

BrainCool AB (publ)

**Financial Report
Q1 2024**

The period in brief

	Jan-Mar 2024	Jan- Mar 2023	Jan-Dec 2023	Jan-Dec 2022
Net Sales	8 587	2 668	23 227	17 588
Total revenue	10 562	4 341	30 852	33 788
Gross profit	5 442	3 079	15 563	25 681
EBITDA	-10 890	-14 258	-50 049	-31 924
EBIT	-11 413	-15 453	-54 161	-36 679
Result after tax	-11 415	-15 636	-61 276	-45 613
Cashflow from operating activities	-15 216	-25 057	-68 492	-46 269
Cash at the end of period	5 887	15 978	25 063	41 206
Result per share (SEK)	-0,07	-0,10	-0,33	-0,61*

All numbers are kSEK.

Significant events during first quarter

- Jon Berg was appointed as the new CEO of BrainCool. Mohammed Fazel was appointed Head of Clinical Studies and Christian Strand was appointed Head of Global Distribution to strengthen the company's management team.
- The German Medical Agency approved the COTTIS 2 clinical trial, which will use BrainCool's product RhinoChill® System in the treatment of patients who have suffered a stroke. The study is led by the University Hospital in Freiburg, Germany.
- The PRINCESS 2 clinical trial started as the first patient was enrolled under the leadership of Karolinska Institutet/University Hospital. The study uses the company's product RhinoChill® System for early and rapid cooling of patients who have suffered cardiac arrest.
- BrainCool dismissed and reported the former CEO to the police.
- BrainCool announced a need for capital injection of SEK 85-95 million.

Significant events after the end of the reporting period

- BrainCool expanded its collaboration with ZOLL® through the signing of a distribution agreement for the marketing and sale of the BrainCool™ System on the Japanese market. At the same time, BrainCool received an order for at least 90 systems with an order value of at least SEK 20 million, with deliveries starting after BrainCool™ System has been approved in Japan.
- The Thai Medical Agency granted a marketing authorization for the BrainCool™ System. This means that the company's partner ZOLL® can now market and sell the system in Thailand.

Jon Berg, CEO Comments



BrainCool has taken a number of measures to strengthen the company's long-term development during the first quarter. Among other things, we have strengthened the management team. It has been an intense and challenging period since I took over the CEO role at the beginning of February this year. However, I would like to emphasize that the underlying business has performed well.

This is confirmed by the fact that sales of BrainCool™ System and consumables rose to SEK 8.2 million during the first quarter compared to SEK 2.7 million in the same period in 2023. We delivered 20 systems to customers during the period at agreed and fixed list prices. During the first quarter we have started deliveries of consumables to ZOLL®, in line with orders placed during the period.

As we are now moving into serial production, we are implementing an investment program for the BrainCool™ /IQool™ System consumables. The main purpose of the investment program is to increase production capacity and significantly decrease production costs.

Going forward we expect to see higher margins, in particular with regard to the consumables. We believe this is achievable due to rising production volumes and reduced costs for the manufacturing of consumables. We are also trimming overall cost in particular regarding the US organization that will have full effect in 2025.

So far this year, BrainCool has been able to announce a number of important steps in the company's development confirming BrainCool as a competitive player in the market. Karolinska announced the start of PRINCESS 2 by enrolling the first patient. PRINCESS 2 is a unique clinical study of early and rapid cooling of patients who have suffered cardiac arrest. BrainCool's product RhinoChill® System is the sole cooling device used at the scene of the cardiac arrest. The German Medical Agency approved the COTTIS 2 study, which is a groundbreaking clinical trial of the treatment of patients who have suffered a stroke with the combination of cooling and thrombectomy where RhinoChill® System and BrainCool™ System is also used. The first patient in COTTIS 2 is expected to be enrolled during the second quarter of 2024.

BrainCool System received market approval in Thailand, which can facilitate the approval processes in other ASEAN countries such as Malaysia, Singapore, Indonesia and the Philippines. The collaboration with ZOLL® was expanded in August of 2023 to include the distribution of the BrainCool System in the ASEAN countries.

Our cooperation with ZOLL® is gradually expanding. This is evidenced by the extended distribution agreement for the Japanese market. The agreement, which the parties recently signed, covers at least 90 BrainCool™ Systems with an order value of at least SEK 20 million. At the same time, ZOLL® takes over the regulatory approval process in Japan.

The positive development has to some extent been clouded by the fact that the former CEO had taken an unlawful loan (sw. förbjudet lån) from the company to himself, which led to him being reported to the police and dismissed from the company. Evidently, this unexpected event has brought some challenges. However, our professional and competent employees have continued to deliver. In March I appointed Mohammed Fazel as Head of Clinical Studies and Christian Strand as Head of Global Distribution to strengthen the company's management team.

In late March we communicated that we have identified a capital need of approximately SEK 85 – 95 million and that we intend to secure this through a new issue where the intention is that the capital injection will take BrainCool to a phase where the business generates a positive cash flow. In connection herewith, it was reassuring to be able to communicate that six of BrainCool's largest shareholders, together representing approximately 22 per cent of the share in the company, have declared themselves positive to subscribe for shares in the new issue. The terms and time plan for the financing will be communicated as soon as resolved. To secure the company's liquidity needs and to be able to continue with ongoing cost reduction projects and industrialization projects until the financing has been completed, the company has raised a bridge loan of a total of SEK 20 million.

As for the second quarter, the focus is on delivering the BrainCool™ System to ZOLL® in accordance with the agreement signed in June last year. The agreement covers at least 350 systems with an order value of at least SEK 100 million over a period of 24 months, with quarterly deliveries from 1 April this year. In addition, the second order of consumables for ZOLL®, signed in the first quarter will be delivered during the quarter.

Overall, we believe that BrainCool will be able to show strong sales growth and an increased gross profit going forward. I look forward to leading BrainCool on its journey towards becoming a global commercial player.

BrainCool in Short



BrainCool is an innovative high-tech company that develops software and hardware within the medtech industry. BrainCool focuses on advanced medical cooling in the treatment of major diseases such as stroke, cardiac arrest, neurological fever and cancer. Medical cooling is a well-proven treatment. BrainCool's concept is unique in its proprietary technology for ultrafast and early cooling that is combined with fully automated monitoring and control.

BrainCool's technology platform consists of three products – BrainCool™/IQool™ System, RhinoChill® System and Cooral® System– which are used for different medical indications (see illustration below). The products have all been the subject of extensive clinical studies. Additional clinical studies for specific medical indications or markets are ongoing or planned to start in the coming year.

Business model

- BrainCool has its own research and development. The company normally conducts clinical studies in collaboration with various research centers and hospitals. Financing is provided by both own funds and external funds. Product development, patents and clinical studies involve long lead times, which also creates high barriers to entry for competitors.
- All production is subcontracted. BrainCool has a long-standing collaboration with external suppliers.
- BrainCool's strategy is to create a global network of distributors. BrainCool has an agreement with the American corporation ZOLL® regarding marketing and sales of the BrainCool System. The agreement covers the markets of the United States, Germany, Switzerland and Austria, as well as Japan, the ASEAN countries and Pakistan.
- The model of outsourcing manufacturing to external suppliers and contracting with external distributors for distribution means lower operational risk and limited capital requirements to expand the business.

Revenue model

BrainCool's revenue mainly consists of:

- Sales of cooling systems such as BrainCool™/IQool™ System, RhinoChill® System and Cooral® System.
- Single-use products or consumables related to the use of the systems.

The revenue model means that sales of single-use products increase in line with the number of systems sold and the already installed base of systems. It generates stable, recurring and long-term revenue.

Market and Health Economics

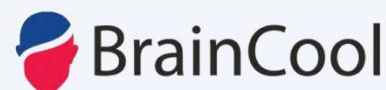
Effective treatment methods provide significant patient benefits such as increased survival and fewer disabilities. This means significant health economic savings in health care. A key element is to compare healthcare costs with or without a specific treatment such as medical cooling. Cost comparisons also form the basis for pricing of products and services as well as reimbursements from public and private insurance schemes.

BrainCool's Platform Technologies

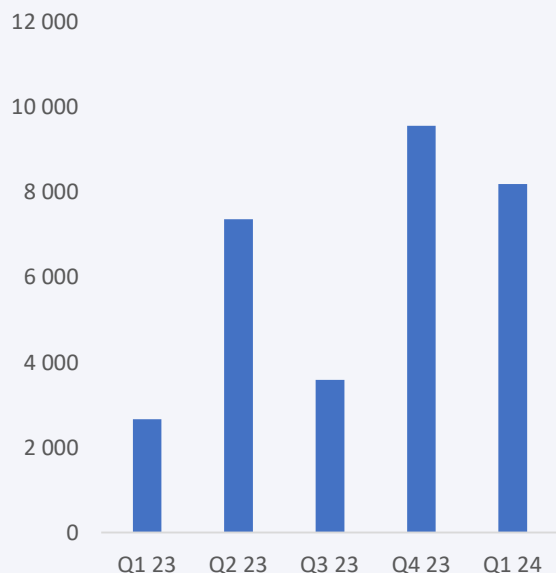


Business Segment

BrainCool™/IQool™ System



Net Sales (ksek)



Installed Base of BrainCool™/IQool™ Systems *



BrainCool™/IQool™ System

The BrainCool™ System consists of a cooling system that is connected to consumables in the form of cooling pads when treating a patient. Sales of cooling pads are increasing in line with the number of systems sold and the already installed base of systems, as well as the number of patients treated per system. It generates stable, recurring and long-term revenue.

BrainCool delivered 20 BrainCool™ Systems in the first quarter of 2024. This, together with sales of consumables, generated revenues of SEK 8.2 million.

BrainCool's target is a significantly higher gross margin, especially in consumables. The company is therefore carrying out an extensive investment program together with the Polish subcontractor TM Rubber to increase capacity and significantly reduce the cost per produced cooling pad.

The production process is now being shifted from manual casting of silicone wafers to a much more efficient automated injection molding. The manual gluing of cooling pads is converted into an automated process. The goal is to reduce the cost per unit of production by 25 percent in the second quarter and by a further 25 percent in the autumn of 2024.

During the second quarter, deliveries of the BrainCool™ System to ZOLL® will start in accordance with the agreement signed in June 2023. The agreement extends until 2030 and covers quarterly deliveries of at least 350 systems with an order value of at least SEK 100 million over a 12–18-month period. The agreement covers the markets in the US, Germany, Switzerland and Austria, where ZOLL® has its own sales and support organization.

In August 2023, the agreement with ZOLL® was expanded with the markets in Thailand, Singapore, Indonesia, the Philippines and Pakistan. BrainCool received an order for 20 systems for delivery upon market approval in each country. BrainCool received market approval in Thailand in April 2024. BrainCool is now initiating the approval process in other countries. In April 2024, the collaboration with ZOLL® was further expanded. A distribution agreement was signed for the Japanese market for an order of at least 90 BrainCool™/IQool™ Systems with an order value of at least SEK 20 million. Deliveries will start after BrainCool System has received regulatory approval in Japan.

* Installed base is estimated as accumulated number of sold BrainCool™/IQool™ Systems.

Business Segment



RhinoChill® System & Cooral® System

RhinoChill® System

RhinoChill® System is a portable and battery-powered cooling system that regulates brain temperature through rapid and early cooling via the nasal cavities. The system includes disposable products in the form of coolants and catheters.

Revenues from RhinoChill® System are limited as the product is included in two different clinical studies. In April 2024, the PRINCESS 2 clinical study led by Karolinska Institutet/University Hospital started. The study is based on RhinoChill® System for early and ultrafast cooling of the brain of patients who have suffered cardiac arrest. BrainCool delivers RhinoChill® System to the study and the order value

amounts to approximately SEK 3 million during the duration of the project.

In January this year, the German Medical Agency approved the COTTIS 2 clinical trial. The study uses RhinoChill® System for rapid and early cooling in thrombectomy treatment of stroke. The COTTIS 2 study, funded by the EU, is led by the University Hospital of Freiburg and includes 400 patients. The first patient is expected to be enrolled during the second quarter and the study is expected to be completed by the end of 2025.

Cooral® System

Cooral® System consists of a cooling system that is connected to a mouth device to treat oral mucositis (OM) that can affect patients during cancer treatment. OM can cause ulcers, pain and inflammation in the mucous membranes of the mouth, which makes it difficult for the patient to eat and drink and, in the worst case, is forced to discontinue cancer treatment.

A large multi-clinical study has shown good efficacy in treatment with Cooral® System to relieve OM. Cooral® System has received De Novo 510 K clearance with Breakthrough Designation from the FDA in the US. BrainCool is currently considering different options and strategic choices for Cooral® System.

BrainCool AB (publ), with wholly owned subsidiaries BrainCool Inc (USA), CoolPrevent AB and IQool Technologies AB, are reported as a group.

The Intangible assets of the Group are divided in three main projects. BrainCool cardiac arrest kSEK 1 450 BrainCool Stroke kSEK 39 522 and Oncology kSEK 34 936. The Patent rights for RhinoChill® have a booked value of kSEK 0.

By the end of the period, including the result of the period, the Equity of the Group is kSEK 100 596 (kSEK 102 504).

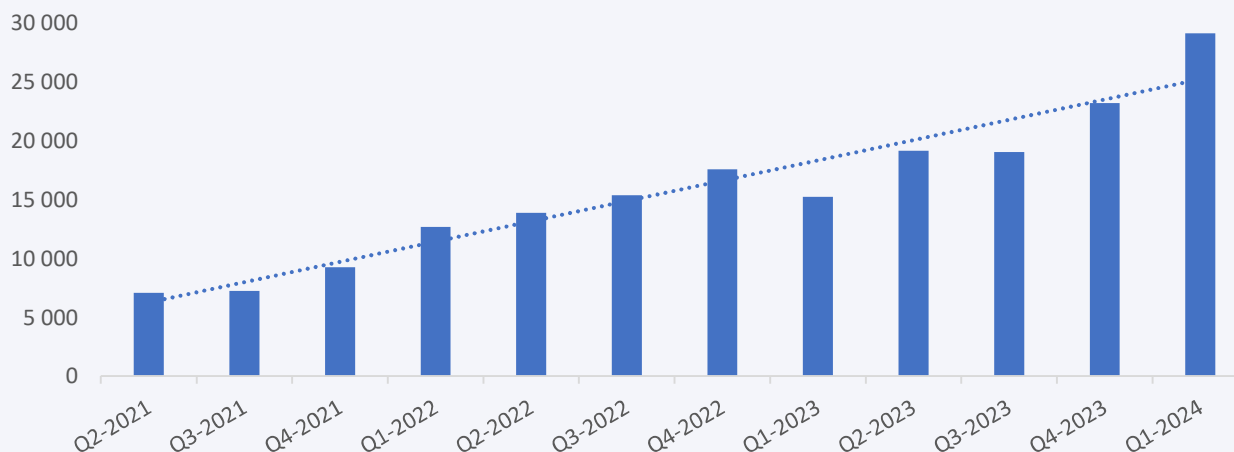
Net Sales for the quarter ended on kSEK 8 587 (kSEK 2 668) which is an increase of 219% compared with the same period last year. Growth is mainly driven by sales to ZOLL®. The Group’s total revenue also increased compared to the same period last year from kSEK 4 340 to kSEK 10 562.

The cash and bank balance for the Group is kSEK 5 887 (kSEK 15 978) at the end of the reporting period.

The total operating expenses have decreased compared with the same period last year with kSEK 1 005 to kSEK 16 332. The decrease is mainly driven by lower personnel costs in the US company. The dismissal of the former CEO will decrease the personnel cost with nearly SEK 2.5 million for the remainder of the year. The company has had one-off costs referring to the incident regarding the former CEO of nearly SEK 1 million charged in the first quarter.

Historically, the company has incurred losses, and the assessment is that there continues to be a need for financing to operate the business. The board acknowledges that there is always uncertainty regarding future operations and their financing, which could impact ongoing operations. However, the board also sees that the various business opportunities facing BrainCool provide favorable conditions to ensure the company’s financing needs going forward.

Net Sales – Rolling 12 month (kSEK)



The Share



BrainCool AB (publ) was listed on the Spotlight Stock Market on May 7th, 2014, and since March 29th, 2023, is listed on Nasdaq First North Growth instead. As of March 31st, the number of shares in the company are 175,424,671 shares (160,424,671). There is one class of shares, and each share carries an equal right to share of the company's assets and results and entitles to one vote at the general meeting.

10 Top owner

31st of Mar 2024

	Shares	%
Avanza Pension	18 976 044	10,82%
Landia AB	13 205 507	7,53%
Nordnet Pensionsförsäkring	8 528 024	4,86%
Carnegie Fonder	7 500 000	4,28%
Karl Perlhagen	6 666 667	3,80%
Bolite Invest AB	4 319 476	2,46%
Björn Bratlie AS	4 142 731	2,36%
Elementa Management	3 208 731	1,83%
Handelsbanken Liv Försäkring	1 612 939	0,92%
Swedbank Försäkring	1 494 504	0,85%
Other	105 770 048	60,29%
Total	175 424 671	100,00%

Stock Development (SEK)



Auditors Review

This Year End Report has not been subject to review by the company's auditor.

Reports Date

Interim Report Q2	15.08.2024
Interim Report Q3	01.11.2024
Year End Report 2024	10.02.2025

Annual General Meeting	26.06.2024
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Certified Adviser

Eminova Fondkommission AB is company's Certified Adviser.

www.eminova.se

For more information contact

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Accounting Policies

The report is prepared in accordance with the Swedish Annual Accounts Act as well as the Swedish Accounting Standards Board BFNAR 2012:1 annual report and consolidated (K3).

Group accounts

The consolidated accounts include the parent company and subsidiaries in which the parent company directly and indirectly owns shares corresponding to more than 50% of the votes.

Fixed assets

Intangible and tangible fixed assets are recognized at cost of acquisition, deducting accumulated depreciation/amortization according to plan and any impairment loss. Depreciation/ amortization is linear over the asset's estimated useful life, taking significant residual values into account.

The following depreciation percentage is applied:

Intangible fixed assets

Capitalized expenditure
for development work 7 years

Concessions, patents,
licenses, trademarks 7 years

Tangible fixed assets

Equipment, tools, fixtures
and fittings 5 years

Key Figures

	Jan-Mar 2024	Jan-Mar 2023
Net revenue (kSEK)	8 587	2 668
EBIT (kSEK)	-11 413	-15 453
Cash at the end of period (kSEK)	5 887	15 978
Equity (kSEK)	100 596	102 504
Earnings per share (SEK)	-0,07	-0,10
Earnings per share after full dilution (SEK)	-0,07	-0,10
Equity per share after full dilution (SEK)	0,56	0,63
No of shares, average	175 424 671	160 424 671
No of shares, end of period before dilution	175 424 671	160 424 671
No of shares, after full dilution	178 131 671*	160 424 671
Balance sheet total (kSEK)	119 674	121 376
Number of employees	22	22

* includes shares according to warrant program

Consolidated Statement of Change in Equity

kSEK	Jan-Mar 2024	Jan-Mar 2023
Opening balance	111 736	116 232
Issue (incl issue costs)	0	1 924
Foreign exchange rate adj.	275	-16
Result for the period	-11 415	-15 636
Closing balance	100 596	102 504

Consolidated Cashflow Analysis

kSEK	Jan-Mar 2024	Jan-Mar 2023
Operating activities<		
Operating result	-11 413	-15 453
Adjustment for depreciation	523	1 195
Other non-cash items	831	-974
Financial items	-570	-55
Cash flow before change in working capital	-10 629	-15 287
Working capital adjustments		
Change in inventory	-6 267	-6538
Change in receivable and prepayments	4 071	-4 670
Change in trade and other payables	-2 390	1 438
Total change in working capital	-4 586	-9 771
Cash flow from operating activities	-15 216	-25 057
Investing activities		
Investment in fixed assets	-3 770	-1 819
Investment in financial assets	0	-259
Cash flow from investing activities	-3 770	-2 078
Financing activities		
New issue after issues costs	0	1 924
New issue of convertible loans	0	0
Amortization of loan	0	1
Cash flow from financing activities	0	1 924
Cash flow for the period	-18 986	-25 212
Currency translation differences	-189	-16
Cash at the beginning of period	25 063	41 206
Cash at the end of period	5 887	15 978

Consolidated Statement of Income

kSEK	Jan-Mar 2024	Jan-Mar 2023	Jan-Dec 2023
Net sales	8 587	2 668	23 227
Own work capitalized	831	974	4 178
Other operating income	1 144	698	3 447
Cost of goods sold	-5 120	-1 261	-15 289
Gross Profit	5 442	3 079	15 563
Other external cost	-8 737	-8 433	-28 481
Personnel cost	-6 741	-8 831	-34 940
Other operating cost	-854	-73	-2 190
EBITDA	-10 890	-14 258	-50 049
Depreciation/amortization of tangible and intangible asset	-523	-1 195	-4 111
EBIT	-11 413	-15 453	-54 161
Financial income	75	3	140
Financial cost	-77	-186	-7 150
Profit before tax	-11 415	-15 636	-61 171
Tax	0	0	-105
Net income for the period	-11 415	-15 636	-61 276

Consolidated Balance Sheet

kSEK	Jan-Mar 2023	Jan-Mar 2023	Jan-Dec 2023
Assets			
Fixed Assets			
Intangible assets	75 908	70 640	74 931
Tangible assets	5 562	3 925	4 123
Financial assets	0	727	0
Total Fixed Assets	81 470	75 292	79 055
Current Assets			
Inventory	24 366	17 681	18 099
Other receivables	7 951	12 424	11 062
Cash and bank balances	5 887	15 978	25 063
Total Current Assets	38 204	46 084	54 224
Total Assets	119 674	121 376	133 278
Equity and Liabilities			
Equity			
Restricted equity	7 894	7 219	7 894
Non-restricted equity	92 702	95 285	103 842
Total Equity	100 596	102 504	111 736
Liabilities			
Long-term liabilities	0	0	0
Short-term Liabilities	19 078	18 872	21 579
Total Liabilities	19 078	18 872	21 579
Total Equity and Liabilities	119 674	121 376	133 278

Affirmation



The report is prepared in accordance with the Swedish Annual Accounts Act as well as the Swedish Accounting Standards Board BFAR 2012:1 annual report and consolidated (K3). The Board of Directors and the CEO certify that the report presents a true and fair overview of the Group's operations, position, and results.

Lund, April 15, 2024

Hans Henriksson

Chairman of the Board

Roger Henriksson

Board member

Oscar Engellau

Board member

Jon Berg

CEO

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