

BrainCool AB (publ)

**Financial Report
Q2 2024**

“42% Sales growth in Q2* and first patients in both COTTIS 2 and PRINCESS 2”

Significant events during second quarter

- 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 of 90 systems and consumables with an order value of SEK 20 million, deliveries will start after the 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.
- The TÜV SÜD re-certification audit was approved without deviations.
- The rights issue in May was oversubscribed by more than 170 per cent and strengthened the company's cash position by SEK 86 million before transaction costs.

Significant events after the end of the reporting period

- The first patients in the pivotal COTTIS 2 study have been enrolled and treated with RhinoChill® System and BrainCool™ System during thrombectomy treatment of stroke patients.

Group

The period in brief

	Q2 2024	Q2 2023	Q1-Q2 2024	Q1-Q2 2023	Full year 2023
Net Sales	10 453	7 366	19 041	10 034	23 227
Total revenue	11 729	9 367	22 292	13 708	30 852
Gross profit	3 381	5 236	8 823	8 315	15 563
EBITDA	-10 794	-11 001	-21 684	-25 259	-50 049
EBIT	-11 271	-12 183	-22 684	-27 635	-54 161
Result after tax	-12 835	-12 715	-24 250	-28 351	-61 276
Cashflow from operating activities	-24 242	-13 144	-39 457	-38 201	-68 492
Cash at the end of period	58 607	886	58 607	886	25 063
Result per share (SEK)	-0,07	-0,08	-0,13	-0,18	-0,33

All numbers are kSEK.

*compared to same quarter last year

Jon Berg, CEO Comments



BrainCool has continued to develop its operations in the second quarter in a positive way. The various measures to strengthen BrainCool's long-term development are proceeding according to plan.

We delivered 30 BrainCool™ Systems during the second quarter. This resulted in an increase by sales of 42 per cent* equal to SEK 10,45 million including deliveries of consumables.

In the second quarter BrainCool also announced an expanded cooperation with ZOLL® by signing a distribution agreement for the marketing and sale of BrainCool™ System on the Japanese market. At the same time BrainCool received a minimum order of 90 systems with a value of SEK 20 million to be delivered after the approval of the BrainCool™ System in Japan. The approval process is currently proceeding according to plan.

BrainCool™ System was granted market approval in Thailand in April. This means that ZOLL® can now market and sell the BrainCool™ System in Thailand.

The cost reduction program, primarily focusing on improving margins on consumables, is progressing according to plan. The automation process was half way complete by the end of the second quarter as 50 per cent of the process of glueing pads has been transformed to automated glueing. The automation process will be in place before the end of the year, which will reduce the cost per produced pad significantly with full effect during 2025.

We are also focusing on trimming overall costs which requires one-off charges. A reduction in the US organization incurred a one-off charge of SEK 2 million in the second quarter. The saving will be around SEK 4 million on an annual basis. Our long-term plan is to close the US office as the distribution agreement with ZOLL® continues and the need for our own staff in the US decreases.

We have established a new subsidiary, BeneChill AB, in order to have a more efficient organization in the long term by moving all RhinoChill operations to BeneChill AB. IQool Technologies AB is responsible for the operations of the BrainCool™ System and CoolPrevent manages the operations of the Cooral® System. BrainCool AB will manage overhead functions such as administration and finance. This reorganization will take place next year.

Medtech companies are subject to various audits of their operations, quality systems and products. Every third year there is a larger certification audit conducted by the German notified body TÜV SÜD. This was performed during the second quarter with no deviation. The audit confirmed that our CE-marked medical devices meet approved safety and performance requirements as well as component-level specifications to finished products at all times.

BrainCool's two important clinical studies - COTTIS 2 and PRINCESS 2 - have now enrolled patients which marks two important milestones for the company. In early July we announced that the first patient in the pivotal COTTIS 2 study had been enrolled and treated with RhinoChill® System and BrainCool™ System during a thrombectomy treatment. In late March, the PRINCESS 2 study enrolled its first patient under the leadership of Karolinska Institutet/University Hospital. The study uses RhinoChill® System for treating patients who have suffered sudden cardiac arrest.

I would like to take the opportunity to thank all the shareholders for demonstrating their confidence in BrainCool in connection with the rights issue in May. The rights issue was oversubscribed by more than 170 per cent and strengthened the company's cash position by SEK 86 million before transaction costs. BrainCool's management is fully dedicated to fulfill the expectations and intend on making BrainCool a leading global player within medical cooling.

*compared to same quarter last year

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 reduce side affects of chemotherapy. 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 internal 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 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 growing 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

 <p>BrainCool™ IQool™</p> <p>Indication: Cardiac Arrest, Neurology</p>	 <p>RhinoChill® NeuroChill®</p> <p>Indication: Cardiac Arrest, Stroke</p>	 <p>Cooral®</p> <p>Indication: Oral Mucositis</p>
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Business Segment

BrainCool™/IQool™ System



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’s subsidiary IQool Technologies AB is responsible for the operations of BrainCool™ System.

BrainCool delivered 30 BrainCool™ Systems in the second quarter of 2024. This, together with sales of consumables, generated revenues of SEK 10.2 million, which is an increase with SEK 2.0 million compared with the first quarter of 2024.

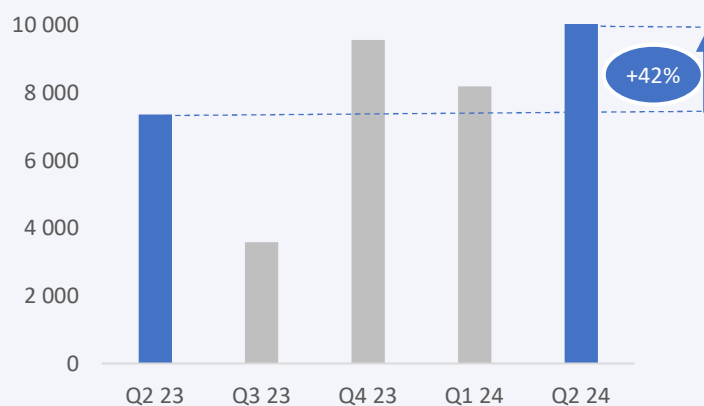
BrainCool's target is a significantly higher gross margin, especially in consumables. The company is therefore carrying out an extensive investment program together with the Polish subcontractor TM Rubber to increase capacity and significantly reduce the cost per produced cooling pad.

During the second quarter, deliveries of the BrainCool™ System to ZOLL® has started 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 24-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, Malaysia, Taiwan and Pakistan. BrainCool™ System 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 90 BrainCool™/IQool™ Systems with an order value of SEK 20 million. Deliveries will start after BrainCool™ System has received regulatory approval in Japan.

Net Sales (ksek)



Installed Base of BrainCool™ /IQool™ Systems *



* 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. BrainCool's subsidiary BeneChill AB will be responsible for the operations of RhinoChill® System.

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

www.princess2.org

In February BrainCool announced that the company will participate in a new high-tech project together with Karolinska Institutet and the University of Michigan in the United States. The project concerns an animal-based clinical study for the treatment of the most severely ill heart

patients, those with cardiac arrest who do not respond to cardiopulmonary resuscitation (so-called refractory cardiac arrest). The equipment for the study has been sent from BrainCool AB to University of Michigan. The study is now ready to start.

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 patients are now been enrolled in the study and treated by RhinoChill® System. The study is expected to be completed by the end of 2025.

www.cottis2trial.org

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. BrainCool's subsidiary CoolPrevent AB is responsible for the operations of Cooral System.

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.

Overview

BrainCool AB (publ) is an innovative medical device company that develops, markets, and sells leading medical cooling systems for indications and areas with significant medical benefits within the healthcare sector.

Our company's commitment to responsible business is part of our business strategy. By integrating environmental, social and governance (ESG) aspects into our business operations, we strive to create long-term sustainability, profitability and value for all our stakeholders.

Environmental Sustainability

Product Innovation and Safety:

- Technology:** BrainCool AB develops innovative medical technology products for patient temperature regulation, which can contribute to effective cooling and thereby reduced energy consumption and reduced emissions in healthcare.

Resource Management:

- Energy Efficiency:** We strive to reduce our carbon footprint by promoting the use of materials with low environmental impact and products that can be used throughout the treatment process.
- Transport:** We strive to increase the proportion of environmentally efficient transport as much as possible.

Sustainable Supply Chain:

- Suppliers:** Our products are manufactured by subcontractors who are ISO 14001 Environmental management certified.
- Material:** We choose materials that are recyclable or have a low CO2 footprint when burned and we strive to continuously improve our environmental performance.

Social Responsibility

Patient-Centric Approach:

- Clinical Outcomes:** BrainCool AB's products contribute to improved patient care and quality of life, which is positive from a social perspective. An improved quality of life post illness contributes to a more sustainable and environmentally friendly development for the patient, healthcare and society at large.

Engagement:

- Responsibility:** By integrating social responsibility into our business, we consider both environmental and social aspects of the business and we can contribute to positive social development and at the same time strengthen our brand and competitiveness.

Workplace Culture:

- Diversity and Inclusion:** We work to promote diversity and inclusion in our organization by supporting an open and inclusive company culture, with equal opportunities for all employees.
- Employee Well-being:** We strive to ensure a good working environment for all our employees by offering safe and fair working conditions and healthy working conditions, including flexible work arrangements and wellness programs.

Governance Practices

Ethical Standards

- Code of Conduct:** We work to ensure good governance and transparency in our organization by following high ethical principles and guidelines.
- Compliance:** Regular audits and compliance checks to ensure adherence to legal and ethical standards.

Corporate Governance:

- Board Diversity:** We strive to increase diversity in management and the board to broaden perspectives, areas of knowledge and decision-making, and to ensure that the company is governed and led in an efficient and responsible manner.
- Transparency:** Commitment to transparent reporting and communication with stakeholders through regular updates and disclosures.

Risk Management:

- Risk Assessment:** Comprehensive risk management framework to identify, assess, and mitigate potential risks. To constantly evaluate and improve the company's internal control system to reduce the risk of corruption and other unethical behavior or conflicts of interest.

Future Commitments

During the autumn, BrainCool AB will continue the work within ESG by setting goals with a focus on expanding our positive impact on the environment, society and governance. The company strives to improve its sustainability initiatives, improve patient outcomes through innovative product development and maintain high standards of corporate governance and ethical conduct.

By following our ESG guidelines, we commit to continuing to work for a sustainable and responsible business that benefits both our organization and society at large. We aim to strengthen our reputation, reduce risks and create long-term value for all our stakeholders.

Through organic growth, we make life better for more and more patients using BrainCool Systems. Should the ongoing studies Princess 2 and Cottis 2 produce the expected results, we want to be able to contribute to saving and improving millions of lives every year.

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 June 30th, the number of shares in the company are 253 391 191. There is only 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.

20 Top owner

30th of June 2024

	Shares	%
Avanza Pension	28 617 671	11,29%
Landia AB	19 712 758	7,78%
Nordnet Pensionsförsäkring	11 209 044	4,42%
Carnegie Fonder	10 833 332	4,28%
Karl Perlhagen	9 629 627	3,80%
Bolite Invest AB	6 595 309	2,60%
Björn Bratlie AS	6 417 370	2,53%
Handelsbanken Liv Försäkring AB	2 086 714	0,82%
Emelie Caroline Lönnér	1 723 779	0,68%
Swedbank Försäkring	1 712 552	0,68%
Cormac Invest AB	1 683 437	0,66%
Jonas Sand	1 647 305	0,65%
Nils Philip Bastedo	1 526 000	0,60%
Fredrik Broman	1 501 911	0,59%
Hjort Per	1 262 851	0,50%
Jonas Gudmundsson AB	1 249 997	0,49%
Leif Karlsson	1 221 605	0,48%
Lennart Hero	1 200 000	0,47%
Daniel Ekman	1 034 889	0,41%
Håkan Brantefelt	1 023 962	0,40%
Other	141 501 078	55,84%
Total	253 391 191	100,00%

Stock Development (SEK)



Financial Comments



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

The Intangible assets of the Group are divided in three main projects. BrainCool cardiac arrest kSEK 1 562 BrainCool Stroke kSEK 40 671 and Oncology kSEK 32 256. 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 165 397 (kSEK 89 884).

Net Sales for the quarter ended on kSEK 10 453 (kSEK 7 366) which is an increase of 42% compared with the same period last year. Net Sales are mainly driven by sales to ZOLL®. The Group’s total revenue also increased compared to the same period last year from kSEK 9 367 to kSEK 11 729.

Total Cost of Goods Sold for second quarter was kSEK -8 349 of which kSEK -156 are corresponding to inventory adjustments and other costs. The cost of goods sold for Q2 was -8 190 and gave a Gross Profit on Net Sales of 22% for the quarter. For the first quarter the adjustment items and other costs had a positive impact on the total cost of good sold of kSEK 2 060, which gave a Gross Profit on Net Sales of 16 %.

Personnel costs include a one-off charge of SEK 2 million in the second quarter referring to US organization. A reclassification of personnel cost and other external cost from Q1 has an impact on the quarterly amount in Q2, however; the total operating expenses have decreased with kSEK 2 062 or 13%, compared with the same quarter last year to kSEK 14 175 and YTD they are kSEK 3 066 lower compared to the first six months last year.

The rights issue was oversubscribed by more than 170 per cent and strengthened the company’s cash position by SEK 86 million before transaction costs. The bridge-loan of SEK 20 million was repaid in connection with the new issue. The cash and bank balance for the Group is kSEK 58 607 (kSEK 886) at the end of the reporting period.

Historically, the company has incurred losses, and the assessment is that the successful new issue during the spring will provide the financial stability needed to run 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.

10,45

Net Sales
MSEK
In Q2 2024

2 606

Sold No of
Cooling Pads*
In Q2 2024

178

Total No of
Installed System

Net Sales – Rolling 12 month (kSEK)



*4-6 Coolings Pads are used per patient per treatment. 2 122 No of Cooling Pads were sold in Q1 2024

**compounded quarterly growth rate

Auditors Review

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

Reports Date

Interim Report Q3	01.11.2024
Year End Report 2024	10.02.2025

Certified Adviser

Eminova Fondkommission AB is company's Certified Adviser. www.eminova.se

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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
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Concessions, patents, licenses, trademarks	7 years
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Tangible fixed assets

Equipment, tools, fixtures and fittings	5 years
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Key Figures

	Jan-Jun 2024	Jan-Jun 2023
Net revenue (kSEK)	19 041	10 034
EBIT (kSEK)	-22 684	-27 635
Cash at the end of period (kSEK)	58 607	886
Equity (kSEK)	165 397	89 884
Earnings per share (SEK)	-0,13	-0,18
Earnings per share after full dilution (SEK)	-0,13	-0,18
Equity per share after full dilution (SEK)	0,65	0,52
No of shares, average	189 639 561	160 424 671
No of shares, end of period before dilution	253 391 191	160 424 671
No of shares, after full dilution	256 098 191*	173 331 671*
Balance sheet total (kSEK)	182 411	103 757
Number of employees	20	21

* includes shares according to warrant program

Consolidated Statement of Change in Equity

kSEK	Jan-Jun 2024	Jan-Jun 2023
Opening balance	111 736	116 232
Issue (incl issue costs)	77 650	1 924
Foreign exchange rate adj.	262	79
Result for the period	-24 250	-28 351
Closing balance	165 397	89 884

Consolidated Cashflow Analysis

kSEK	Jan-Jun 2024	Jan-Jun 2023
Operating activities		
Operating result	-22 683	-27 635
Adjustment for depreciation	1 000	2 377
Other non-cash items	-1 788	-2 084
Financial items	-2 225	-204
Cash flow before change in working capital	-25 697	-27 548
Working capital adjustments		
Change in inventory	-9 636	-4 457
Change in receivable and prepayments	72	-2 535
Change in trade and other payables	-4 197	-3 661
Total change in working capital	-13 761	-10 654
Cash flow from operating activities	-39 457	-38 201
Investing activities		
Investment in fixed assets	-3 836	-3 769
Investment in financial assets	-295	-259
Cash flow from investing activities	-4 131	-4 028
Financing activities		
New issue after issues costs	77 382	1 924
New issue of convertible loans	0	0
Amortization of loan	0	0
Cash flow from financing activities	77 382	1 924
Cash flow for the period	33 794	-40 305
Currency translation differences	-249	-14
Cash at the beginning of period	25 063	41 206
Cash at the end of period	58 607	886

Consolidated Statement of Income

kSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	10 453	7 366	19 041	10 034	23 227
Own work capitalized	957	1 110	1 788	2 084	4 178
Other operating income	319	891	1 463	1 590	3 447
Cost of goods sold*	-8 349	-4 132	-13 468	-5 393	-15 289
Gross Profit	3 381	5 236	8 823	8 315	15 563
Other external cost	-3 109	-7 141	-11 846	-15 574	-28 481
Personnel cost	-11 938	-8 816	-18 679	-17 646	-34 940
Other operating cost	872	-280	18	-353	-2 190
EBITDA	-10 794	-11 001	-21 684	-25 259	-50 049
Depreciation/amortization of tangible and intangible asset	-477	-1 182	-1 000	-2 377	-4 111
EBIT	-11 271	-12 183	-22 684	-27 635	-54 161
Financial income	2 164	7	2 238	10	140
Financial cost	-3 723	-444	-3 800	-631	-7 150
Profit before tax	-12 830	-12 620	-24 246	-28 256	-61 171
Tax	-5	-95	-5	-95	-105
Net income for the period	-12 834	-12 715	-24 250	-28 351	-61 276

Consolidated Balance Sheet

kSEK	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Assets			
Fixed Assets			
Intangible assets	77 553	71 740	74 931
Tangible assets	6 125	4 703	4 123
Financial assets	295	337	0
Total Fixed Assets	83 973	76 780	79 055
Current Assets			
Inventory	27 735	15 600	18 099
Other receivables	12 096	10 491	11 062
Cash and bank balances	58 607	886	25 063
Total Current Assets	98 438	26 997	54 224
Total Assets	182 411	103 757	133 278
Equity and Liabilities			
Equity			
Restricted equity	11 403	7 219	7 894
Non-restricted equity	153 995	82 665	103 842
Total Equity	165 397	89 884	111 736
Liabilities			
Long-term liabilities	0	0	0
Short-term Liabilities	17 014	13 873	21 579
Total Liabilities	17 014	13 873	21 579
Total Equity and Liabilities	182 410	103 757	133 278

* Include cost of goods sold, inventory adjustments and other costs