



BrainCool AB (publ)

Interim Financial Report

Q2 2023



Group

The period in brief

	Apr-Jun 2023	Jan-Jun 2023	Full Year 2022
Net Sales	7 366	10 034	17 588
EBITDA	-11 001	-25 259	-31 924
EBIT	-12 183	-27 635	-36 679
Result after tax	-12 715	-28 351	-45 584
Cashflow from operating activities	-13 144	-38 592	-46 269
Cash at the end of period	886	886	41 206
Result per share	-0,08	-0,18	-0,61*

All numbers are kSEK.

*includes paid but not registered shares



Significant events during second quarter

- The company signed a distributor and partner agreement concerning distribution, marketing, and sales of BrainCool™/IQool™ Systems with ZOLL® Corporation stretching to 2030. Within the agreement, an upfront order amounting to more than 100 MSEK was made.
- ZOLL® Corporation placed an order of additional 20 BrainCool™/IQool™ System which was delivered in June.
- The company launched a new commercialization strategy in the U.S for the new cryotherapy product Cooral® System supporting patients undergoing treatment for cancer. We are aiming for reimbursement in the U.S.
- "Breakthrough Device" designation for BrainCool's technology for ultra early cooling of stroke patients receiving thrombectomy treatment received Breakthrough Device Designation.
- Princess 2 – an international randomized clinical trial of 924 patients, led by Karolinska Institute obtained ethical approval with the objective to study the neuroprotective effect of ultra-early cooling on cardiac arrest.

Significant events after closing

- The Cottis-1 study (1) has been accepted for publication in the highly regarded scientific journal 'Stroke & Vascular Neurology' (with an impact factor of 10, 2023).
- Ethical approval for the clinical study for Stroke patients.
- A direct share issue of SEK 60 million was conducted on the 28th of August. The new issue is aimed at strategic and institutional investors.

Martin Waleij, CEO Comments



BrainCool continued its high pace of expansion in several areas in the second quarter as well as after the accounting period. A milestone was the breakthrough deal with the American corporation ZOLL® announced in May. The deal with ZOLL® worth at least SEK 100 million is a distributor- and partner agreement concerning distribution, marketing, and sales of BrainCool™/IQool™ System stretching to 2030. The agreement applies to the markets in the U.S, Germany, Austria, Switzerland, and the Netherlands and implies an initial fixed order of 350 systems and a significant number of cooling plates over 18-24 months period. Deliveries will start on April 1, 2024.

The cooperation with ZOLL® has developed in a very positive way. In July BrainCool received an additional order of consumables from ZOLL® following the order of 20 IQool™ System in June. ZOLL® officially launched the partnership in the U.S in July. We are positive about the

rapid development with ZOLL® and assess that several orders can be received before the large rollout is planned from Q1 2024.

We started already in June to reorganize the direct sales organization in the US. Five employees have had their assignments terminated and two more have been offered positions within our partner organization. By the second quarter of 2024 the restructure of the sales organization and supply chain in the U.S will result in savings of SEK 25 million, compared to our US personnel cost budget prior to the deal with ZOLL®. We are now working intensely on scaling up production of BrainCool™/IQool™ System to meet higher volumes in the U.S and the EU. Higher volumes will result in lower cost per unit produced.



“The distribution agreement for the US and the DACH market have profound effects on BrainCool company.”

The company’s rapid expansion requires capital. A direct share issue of SEK 60 million was conducted on the 28th of August. The new issue is aimed at strategic and institutional investors. The share issue and new shareholders confirm a firm confidence in BrainCool and its future potential. In August BrainCool informed the market that it had applied for 13 million euro in “soft” funding from EIB in order to finance various activities such as clinical studies within ultra-early cooling. In May the company secured SEK 20 million in a revolving credit facility that can be used if needed.

BrainCool has developed a new smaller version of RhinoChill® – MiniChill. The size and weight have been reduced significantly, from 15 kg to only 5kg. The new version will be easier to handle and creates new possibilities such as the military market and heat stroke. A new patent application for MiniChill was filed in July.

We are also aiming for establishing the use of cooling and RhinoChill® as a medical indication when treating stroke with thrombectomy. BrainCool has initiated a study encompassing 400 patients. The study will be made in cooperation with the university hospital in Freiburg and it will be financed by means from the EU. In July, we obtained ethical approval of the clinical study, and it will be completed by the first quarter in 2025. In June, the U.S Food and Drug Administration (FDA) granted RhinoChill® status as a “Breakthrough Device” for early cooling of stroke patients treated with thrombectomy. This paves the way for a fast-track market approval and opens for reimbursement in the U.S.

The U.S Administration also presented in June a new proposal for reimbursement aimed at “Breakthrough Device” products called Transitional Coverage for Emerging Technologies (TCET). If TCET is approved by the Congress, it may be very beneficial for BrainCool.

In the spring we launched a new commercialization strategy in the U.S for the new cooling product Cooral® System supporting patients undergoing treatment for cancer. The strategy is aiming for establishing reimbursement in the U.S.

About the Operation

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.

The company focuses on two business segments, Brain Cooling and Oncology. BrainCool AB is based in Lund, Sweden, and its share is listed on Nasdaq First North Growth Market, named "BRAIN".


Our product portfolio includes the BrainCool™ System, Cooral® System, and RhinoChill® System, offering a unique range of medical cooling solutions. The combination of the BrainCool™ and RhinoChill® Systems provides the only comprehensive care solution from pre-hospital to patient discharge. The Cooral® System offers a groundbreaking preventive treatment for chemotherapy-induced oral mucositis, improving patients' quality of life and providing healthcare providers with an effective means of prevention.

BrainCool's Platform Technologies in Short



**BrainCool™
IQool™**

Indication: *Cardiac Arrest,
Neurology*

Proof of Concept 

CE Marking 


FDA Approval 



RhinoChill®

Indication: *Cardiac Arrest,
Stroke*

Proof of Concept 


CE Marking 


FDA Approval 2023-2025



Cooral®

Indication: *Oral Mucositis*

Proof of Concept 

CE Marking 

FDA Approval 

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 160,424,671 shares (65,599,526). 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.

Auditors Review

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

Upcoming Reports

Date

Quarterly report 3, 2023	30.11.2023
Financial Statement 2023	29.02.2024

Certified Adviser

Eminova Fondkommission AB is company's Certified Adviser.

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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
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Expected Future Development

The agreement with ZOLL® Corporation will have profound effects on BrainCool. BrainCool will wind down most of the marketing and sales organization in the U.S. It will scale up its production resulting in lower cost per unit produced. Higher revenue and lower cost may lead to a positive result in 2024. And overall provide more resources to the development of the various parts of the company.

During the coming periods we are planning to invest in automizes production lined for both systems and consumables.

When compiling the quarterly report, the management has based its commitments on existing liquidity, increase in sales and the increased sales from inventory as well as possible external financing.

The Board of Directors deem that the various business opportunities for BrainCool entail good prerequisites for the ongoing operation and safeguards of company's finance requirements during the next 12 months.



Financial Comments

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

Net revenue on group level increased by 18,6%, (ksek 1 571) during the first two quarter to ksek 10 034 compared to ksek 8 463 same period last year. Mainly driven by the order from ZOLL® of additional 20 BrainCool™/IQool™ System.

The gross profit during the second quarter for the group is ksek 5 236 (ksek 6 486). The parent company's gross profit for the same period is ksek 2 120 (ksek 8 168). Second quarter last year includes ksek 3 374 in received grants. The result for the second quarter is ksek -12 715 on group level (ksek -11 859) and in the parent company ksek -10 010 (ksek -6 350).

Other external costs for the parent company are ksek 8 871 and include marketing contributions of ksek 4 125 to the American subsidiary, which are eliminated in the consolidated accounts. The group's total external costs have decreased from ksek 7 411 Q1 2023 to ksek 7 141 Q2 2023. YTD 2023 the total external costs are ksek 15 574 compared to 15 869 same period last year.

We expect a decrease of the external costs referring to the change of the US-organization due to the distribution agreement with ZOLL® signed earlier this year. During July five employees has left the US company.

At closing date, the group's inventory amounted to ksek 15 600 (ksek 11 540) and in the parent company the inventory value is ksek 2 719 (ksek 2 812). It is mainly purchases of BrainCool™/IQool™ System that increases the inventory value on group level.

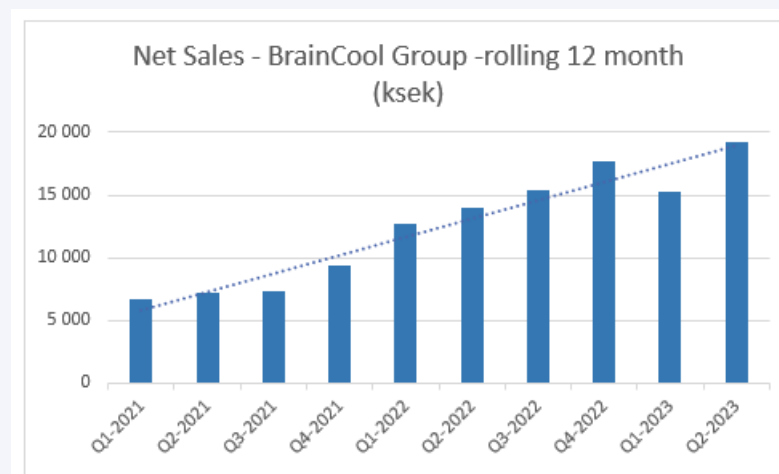
The liquid funds on group level are ksek 886 (ksek 700) and in the parent company ksek 285 (ksek 24). Inventory build-up during the first six month has negatively affected the liquid funds by ksek 4 457 on group level, and resources have been used for material advance and preparation for a new batch of 100 units which will start to be produced in the fall. A low operating result has a negative impact as well.

In beginning of June, BrainCool concludes a financing agreement regarding a so-called "revolving credit facility" with the main owners which, if necessary, provides the company with up to sek 20 million.

A direct share issue of SEK 60 million was conducted on the 28th of August. The share issue and new shareholders confirm a firm confidence in BrainCool and its future potential.

The Intangible assets of the Group are divided in three main projects. BrainCool cardiac arrest ksek 2 408 BrainCool Stroke ksek 36 454 and Oncology ksek 32 594. The Patent rights for RhinoChill® have a booked value of ksek 284.

By the end of quarter 2, including the result of the period, the Equity of the Group is ksek 89 884 (ksek 25 725) and corresponding amount for the parent company is ksek 112 629 (ksek 36 267).



Group

Consolidated statement of income

kSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full Year 2022
Net sales	7 366	3 445	10 034	8 463	17 588
Own work capitalized	1 110	823	2 084	1 612	3 655
Other operating income	891	4 663	1 590	9 211	12 545
Cost of goods sold	-4 132	-2 446	-5 393	-4 211	-8 108
Gross Profit	5 236	6 486	8 315	15 075	25 681
Other external cost	-7 141	-7 411	-15 574	-15 869	-28 059
Personnel cost	-8 816	-8 004	-17 646	-14 510	-28 909
Other operating cost	-280	-90	-353	-212	-637
EBITDA/Operating profit	-11 001	-9 019	-25 259	-15 516	-31 924
Depreciation/amortization of tangible and intangible asset	-1 182	-1 149	-2 377	-2 299	-4 754
EBIT	-12 183	-10 168	-27 635	-17 815	-36 679
Financial income	7	0	10	0	0
Financial cost	-444	-1 691	-631	-3 165	-8 905
Profit before tax	-12 620	-11 859	-28 256	-20 981	-45 584
Tax	-95	0	-95	0	-29
Net income for the period	-12 715	-11 859	-28 351	-20 981	-45 613

Group

Consolidated balance sheet

kSEK	Jan-Jun 2023	Jan-Jun 2022	Full Year 2022
Assets			
Fixed Assets			
Intangible assets	71 740	65 990	68 696
Tangible assets	4 703	4 847	4 270
Financial assets	337	1 328	468
Total Fixed Assets	76 780	72 166	73 435
Current Assets			
Inventory	15 600	11 540	11 144
Other receivables	10 491	7 424	7 887
Cash and bank balances	886	700	41 206
Total Current Assets	26 997	19 664	60 237
Total Assets	103 757	91 830	133 671
Equity and Liabilities			
Equity			
Restricted equity	7 219	2 952	7 219
Non-restricted equity	82 665	22 773	109 013
Total Equity	89 884	25 725	116 232
Liabilities			
Long-term liabilities	0	0	0
Short-term Liabilities	13 873	66 105	17 439
Total Liabilities	13 873	66 105	17 439
Total Equity and Liabilities	103 757	91 830	133 671

Group

Consolidated cashflow analysis

kSEK	Jan-Jun 2023	Jan-Jun 2022	Full Year 2022
Operating activities			
Operating result	-27 635	-17 816	-36 677
Adjustment for depreciation	2 377	3 099	4 754
Other non-cash items	-2 084	-1 612	-3 655
Financial items	-204	-3 386	-7 950
Cash flow before change in working capital	-27 548	-19 715	-43 530
Working capital adjustments			
Change in inventory	-4 457	1 516	2 713
Change in receivable and prepayments	-2 535	-3 089	-3 759
Change in trade and other payables	-3 661	6 926	-1 693
Total change in working capital	-10 654	5 354	-2 739
Cash flow from operating activities	-38 201	-14 361	-46 269
Investing activities			
Investment in fixed assets	-3 769	-4 860	-7 401
Investment in financial assets	-259	-187	-187
Cash flow from investing activities	-4 028	-5 047	-7 587
Financing activities			
New issue after issues costs	1 924	1 363	116 279
New issue of convertible loans	0	5 000	0
Amortization of loan	0	0	-35 000
Cash flow from financing activities	1 924	6 363	81 278
Cash flow for the period	-40 305	-13 048	27 423
Currency translation differences	-14	171	205
Cash at the beginning of period	41 206	13 577	13 577
Cash at the end of period	886	700	41 203

Group

Consolidated statement of change in equity

kSEK	Jan-Jun 2023	Jan-Jun 2022	Full Year 2022
Opening balance	116 232	45 231	45 231
Issue (including issue costs)	1 924	1 360	116 279
Foreign exchange rate adjustment	79	115	335
Result for the period	-28 351	- 20 981	-45 613
Closing balance	89 884	25 725	116 232

Group

Key figures

	Jan-Jun 2023	Jan-Jun 2022	Full Year 2022
Net revenue (kSEK)	10 034	8 463	17 588
EBIT (kSEK)	-27 635	-17 816	-36 679
Cash at the end of period (kSEK)	886	700	41 206
Equity (kSEK)	89 884	25 725	116 232
Earnings per share (SEK)	-0,18	-0,32	-0,61*
Earnings per share after full dilution (SEK)	-0,18	-0,32	-0,61*
Equity per share after full dilution (SEK)	0,52	0,39	0,72
Number of shares, average	160 424 671	65 334 804	75 171 433*
Number of shares, end of period before dilution	160 424 671	65 599 526	160 424 671*
Number of shares, after full dilution	173 331 671**	65 599 526	160 424 671*
Balance sheet total (kSEK)	103 757	91 830	133 671
Number of employees	21	24	22

*Includes paid but not registered shares

** includes shares according to warrant program

Parent Company

Statement of income

kSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full Year 2022
Net sales	3	20	4	213	744
Own work capitalized	0	0	0	0	0
Other operating income	2 126	8 317	4 482	17 571	26 599
Cost of goods sold	-9	-169	-421	-1 030	-1 124
Gross Profit	2 120	8 168	4 064	16 754	26 219
Other external cost	-8 871	-9 815	-20 430	-17 701	-33 314
Personnel cost	-2 618	-2 621	-5 341	-5 130	-9 835
Other operating cost	-197	-83	-215	-178	-332
EBITDA/Operating profit	-9 566	-4 351	-21 922	-6 255	-17 262
Depreciation/amortization of tangible and intangible asset	-297	-308	-597	-617	-1 232
EBIT	-9 863	-4 659	-22 519	-6 873	-18 494
Financial income	0	0	0	0	0
Financial cost	-444	-1 691	-630	-3 164	-8 877
Profit before tax	-10 010	-6 350	-23 149	-10 037	-27 370
Tax	0	0	0	0	0
Net income for the period	-10 010	-6 350	-23 149	-10 037	-27 370

Parent Company

Balance sheet

kSEK	Jan-Jun 2023	Jan-Jun 2022	Full Year 2022
Assets			
Fixed Assets			
Intangible assets	284	1 422	853
Tangible assets	34	109	63
Financial assets	71 647	72 639	71 779
Total Fixed Assets	71 965	74 169	72 694
Current Assets			
Inventory	2 719	2 812	3 143
Other receivables	47 843	19 457	30 237
Cash and bank balances	285	24	40 019
Total Current Assets	50 847	22 293	73 399
Total Assets	122 812	96 462	146 093
Equity and Liabilities			
Equity			
Restricted equity	7 219	2 952	7 219
Non-restricted equity	105 410	33 315	126 634
Total Equity	112 629	36 267	133 853
Liabilities			
Long-term liabilities	0	0	0
Short-term Liabilities	10 183	60 196	12 240
Total Liabilities	10 183	60 196	12 240
Total Equity and Liabilities	122 812	96 462	146 093

Affirmation

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). The Board of Directors and the CEO certify that the report presents a true and fair overview of the Group's and the Parent Company's operations, position, and results.

Lund, August 28, 2023

Hans Henriksson

Chairman of the Board

Martin Waleij

CEO & Board member

Roger Henriksson

Board member

Oscar Engellau

Board member

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