



BrainCool AB (publ)

Year End Report

2023



Group

The period in brief

	Oct-Dec 2023	Jan-Dec 2023	Jan-Dec 2022
Net Sales	9 555	23 227	17 588
EBITDA	-15 527	-50 049	-31 924
EBIT	-16 076	-54 161	-36 679
Result after tax	-16 073	-55 306	-45 613
Cashflow from operating activities	-16 695	-68 492	-46 269
Cash at the end of period	25 063	25 063	41 206
Result per share (SEK)	-0,10	-0,33	-0,61*

All numbers are kSEK.

*includes paid but not registered shares



Significant events during fourth quarter

- Received FDA 510 (k) clearance for updated IQool™ System within one month.
- A new CPT® Code for Cryotherapy in Patients undergoing Chemotherapy paves the way for reimbursement for Cooral® System.
- Expanding the collaboration with Scanfil, which reduces the company's need for working capital.
- New agreements with the largest purchasing organizations (GPO) in the U.S.
- The European Investment Bank (EIB) approval of BrainCool loanpackage of up to EUR 12.5m

Significant events after closing

- The pivotal clinical trial, COTTIS 2, has got approval of the German pharmaceutical agency ("The BfArM") to get started and the first patient is enrolled within short.
- Change in management for a better balance of work between different functions. The new CEO will lead the work on streamlining and increasing production as well as to secure deliveries and lower production cost per unit. The former CEO will be focusing on Commercial Operations including Clinical Studies and developing partner agreements.
- BrainCool participates in a high-tech project with University of Michigan and Karolinska Institutet. It is an animal-based clinical study for the treatment of the most severely ill heart patients. A new concept will be studied to protect the brain and heart in connection with cardiac arrest. Our product RhinoChill® System will be used in combination with an Emco device.

Jon Berg, CEO Comments



BrainCool has focused on operations in the fourth quarter of 2023 to ensure deliveries of BrainCool™ System meeting rising demand and already taken orders. We succeeded in delivering around 25 systems in December and in total 37 systems for quarter four. For the year as whole we delivered over 70 systems. This is reflected in an increase in sales of close to 80% to SEK 9.6 million in the quarter compared to same quarter last year and 32% to SEK 23.2 million for the full year.

In parallel with capacity expansion, we have been working intensively with our production subcontractors to gain economies of scale and lower production cost per unit as volumes increase. In November we extended our cooperation with the Finnish company Scanfil.

Special emphasis has been put on consumables to BrainCool Systems that is produced by our Polish partner TM Rubber owned by the Swedish company Garpcö. The production of consumables has mainly been manual with difficulty in increasing capacity and running at too high cost. Now investments have been made to change the production process from manual moulding to a much more efficient process of automated injection. Manual glueing of the silicone pads is also converted to an automated process.



“Together with my strong and dedicated team I’m looking forward to continuing develop BrainCool and its future potential.”

The transformation of the production process for consumables has entailed certain extra cost in the quarter, but we foresee a successive reduction of production cost by 25% during the second quarter in 2024 and additional reduction of 25% during the autumn. The actions taken will substantially enhance our gross margins.

At the same time, we are increasing deliveries. The order of 20 systems from Zoll® for the German market that we received in December 2023 will have been delivered in full by the end of the first quarter. Deliveries to Zoll® in the U.S are up and running.

BrainCool has also announced several of important steps in the fourth quarter and during the first two months of 2024. A milestone was the approval of the COTTIS 2 study in early January by the German pharmaceutical agency (“The BfArM”). COTTIS 2 is an EU funded multicenter clinical trial led by the University of Freiburg in Germany. The objective of the COTTIS 2 study is to evaluate the efficiency of combining cooling treatment of patients undergoing thrombectomy. BrainCool’s ultra early cooling solution is by far the most promising solution for protecting the brain after a stroke.

In February we started deliveries of MiniChill to a Japanese hospital in Nagoya. MiniChill is a new product based on RhinoChill. MiniChill is smaller and the weight has been reduced from 13 kg to only five kilos, which facilitates transport and handling.

Jon Berg, CEO Comments



Furthermore, in November BrainCool signed agreements with two of the largest General Purchasing Organizations (GPO) regarding the purchase of healthcare products in the US, Vizient and Premier Inc. The companies operate nationwide managing purchases for different hospitals with a total of 800,000 hospital beds. The new agreements significantly strengthen BrainCool's market coverage in the US. Orders and deliveries will be handled by our partner Zoll.

In October, the American Medical Association (AMA) announced the approval of a new Current Procedural Terminology (CPT®) code for cryotherapy – using the company's Cooral® System - in patients undergoing chemotherapy. The new code has several positive implications for BrainCool and its product Cooral® System. It opens for reimbursement for Cooral® System from Medicare – the U.S public health care system. The future strategy for Cooral Systems is pending further decisions.

In December BrainCool secured 12,5 million euros in venture debt financing facility from the European Investment Bank (EIB). The significant loan agreement recognizes the high potential of BrainCool, its technology and business opportunities. It could also reduce BrainCool's possible long-term needs in financing products that will be brought to the market. Any tranche is not yet drawn.

The change in management that was carried out in early February was aimed for a better balance of work between different functions within the company. I have been involved in the company since the founding of BrainCool in 2014 and I feel confident in assuming the CEO role in the new phase that BrainCool is entering. It will be a lot about streamlining and increasing production as well as to secure deliveries and lower production cost per unit. Ramping up and tuning the production processes to be able to meet the significantly increased demand for our BrainCool™ System and Cooling Pads will be a major focus area in the coming period.

Former CEO, Martin Waleij will in his new role as Head of Commercial Operations mainly be responsible for the company's clinical research projects, the execution of clinical studies and further development of the collaboration with ZOLL®.

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

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 December 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.

Top 10 owners

	31 st of Dec 2023	
	Shares	%
Avanza Pension	18 920 124	10,79%
Landia AB	13 205 507	7,53%
Nordnet Pensionsförsäkring	9 733 441	5,55%
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	3 720 572	2,12%
Elementa Management	3 649 773	2,08%
Handelsbanken Liv Försäkring	1 586 523	0,90%
Swedbank Försäkring	1 449 554	0,83%
Other	104 376 034	59,67%
Total	175 424 671	100,00%

Auditors Review

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

Upcoming Reports

Date

Annual Financial Report 2023	22.03.2024
Interim Report Q1	02.05.2024
Interim Report Q2	15.08.2024
Interim Report Q3	01.11.2024
Year End Report 2024	10.02.2025
Annual General Meeting	07.05.2024

Certified Adviser

Eminova Fondkommission AB is company's Certified Adviser.

For more information contact

Jon Berg – CEO

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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. Implementation of the IQOOL™ System in the US has exceeded expectations. We are now seeing an increasing utilization rate of the products on the market and the products are attracting great interest from new potential customers. As the production rate increases, we will further accelerate market activities.

We will scale up the production resulting in lower cost per unit produced. We are working closely with our suppliers TM Rubber in Poland for consumables, where we are now redesigning the manufacturing method and automating the process. This means that we double the capacity already in the second quarter and multiply it further in the second half of the year when the investment in 'injection moulding' is implemented. Together with our supplier of BC™ System/IQOOL™ System, Scanfil AB, we work continuously to improve the production process.

Overall, we add more resources to the development of the various parts of the company.



Financial Comments

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

The last quarter the Net Sales increased by 77% or ksek 4 169 compared to same period last year. The Net Sales for the quarter was ksek 9 555 (ksek 5 386). Mainly driven by the orders from ZOLL®.

The gross profit during the fourth quarter for the group is 27%, ksek 3 314 (ksek 5 096).

Other external costs for Q4 are 8% higher than same period last year, ksek 7 289 (ksek 6 726). The personnel costs are also higher than same period last year, ksek 9 804 (ksek 6 560) mostly due to one-time-costs.

To meet the significantly upcoming increased sales volume we have increased our inventory by 62% and on closing date the value was ksek 18 099 (ksek 11 144). The liquid funds are ksek 25 063 (ksek 41 206).

The Intangible assets of the Group are divided

in three main projects. BrainCool cardiac arrest ksek 1 657 BrainCool Stroke ksek 38 730 and Oncology ksek 38 731. The Patent rights for RhinoChill® have a booked value of ksek 0.

By the end of the year, including the result of the period, the Equity of the Group is ksek 119 067 (ksek 116 232)

As a part of the multi-year agreement BrainCool signed in November with the subcontractor Scanfil concerning deliveries of BrainCool™ System we will no longer have to make advance payments for materials, which will initially reduce the need for working capital by SEK 20-25 million annually. Payment will now be made upon delivery.

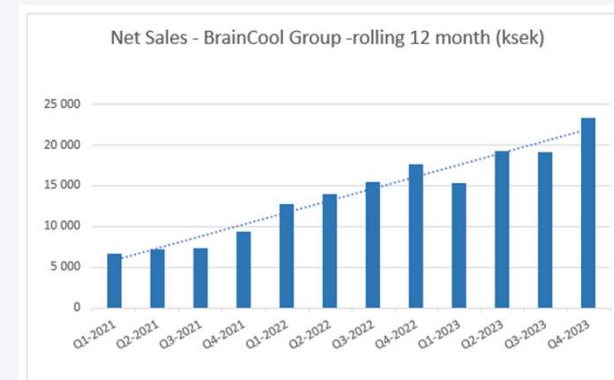
In December BrainCool secured 12,5 million euros in venture debt financing facility from the European Investment Bank (EIB). The significant loan agreement recognizes the high potential of BrainCool, its technology and business opportunities. It could also reduce BrainCool's possible long-term needs in financing products that will be brought to the market. Any tranches are not yet drawn.

Full Year—data:

Net Sales increase by ksek 5 639 to ksek 23 277 (ksek 17 588), an increase by 32%. The lower Gross profit on 50% compared with 76% last year is due to lower grants. Last year we received ksek 8 787 in grants compared to this year ksek 51.

Other external costs and Personnel costs increase 11% on full year bases to ksek 63 421 (ksek 56 968).

Profit before tax ended for 2024 on ksek -55 201 (ksek -45 584)



Group

Consolidated statement of income

kSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	9 555	5 386	23 227	17 588
Own work capitalized	982	1 026	4 178	3 655
Other operating income	1 564	794	3 447	12 545
Cost of goods sold	-8 787	-2 110	-15 289	-8 108
Gross Profit	3 314	5 096	15 563	25 681
Other external cost	-7 289	-6 726	-28 481	-28 059
Personnel cost	-9 804	-6 560	-34 940	-28 909
Other operating cost	-1 748	-294	-2 190	-637
EBITDA	-15 527	-8 484	-50 049	-31 924
Depreciation/amortization of tangible and intangible asset	-549	-1 351	-4 111	-4 754
EBIT	-16 076	-9 835	-54 161	-36 679
Financial income	130	0	140	0
Financial cost	-117	-3 391	-1 181	-8 905
Profit before tax	-16 063	-13 226	-55 201	-45 584
Tax	-10	-20	-105	-29
Net income for the period	-16 073	-13 246	-55 306	-45 613

Group

Consolidated balance sheet

kSEK	Jan-Dec 2023	Jan-Dec 2022
Assets		
Fixed Assets		
Intangible assets	74 931	68 696
Tangible assets	4 123	4 270
Financial assets	0	468
Total Fixed Assets	79 055	73 435
Current Assets		
Inventory	18 099	11 144
Other receivables	18 430	7 887
Cash and bank balances	25 063	41 206
Total Current Assets	61 592	60 237
Total Assets	140 647	133 671
Equity and Liabilities		
Equity		
Restricted equity	7 894	7 219
Non-restricted equity	111 174	109 013
Total Equity	119 068	116 232
Liabilities		
Long-term liabilities	0	0
Short-term Liabilities	21 579	17 439
Total Liabilities	21 579	17 439
Total Equity and Liabilities	140 647	133 671

Group

Consolidated cashflow analysis

kSEK	Jan-Dec 2023	Jan-Dec 2022
Operating activities		
Operating result	-54 161	-36 679
Adjustment for depreciation	4 163	4 754
Other non-cash items	-4 178	-3 655
Financial items	103	-7 950
Cash flow before change in working capital	-54 073	-43 530
Working capital adjustments		
Change in inventory	-6 956	2 713
Change in receivable and prepayments	-11 394	-3 759
Change in trade and other payables	3 931	-1 693
Total change in working capital	-14 419	-2 739
Cash flow from operating activities	-68 492	-46 269
Investing activities		
Investment in fixed assets	-6 072	-7 401
Investment in financial assets	-94	-187
Cash flow from investing activities	-6 167	-7 588
Financing activities		
New issue after issues costs	58 262	116 279
New issue of convertible loans	0	0
Amortization of loan	0	-35 000
Cash flow from financing activities	58 262	81 279
Cash flow for the period	-16 396	27 422
Currency translation differences	253	207
Cash at the beginning of period	41 206	13 577
Cash at the end of period	25 063	41 206

Group

Consolidated statement of change in equity

kSEK	Jan-Dec 2023	Jan-Dec 2022
Opening balance	116 232	45 231
Issue (including issue costs)	58 218	116 279
Foreign exchange rate adjustment	-76	335
Result for the period	-55 306	-45 613
Closing balance	119 068	116 232

Group

Key figures

	Jan-Dec 2023	Jan-Dec 2022
Net revenue (kSEK)	23 227	17 588
EBIT (kSEK)	-54 161	-36 679
Cash at the end of period (kSEK)	25 063	41 206
Equity (kSEK)	119 068	116 232
Earnings per share (SEK)	-0,33	-0,61*
Earnings per share after full dilution (SEK)	-0,33	-0,61*
Equity per share after full dilution (SEK)	0,63	0,72
Number of shares, average	165 561 657	75 171 433*
Number of shares, end of period before dilution	175 424 671	160 424 671*
Number of shares, after full dilution	188 331 671**	160 424 671*
Balance sheet total (kSEK)	140 647	133 671
Number of employees	22	22

*Includes paid but not registered shares

** includes shares according to warrant program

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 operations, position, and results.

Lund, February 29, 2024

Hans Henriksson

Chairman of the Board

Roger Henriksson

Board member

Oscar Engellau

Board member

Jon Berg

CEO

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