenses	4	-10,612,527	-11,039,670
Depreciation and amortization of fixed assets	5	-3,512,134	-8,819,650
Loss from operating activities		**-11,660,536**	**-17,506,830**
Financial income		18,812	20,236
Financial expenses		-875,779	-2,265,880
Loss before tax		**-12,517,503**	**-19,752,474**
Tax income	6	472,091	627,659
Loss for the year		**-12,045,412**	**-19,124,815**
Distribution of loss to retained earnings		**-12,045,412**	**-19,124,815**

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Balance sheet as of 31 December 2024

DKK	Note	2024	2023
Asset			
Completed development projects	7	30,462,577	26,720,529
Development projects in progress	8	1,755,437	4,831,168
Intangible assets	**9**	**32,218,014**	**31,551,697**
Fixtures, fittings, tools and equipment	10	0	0
Property, plant and equipment		**0**	**0**
Investment in UK subsidiary	11	90,162	0
Financial assets		**90,162**	**0**
Fixed assets		**32,308,176**	**31,551,697**
Accounts receivable		0	31,249
Short-term tax receivables	12	472,091	627,659
Other short-term receivables		235,431	318,330
Prepayments		61,290	349,679
Receivables		**768,813**	**1,326,916**
Cash and cash equivalents		**57,352**	**3,091,166**
Current assets		**826,165**	**4,418,083**
Assets		**33,134,341**	**35,969,780**

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Balance sheet as of 31 December 2024

DKK	Note	2024	2023
Liabilities and equity			
Contributed capital	13	17,003,239	6,546,243
Reserve for capitalized development expenditures		25,130,050	24,610,324
Retained earnings		-31,150,840	-18,771,811
Equity		**10,982,449**	**12,384,756**
Other payables, long term liabilities		612,414	594,000
Deferred income, long term liabilities	14	16,091,286	18,690,895
Long-term liabilities	**15**	**16,703,701**	**19,284,895**
Prepayments received from customers		69,518	79,928
Intercompany payables		71,517	0
Trade payables		1,768,875	1,086,254
Other payables, short term liabilities		813,807	471,904
Deferred income, short term liabilities	14	2,724,475	2,662,042
Short-term liabilities		**5,448,191**	**4,300,129**
Liabilities other than provisions within the business		**22,151,892**	**23,585,024**
Liabilities and equity		**33,134,341**	**35,969,780**

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Statement of changes in equity

2024

DKK	Contributed Capital	Share Premium	Reserve for Capitalized Development Expenditure	Retained earnings	Total
Equity 1 January 2024	6,546,243	0	24,610,324	-18,771,811	12,384,756
Increase of capital	11,397,819	259,868	0	0	11,657,688
Decrease of capital to cover loss	-1,828,986	0	0	1,828,986	0
Increase of capital by conversion of debt	888,162	0	0	0	888,162
Cost related to increase of capital	0	0	0	-1,902,744	-1,902,744
Transferred from share premium	0	-259,868	0	259,868	0
Transfers to reserves	0	0	519,727	-519,727	0
Profit (loss) for the year	0	0	0	-12,045,412	-12,045,412
Equity 31 December 2024	**17,003,239**	**0**	**25,130,050**	**-31,150,840**	**10,982,449**

Statement of changes in equity

2023

DKK	Contributed Capital	Share Premium	Reserve for Capitalized Development Expenditure	Retained earnings	Total
Equity 1 January 2023	1,572,052	0	28,738,895	-13,928,045	16,382,902
Increase of capital	3,993,882	9,615,660	0	0	13,609,543
Increase of capital by conversion of debt	980,309	3,921,235	0	0	4,901,544
Cost related to increase of capital	0	0	0	-3,384,417	-3,384,417
Transferred from share premium	0	-13,536,896	0	13,536,896	0
Transfers to reserves	0	0	-4,128,571	4,128,571	0
Profit (loss) for the year	0	0	0	-19,124,815	-19,124,815
Equity 31 December 2023	**6,546,243**	**0**	**24,610,324**	**-18,771,811**	**12,384,756**

The share capital has developed as follows:

	2024	2023	2022	2021	2020
Balance at the beginning of the year	6,546,243	1,572,052	1,181,591	95,830	95,830
Addition during the year	12,285,981	4,974,191	390,461	1,085,761	0
Reduction during the year	-1,828,986	0	0	0	0
Balance at the end of the year	**17,003,239**	**6,546,243**	**1,572,052**	**1,181,591**	**95,830**

brain+

Cash flow statement for the period 1 January to 31 December 2024

DKK	2024	2023
Profit/loss	**-12,045,412**	**-19,124,815**
Depreciation and amortization expense of property, plant and equipment and intangible assets	3,512,134	8,819,650
Adjustment of loss on disposals	0	98,104
Adjustments of tax receivables	-472,091	-627,659
Decrease (increase) in receivables	1,014,833	1,180,691
Increase (decrease) in liabilities	-1,707,767	-5,270,227
Financial interest noncash	447,878	1,216,924
Cash flows from operating activities	**-9,250,426**	**-13,707,331**
Purchase of intangible assets	-4,178,450	-3,513,168
Cash flows from investing activities	**-4,178,450**	**-3,513,168**
Capital increase	12,545,849	17,294,163
Debt conversion	-447,877	0
Cost related to increase of capital	-1,902,744	-3,384,417
Proceeds from short term loan	199,835	0
Cash flows from financing activities	**10,395,062**	**13,909,746**
Net increase (decrease) in cash and cash equivalents	**-3,033,814**	**-3,310,753**
Cash and cash equivalents, beginning balance	3,091,166	6,401,919
Cash and cash equivalents, ending balance	**57,352**	**3,091,166**

Earnings per share for the period 1 January to 31 December 2024

DKK	2024	2023
The calculation of earnings per share is based on		
Profit/loss for the period	-12,045,412	-19,124,815
Number of shares		
Beginning of the year	65,462,430	15,720,518
Capital increase	18,198,975	18,739,260
Capital increase	7,787,874	8,843,088
Capital increase	74,453,390	960,000
Number of shares total	**212,540,485**	**65,462,430**
Average number of shares	136,340,591	36,721,368
Dilutive effect of outstanding warrants		
Outstanding warrants	8,983,078	37,525,426
Weighted average number of shares for calculation of diluted earnings per share	145,323,669	74,246,794
EPS	-0.09	-0.52
EPS diluted	-0.08	-0.26

Notes

1. Going concern

In 2025, Brain+ is forecasted to generate cash flow from sales in the range of DKK 3.6-3.8 million . The forecast is based on realized and contracted sales of DKK 0.2 million year-to-date including the first sale in the UK, and a growing pipeline of UK sales leads, which currently represents €620,000, or DKK 4.6 million in potential sales. At the same time, the Company in January 2025 implemented an organizational restructuring plan to reduce operational expenses and at the same time allocate all remaining resources to directly sales supportive activities until starting to realize considerable sales revenue towards operational break-even, which is expected by mid-2026. With these initiatives and a growing sales pipeline, the Company's management has carefully prepared the 2025 operational liquidity budget and assessed that it represents a realistic and best estimate of Brain+' future cash flows for 2025.

The 2025 cash flow budget projects that Brain+ will need external funding in the range of DKK 8.6-8.7 million to cover its operations into 2026. Hereof, DKK 7.1-7.2 million in external funding is forecasted to be required for 1H 2025, while the full effect of the operational expense reductions and growing cash income from sales are expected to reduce the funding need in 2H 2026 to DKK 1.5 million.

It is important to note that the forecasted external funding need is dependent on the operating cash flow budget being realized without considerable deviations ,and particularly that the budgeted cash flows from sales are not realized at a lower level than DKK 3.6 or delayed considerably through the year compared to the sales budget. The operational budget for 2025 also includes expectations of receiving a 2024 tax credit payment of DKK 0.5 million in November 2025, which amount is conditional on acceptance by the Danish tax authorities like in previous years.

In March 2025, Brain+ carried out a public Unit Rights Issue, raising DKK 8 million in new capital and securing net proceeds of DKK 6.0 million after transaction related costs. The net proceeds include a bridge loan of DKK 4.5 million net connected to the issue, which was paid to the Company in January 2025. The proceeds from the Unit Rights Issue cover Brain+' funding need to late June 2025.

As a result of the Unit Rights Issue and of a subsequent directed issue of units allocated as compensation to guarantors of the rights issue and bridge lenders, Brain+ has issued a total of 440,179,522 warrants of series TO 5. The warrants are currently trading on Nasdaq First North Growth Market Denmark and will be exercisable for new Brain+ shares in the period 3 – 17 June 2025. The exercise price of the warrants of series TO 5 shall amount to 70% of the volume-weighted average price (VWAP) of Brain+' shares according to Nasdaq First North Growth Market's official price statistics during the trading period 15 - 28 May 2025. The exercise price for the TO 5 warrants shall not exceed DKK 0.03195 per new share and shall not be less than the nominal value of DKK 0.01 per new share.

To cover the Company's additional forecasted funding need in 2025, Brain+ expects to raise additional net proceeds of at least DKK 2.7 million from the TO 5 warrant exercise.

There are two important variables defining the outcome of the TO 5 warrant exercise: the exercise price and the number of TO 5 warrants being exercised to subscribe for new warrants (= exercise rate). The lower / higher the exercise price, the higher / lower the required exercise rate to secure the required net proceeds of DKK 2.7 million to ensure sufficient additional external funding of Brain+' operations through 2025 based on the current operational budget. In the below are presented three different scenarios for the outcome of the TO 5 warrant exercise and thus the related forecasted proceeds to Brain+:

TO 5 warrant scenario 1: Assuming that the current Brain+ share price of DKK 0.02 will not change and stay at the same level during the pricing period for the TO 5 warrants, the exercise price can be expected to be DKK 0.014. Under this assumption, the exercise rate of the TO 5 warrants must be 50% or higher to provide proceeds of at least DKK 2.7 million.

Scenario 2: Assuming a drop in Brain+' share price during the TO 5 warrant pricing period to below DKK 0.0143, it will trigger exercise of the TO 5 warrants at the lowest possible exercise price DKK 0.01. Under this assumption, the exercise rate of the warrants must be at least 75% to ensure net proceeds of DKK 2.7 million.

Scenario 3: If Brain+' share price appreciates to a level above DKK 0.0456 during the pricing period for the TO 5 warrants, it will trigger exercise at the highest possible exercise price of DKK 0.03195. In this scenario, the exercise rate of the warrants must be at least 22% to ensure net proceeds of at least DKK 2.7 million.

The subscription price in the rights issue in March was DKK 0.0213 per share at a subscription rate of 47%. Since then, the share price has stayed at an almost unchanged level, despite the fact that Brain+ has signed a new sales contract with Copenhagen municipality, been accepted for the UK NHS dementia accelerator program and signed its second UK sales contract with a Care Home provider.

Considering the growing UK sales pipeline, 28 active prospects among private UK care homes, where the sales procurement timeline on average is expected to be 1-2 months from lead generation to contract signing, Brain+ management believes to be able to close more sales and provide further validation of the Company's business outlook before the exercise of the TO 5 warrants. In this light, management believes that the proceeds to be raised through the exercise of the TO 5 warrants will be sufficient to fund the company's operations into 2026.

To mitigate the risk of proceeds from the TO 5 warrant to fall short of the company's funding need, discussions are also ongoing with a potential loan provider to open an additional funding route for 2H 2025 based on growing sales. In addition, should elements of future projected revenue and capital inflow turn out below expectations, the company's management is committed to further adjust operational expenses in 2H 2025 to match available funds.

Based on the above and with Brain+' funding track record, Management feels convinced that the Company will be able to fund its operations at least into 2026, and this annual report has consequently been prepared on the assumption of going concern.

Summary on going concern
It is Management's assessment that 1) realizing the forecasted level of DKK 3.6-3.8 million in cash flow from sales and 2) securing sufficient external funding constitute the main risks for Going Concern through 2025. Sales are starting to materialise, and funding has been secured to end June 2025. Thereafter, additional new capital can be generated from the existing TO 5 warrants that are exercisable for new shares in the period 3-17 June 2025. The extent to which TO 5 warrant exercise will provide sufficient funding of Brain+' operations into 2026 depends on a) the level of cash flow from sales, b) the exercise price of the warrants, which in turn is dependent on the Company's share price level in the pricing period, and 3) the number of warrants being exercised into new shares (= the exercise rate). All three elements are associated with uncertainty. In case sufficient funding is not provided, management sees options of supportive debt financing and of additional expense reductions to reduce the company's need for external funding in H2 2025.

2. Uncertainty relating to recognition and measurement

Brain+ capitalises costs associated with selected development projects as intangible assets on its balance sheet. The capitalised project costs are directly relatable to defined and identifiable products, including both completed and commercialized products and products in development for future commercialization. It is also ensured that the technical rate of utilization, the adequate resources as well as the potential future market opportunities for the products related to the activated projects can be quantified.

To justify the capitalized value of such intangible assets, Brain+ conducts annual impairment tests to ensure that the Net Present Value (NPV) of forecasted future revenue from the products related to the activated projects has at least the same value as the asset. The impairment test is conducted on the net asset value, so capitalized project development costs less accrued related project grant income . These tests are based on assessments and forecasts, which are uncertain, and Brain+ therefore applies a conservative approach to the NPV calculation. This includes using a relatively conservative discount factor (WACC) of 22% and applying a 0% annual growth rate for the terminal value (after budget year 5).

To reflect a considerable increase in investor risk premiums and cost of equity for publicly listed pre-revenue companies, the discount rate (WACC) used to value future cash flows from revenues was increased significantly in connection with the impairment test for 2023. This combined with pushing expected revenue out 1-1.5 years led to a considerable write-down of some of the projects by end 2023. The impairment test for 2024 has not presented a need for further value write-downs by end 2024.

3. Gross profit

Gross profit/loss comprises recognized sales revenue and public grants income, own work capitalized, and other operating income less sales, general and administrative expenses. See components specified below:

DKK	2024	2023
Sales revenue	183,502	85,324
Public grants recognized as income	3,496,627	2,537,175
Work for own cost capitalized	4,178,450	3,513,168
Other operating income	7,938	214,510
Sales, general and administrative expenses	5,402,392	3,997,686

4. Staff expenses

DKK	2024	2023
Wages and salaries	9,915,897	10,143,147
Pension	544,392	785,799
Social security contributions	152,238	110,724
	10,612,527	**11,039,670**
Average number of employees (FTE)	**12**	**13**

*Salaries transferred to the balance sheet under development projects are DKK 2.562.792 (2023: DKK 3.038.636). The amounts presented in this note reflects gross amounts, and capitalized costs are therefore not subtracted.

5. Depreciation of equipment and intangible assets recognized in profit or loss

DKK	2024	2023
Amortization of completed development projects	3,512,134	3,921,108
Impairment of intangible assets	0	4,885,100
Plant/machinery depreciation	0	13,443
	3,512,134	**8,819,650**

6. Tax income

DKK	2024	2023
Corporate tax, current	472,091	627,659

Current corporate tax reflects the calculated tax result for the year stemming from using the tax credit scheme available for companies working with innovative research and development as defined in the Danish low on tax; Ligningsloven § 8X. Brain+ is developing innovative healthtech solutions for better dementia care, There is uncertainty and risk associated with the development of novel healthtech products, as they may not provide the expected benefits and may not achieve regulatory certifications for commercialization. The innovative aspect of the company's products also provides options for patenting the novel approach to dementia therapy delivery and scalability as well as usability design.

Based on an assessment of the criteria for obtaining tax credit, it is management's view that Brain+ is eligible to a tax credit reimbursement of DKK 472,091 for 2024, corresponding to the tax value of the share of the company's tax loss which is attributable to research and development costs, mainly salaries, The tax credit is expected for payment in November 2025. See also Note 12 Short term tax receivable.

7. Completed development projects

DKK	2024	2023
Cost at the beginning of the year	42,899,458	40,703,935
Transfers during year	8,302,115	2,195,523
Cost at the end of the year	**51,201,573**	**42,899,458**
Amortization and impairment at the beginning of the year	-16,178,929	-8,420,654
Amortization for the year	-3,512,134	-3,921,108
Impairment for the year	0	-3,837,167
Impairment transfer for the year	-1,047,933	0
Amortization and impairment at the end of the year	**-20,738,996**	**-16,178,929**
Carrying amount at the end of the year	**30,462,577**	**26,720,529**

As ongoing projects are classified as completed their cost price and associated impairment amounts are transferred to completed development projects.

8. Development projects in progress

DKK	2024	2023
Cost at the beginning of the year	5,879,101	4,561,457
Addition during the year	4,178,450	3,513,168
Transfers during year	-8,302,115	-2,195,523
Cost at the end of the year	**1,755,437**	**5,879,101**
Impairment at the beginning of the year	-1,047,933	0
Impairment for the year	0	-1,047,933
Impairment transfer for the year	1,047,933	0
Impairment at the end of the year	**0**	**-1,047,933**
Carrying amount at the end of the year	**1,755,437**	**4,831,168**

9. Development progress special prerequisites

Brain+ A/S develops innovative software-based products for early detection, treatment and care of dementia. The products are to varying extent rooted in scientific research and development projects in collaboration with scientific partners. As the development of the company's product portfolio is progressing, part of the costs associated with the development are recognized on the balance sheet as investments in immaterial assets (software and knowledge base). The capitalisation of such development costs is conditional on our anticipation of the future economic benefits and value to be 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.

As demonstrated by the growing societal burden of dementia and the amount of public grants raised to date together with external parties to fund our dementia targeted development projects , we are addressing a market with enormous unmet demand. Our development portfolio comprises evidence-based healthtech solutions with the potential for medical device certification, helping to mitigate the development, commercial, competitiveness, and regulatory risks associated with novel healthtech solutions.

The Company's development projects represent innovative new technologies and software-based novel therapeutic and care solutions for people with dementia and their value is therefore associated with uncertainty as to whether they will be successfully developed all the way to commercial products. Based on its annually conducted impairment test of the NPV of potential revenue streams forecasted for the products stemming from the projects, Management assess that each development project has a potential that exceeds the capitalized net development costs (= capitalized net value of development costs less accrued associated grant income). The Company capitalizes development costs on projects based on time registrations by its development staff 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 uncertainty.

As of 31 December 2024, Brain+ has only one ongoing development projects capitalized on its balance sheet, as both the EuroStars ACTTDCS project related to the Starry Night dementia early detection technology and CCT and the project relating to the development of the upgraded versions of Ayla – your CST Assistant towards certification as medical device. Following an impairment writedown across the portfolio of immaterial assets of DKK 4.9 million in 2023, the impairment test conducted for 2024 has not led to any additional writedowns.

10. Fixtures, fittings, tools and equipment

DKK	2024	2023
Cost at the beginning of the year	66,614	191,854
Addition during the year	0	0
Disposals during the year	0	-125,240
Cost at the end of the year	**66,614**	**66,614**
Depreciation at the beginning of the year	-66,614	-80,306
Depreciation for the year	0	-13,443
Depreciation disposals for the year	0	27,135
Impairment at the end of the year	**-66,614**	**-66,614**
Carrying amount at the end of the year	**0**	**0**

11. Financial asset

DKK	Investments in group enterprises 2024	Investments in group enterprises 2023
Cost at the beginning of the year	**0**	**0**
Additions for the year	90,162	0
Cost at the end of the year	**90,162**	**0**
Carrying amount at the end of the year	**90,162**	**0**

Investment in subsidiaries	Registered in	Corporate form	Equity interest
Brain+ UK	Manchester	Limited (Ltd)	100%

12. Short-term tax receivable

The tax receivable recognized on the balance sheet is the current corporate tax for the year, which has been calculated using the tax credit scheme defined in the Ligningsloven § 8X for research and development costs. For further information, see Note 6 Tax income.

Whether the criteria for the tax credit are fulfilled is a discretionary assessment, and there is a risk that the Danish tax authorities do not agree to the eligibility of Brain+ to receive the tax credit reimbursement for 2024 in part or in full, or/and that a reassessment of the criteria for earlier tax credit payout can lead to requested repayment in subsequent financial years.

13. Earnings per share

DKK	2024	2023
The calculation of earnings per share is based on		
Loss for the period	-12,045,412	-19,124,815
Number of shares		
Beginning of the year	65,462,430	15,720,518
Capital increase	18,198,975	18,739,260
Capital increase	7,787,874	8,843,088
Capital increase*	74,453,390	960,000
Capital increase	5,598,472	21,199,564
Capital increase	38,522,165	0
Capital increase	2,517,179	0
Number of shares total*	**212,540,485**	**65,462,430**
Average number of shares	136,340,591	36,721,368
Dilutive effect of outstanding warrants		
Outstanding warrants	8,983,078	37,525,426
Weighted average number of shares for calculation of diluted EPS	145,323,669	74,246,794
Earnings per share (EPS)**	-0.09	-0.52
Earnings per share, diluted (DEPS)***	-0.08	-0.26

* On 22 May 2024, the share capital of the Company was reduced from DKK 9,144,928 to DKK 7,315,942, and consequently, the nominal value per share was lowered from DKK 0.10 to DKK 0.08. Capital increases carried out in 2024 after this date have happened at a nominal share value of DKK 0.08.

** Earnings per share is calculated as net profit divided by the "weighted average number of shares" multiplied by 100.

*** Earnings per share diluted is calculated as net profit divided by the "weighted average number of shares for calculation of diluted EPS" multiplied by 100.

13. Provisions for deferred tax

DKK	2024	2023
Non-recognized deferred tax asset	7,255,067	5,063,883

14. Deferred income, liabilities

DKK	2024	2023
Deferred income, beginning of the year	21,352,937	24,088,423
Deferred income, recognized as income during the year	-2,537,175	-2,735,486
Deferred income, end of the year	**18,815,761**	**21,352,937**
Deferred income, long term liabilities	16,091,286	18,690,895
Deferred income, short term liabilities	2,724,475	2,662,042
	18,815,761	**21,352,937**

Deferred income comprise earlier received project grants recognized on the balance sheet at the time of payment and to be recognized as income over the useful life of the related development projects, starting upon completion of the projects.

15. Long-term liabilities

DKK	Due withing 1 year	Due after 1 year	Due after 5 years
Other payables, long term liabilities	0	612,414	612,414
Deferred income, long term liabilities	0	16,091,286	6,032,045
	0	**16,703,701**	**6,644,460**

Other payables of DKK 612.414 relates to frozen holiday funds. Deferred income, long-term liabilities comprise the shares of earlier received project grants recognized on the balance sheet at the time of payment and due for recognition as income after one (1) year and five (5) year, respectively, upon completion of the projects.

16. Unrecognised rental and lease commitments

The Company is committed to a rent of DKK 49,173 after the year-end 2024 (2023: DKK 150,422) and a lease expense of DKK 127,078 (2023: DKK 287,971). The rent commitment comprises two months of rent which is balanced against a deposit paid to cover future rental commitments. Brain+ terminated its office rental in 2024 with effect from 1 March 2024 to move to cheaper offices in an office club as part of its initiatives to reduce costs. The leasing commitment comprises multiple leasing agreements on office and IT equipment, with the latest agreement set to mature in June 2026. The leasing commitments are expected to be recognized as other external expenses in gross profit relatively evenly through June 2026.

17. Warrants

DKK	Warrants granted as part of a rights issue*	Warrants granted in accordance with article 4.5 of the Articles of Association**	Warrants granted in accordance with article 4.3.2 of the Articles of Association***
Outstanding warrants as of January 1st, 2024	**28,542,348**	**8,366,745**	**616,333**
TO3 warrants exercised at exercise price of DKK 0.11 per warrant	-25,986,849		
TO3 warrants expired	-2,555,499		
TO4 warrants issued as part of rights issue	65,496,978		
TO4 warrants exercised at exercise price of DKK 0.08 per warrant	-41,039,344		
TO4 warrants expired	-24,457,634		
Outstanding warrants as of December 31st	**0**	**8,366,745**	**616,333**

* In 2024, TO3 and TO4 warrants were tradeable at Nasdaq First North Growth Market Denmark with ISIN code DK0062272522 and DK0062955761 respectively.
** Warrants issued as part of an employee warrant scheme.
*** Warrants issued to financial advisor Gemstone Capital A/S. Out of the 616,333 warrants, Gemstone can exercise 250,000. Depending on the outcome of the exercise of TO3, the remaining 366,333 will be exercisable.

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 the addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

The financial statements have been prepared on a going concern basis.

Recognition and measurement

Assets are recognized 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 recognized 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 recognized in the income statement when earned, whereas costs are recognized 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 recognized 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 item.

Public grants

Public grants are recognized 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 recognized as income in the income statement as earned. Grants awarded for the acquisition of assets are recognized 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 capitalized, other operating income, cost of sales and external expenses.

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

Own work capitalized
Own work capitalized comprises staff costs and indirect allocated costs incurred in the financial year and recognized 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 expenses comprise salaries and wages, and social security contributions, pension contributions, warrants, etc., for entity staff.

Depreciation, amortization and impairment losses
Depreciation, amortization and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortization and impairment losses for the financial year.

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

Other financial expenses
Other financial expenses comprise interest expenses, exchange losses on payables and transactions in foreign currencies, amortization 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 recognized in the income statement by the portion attributable to the profit for the year and recognized 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 utilization, 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 recognized as intangible assets. Other development costs are recognized as costs in the income statement as incurred. When recognizing 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 are reduced as the development projects are amortized and written down.

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

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 amortization period used is 10 years.

Intangibles are written down to the lower of recoverable amount and carrying amount. When assessing the net recoverable amount, management are assessing the net amount of the asset and related capitalized grants received for the development of the asset..

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 a 5-year estimated useful life. 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.

Financial assets
Brain+ measures investments in group enterprises at cost. Investments are written down to the lower of recoverable amount and carrying amount.

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

Deferred tax
Deferred tax is recognized 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 recognized in the balance sheet at their estimated realizable 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 recognized 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 recognized on a straight-line basis in the income statement over the term of the lease.

Other payables
Other financial liabilities are measured at amortized 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. Deferred income to be recognized as income within one year of the balance sheet date is presented as short term deferred income, while the residual is presented as long term deferred income.

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 received.

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.