



-The Medical Cooling Company

**Interim report for the period
01.01.2023 – 31.03.2023**

BrainCool AB (publ)

556813-5957

Table of Contents

Overview	3
Change in Equity.....	4
Martin Waleij, CEO, comments	6
Significant events during the first quarter	7
Significant events after the end of the reporting period	7
Financial comments	7
Expected future development	8
Information about operations	8
Accounting policies	8
Employees	9
The Share.....	9
Upcoming reports.....	9
Review of the accounts.....	9
Financial reports	11

Overview

The Group (mkr)	01.01.2023	01.01.2022	01.01.2022
	-31.03.2023	-31.03.2022	-31.12.2022
Net Sales	2 668	5 017	17 588
Total operating income	4 340	10 354	33 789
Result after financial items	-15 636	-9 122	-45 584
Depreciation and write-downs of tangible and intangible assets	-1 195	-1 150	-4 754
Cash in bank	15 978	3 184	41 206
Result per share (sek)	-0,10	-0,14	-0,61*

**Includes paid but not registered shares*

The Parent company (mkr)	01.01.2023	01.01.2022	01.01.2022
	-31.03.2023	-31.03.2022	-31.12.2022
Net Sales	0,1	193	744
Total operating income	2 355	9 447	27 343
Result after financial items	-12 841	-3 687	-27 370
Depreciation and write-downs of tangible and intangible assets	-300	-309	-1 232
Cash in bank	13 430	2 434	40 019
Result per share (sek)	-0,08	-0,06	-0,36*

**Includes paid but not registered shares*

Change in Equity

The Group (sek)

31.03.2023	Share capital	Non registered share capital	Other contributed capital	Other capital	Result of the period	Total
Opening balance of the year	6 199 110	1 020 000	375 049 645	-220 423 755	-45 612 929	116 232 071
Rights issue	1 020 000	-1 020 000				0
Issue of warrants			1 930 470			1 930 470
Issue costs			-6 328			-6 328
Translation difference				- 16 175		-16 175
Last year result						
Result of the period					-15 636 241	-15 636 241
Closing balance of the period	7 219 110	0	376 973 788	-220 439 927	-61 249 170	102 503 798

31.03.2022	Share capital	Non registered share capital	Other contributed capital	Other capital	Result of the period	Total
Opening balance of the year	2 929 518	0	263 060 019	-182 008 728	-38 750 100	45 230 709
Rights issue		22 460	1 360 077			1 382 537
Issue of warrants						0
Issue costs			-19 384			-19 384
Translation difference				209 387		209 387
Last year result				-38 750 100	38 750 100	0
Result of the period					-9 122 318	-9 122 318
Closing balance of the period	2 929 519	22 460	263 040 635	-220 549 437	-9 122 318	37 680 936

The Parent company (SEK)

31.03.2023	Share capital	Non registered share capital	Premium reserve	Retained earnings	Result of the period	Total
Opening balance of the year	6 199 110	1 020 000	375 049 645	-221 045 650	-27 369 948	133 853 157
Rights issue	1 020 000	-1 020 000				0
Issue of warrants			1 930 470			1 930 470
Issue costs			-6 328			-6 328
Last year result						0
Result of the period					-12 841 388	-12 841 388
Closing balance of the period	7 219 110	0	376 973 788	-221 045 650	-40 211 336	122 935 912

31.03.2022	Share capital	Non registered share capital	Premium reserve	Retained earnings	Result of the period	Total
Opening balance of the year	2 929 518	0	263 060 019	-182 039 753	-39 005 897	44 943 887
Rights issue		22 460	1 360 077			1 382 537
Issue of warrants						0
Issue costs			-19 384			-19 384
Last year result				-39 005 897	39 005 897	0
Result of the period					-3 687 174	-3 687 174
Closing balance of the period	2 929 518	22 460	263 040 636	-221 045 650	-3 687 174	42 619 867

Martin Waleij, CEO, comments

BrainCool continued to make advances in its business development during the first few months of 2023. After intense negotiations in the spring, a major reward was presented with the breakthrough deal with the American corporation ZOLL®. The deal with ZOLL® is a distributor- and partner agreement concerning distribution, marketing, and sales of BrainCool™/IQool™ System stretching to 2030.

The agreement encompasses an initial fixed order of 350 systems and a significant number of cooling plates worth over SEK 100 million over 18-24 months period. Deliveries start on April 1, 2024. The agreement applies to the markets in the U.S, Germany, Austria, Switzerland and the Netherlands. Other markets may be added later on.

ZOLL® Corporation has global reach and is part of the Japanese Asahi Kasei company that manufactures medical devices and related software solutions. The agreement with ZOLL® has profound effects on BrainCool. BrainCool will wind down most of the marketing and sales organization in the U.S saving SEK 25 million. 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 give more resources to the development of the various parts of the company. The organization has focused hard on securing the now received breakthrough order of SEK 100m, which has affected direct sales during Q1. The agreement with ZOLL® means that BrainCool almost certainly will reach its sales target for 2025, which is at least SEK 100m.

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. The strategy includes a clinical trial in the U.S. Cooral® System is one of very few Breakthrough devices which has obtained FDA approval. There is significant revenue potential via expected automatic reimbursement for breakthrough products.

BrainCool will address a niche market in the U.S clinical trial to ensure cost efficiency in attaining reimbursement. The focus is on patients affected by lymphoma that are also treated with stem cell transplants. The trial will encompass 80-100 patients with the first patient enrolled in the first quarter of 2024. The study is expected to be completed by the end of 2025. In parallel, a global marketing strategy will be developed.

In March BrainCool signed an agreement with Karolinska Institutet to deliver RhinoChill® in an extensive clinical study concerning ultra-early cooling of patients affected by cardiac arrest. The value of the order amounts to SEK three million. More important though is that the study may be the base for an approval that the treatment is considered a medical indication. That would imply that ultra-early cooling is necessary when treating patients with cardiac arrest. A positive outcome would substantially increase the market potential for RhinoChill®.

BrainCool is also aiming for establishing the use of cooling and RhinoChill® as a medical indication when treating stroke with thrombectomy. The company 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. Thrombectomy is a relatively new treatment with a rapid penetration. The number of patients undergoing thrombectomy was around 200 000 in 2022 and it is expected to be up to 1.5 million patients in 2025 mainly in the western world and Japan.

Significant events during the first quarter

- The company was listed in March on Nasdaq First North Growth List in Stockholm.
- During March the company have been audited by the German certification organization TÜV SÜD, without any remarks.
- In March the company signed an agreement with Karolinska Institutet (KI) for deliveries of RhinoChill® for an extensive international clinical study regarding ultra-early cooling of sudden cardiac arrest patients.

Significant events after the end of the reporting period

- 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.
- The company signed a purchase agreement for IQool™ System with Vanderbilt Health in Nashville, Tennessee after been evaluated against competing systems.
- 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.

Financial comments

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

The operating income during the first quarter for the group is mkr 4,3 (mkr 10,4). The parent company's operating income for the same period is mkr 2,4 (mkr 9,4). Last year includes mkr 3,6 in received grants. The result for the first quarter is mkr -15,6 on group level (mkr -9,1) and in the parent company mkr -12,8 (mkr -3,7).

At closing date, the group's inventory amounted to mkr 17,7 (mkr 13,0) and in the parent company the inventory value is mkr 2,7 (mkr 3,0). It is mainly purchases of BrainCool™/IQool™ System that increases the inventory value on group level. BrainCool expect to turn around the inventory during the year and finance the scale up production through bank funding.

The liquid funds on group level are mkr 16,0 (mkr 3,2) and in the parent company mkr 13,4 (mkr 2,4). Inventory build-up during Q1 has negatively affected the liquid funds by mkr 6,5 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. The company expect to turn around the inventory and the new production before March 31, 2024, after which quarterly orders of the ZOLL® agreement will start.

Other external costs for the parent company are mkr 11,6 and include marketing contributions of mkr 4,9 to the American subsidiary, which are eliminated in the consolidated accounts. The group's total external costs have increased nearly 10 % from mkr 18,0 Q1 2022 to mkr 19,8 Q1 2023.

The Intangible assets of the Group are divided in three main projects. BrainCool cardiac arrest mkr 3,0 BrainCool Stroke mkr 35,1 and Oncology mkr 32,0. The Patent rights for RhinoChill® have a booked value of mkr 0,6.

By the end of quarter 1, including the result of the period, the Equity of the Group is mkr 102,5 (mkr 37,7) and corresponding amount for the parent company is mkr 122,9 (mkr 54,4).

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 new injection molding tools at our partner and subcontractor TM Rubber in Poland.

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.

Information about operations

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 (publ) is based in Lund, Sweden, and its share is listed on Nasdaq First North Growth Market, named "BRAIN". Eminova Fondkommission AB is the company's Certified Adviser.

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

Employees

Number of employees in the group were on 31 March: 30 people (23 people), where of 26 (21) full time employee.

The Share

BrainCool AB (publ) was listed on the Spotlight Stock Market on the 7 May 2014 and is from 29 March 2023 listed on Nasdaq First North Growth instead. The number of shares in the company are 160,424,671 shares (65,100,415) as of 31 March. 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.

Upcoming reports

Half-year report 2023	31.08.2023
Quarterly report 3, 2023	30.11.2023

Review of the accounts

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

The board and the managing director hereby certify that the interim report provides a fair overview of the group's operations.

Hans Henriksson, chairman of the board

Roger Henriksson, board member

Martin Waleij, CEO and board member

Oscar Engellau, board member

Lund 31.05.2023

For more information

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Financial reports

	01.01.2023	01.01.2022	01.01.2022
Income statement - Group	-31.03.2023	-31.03.2022	-31.12.2022
Operating income			
Net sales	2 667 813	5 017 309	17 588 407
Own work capitalized	974 004	788 665	3 655 446
Other operating income	698 279	4 547 753	12 544 665
Total operating income	4 340 097	10 353 728	33 788 518
Operating costs			
Cost of goods sold	-1 261 030	-1 764 927	-8 107 954
Other external costs	-8 432 777	-8 458 197	-28 059 173
Personnel costs	-8 830 825	-6 506 697	-28 908 661
Depreciation/amortization of tangible and intangible assets	-1 194 576	-1 149 984	-4 754 240
Other operating costs	-73 443	-122 052	-637 179
Total operating costs	-19 792 652	-18 001 857	-70 467 207
Operating result	-15 452 555	-7 648 129	-36 678 689
Result from financial items			
Other interest income and similar profit/loss items	2 652	0	0
Interest expense and similar profit/loss items	-186 338	-1 474 188	-8 905 300
Total financial items	-183 686	-1 474 188	-8 905 300
Result after financial items	-15 636 241	-9 122 317	-45 583 989
Profit or loss before tax	-15 636 241	-9 122 317	-45 583 989
Taxes			
Tax on the result of the year	0	0	-28 941
Net Income	-15 636 241	-9 122 317	-45 612 929
Number of shares at the end of the period before dilution	160 424 671	61 507 356	160 424 671*
Number of shares at the end of the period after dilution	160 424 671	65 610 704	160 424 671*
Average number of shares during the period	160 424 671	61 257 420	75 171 433*
Result per share before dilution	-0,10	-0,14	-0,61*
Result per share after dilution	-0,10	-0,14	-0,61*

*Includes paid but not registered shares

Balance sheet - Group	31.03.2023	31.03.2022	31.12.2022
Assets			
Fixed assets			
Intangible fixed assets			
Capitalized expenditure for development	69 835 964	62 129 565	67 586 224
Concessions, patents, licenses, and trademarks	804 374	2 027 405	1 110 131
Total intangible fixed assets	70 640 338	64 156 970	68 696 355
Tangible fixed assets			
Equipment and tools	3 925 054	4 715 094	4 270 388
Total tangible fixed assets	3 925 054	4 715 094	4 270 388
Financial fixed assets			
Other long-term holding of securities	726 971	1 141 066	468 109
Total financial fixed assets	726 971	1 141 066	468 109
Total fixed assets	75 292 363	70 013 129	73 434 852
Current assets			
Inventory			
Raw material and consumables	15 232 957	11 909 557	10 341 314
Advance payment for goods	2 448 443	1 063 525	802 195
Total inventory	17 681 400	12 973 082	11 143 509
Short term receivable			
Account receivable	2 411 281	2 682 908	4 601 683
Tax assets	380 378	0	514 071
Other receivable	6 824 193	4 029 669	1 228 109
Prepaid expenses and accrued income	2 808 555	2 955 264	1 543 503
Total short term receivable	12 424 408	9 667 841	7 887 365
Cash and bank			
Cash and bank	15 977 991	3 183 899	41 205 644
Total cash and bank	15 977 991	3 183 899	41 205 644
Total current assets	46 083 799	25 824 822	60 236 518
Total assets	121 376 161	95 837 950	133 671 370

Balance sheet - Group	31.03.2023	31.03.2022	31.12.2022
Equity and liabilities			
Equity			
Restricted equity			
Share capital	7 219 110	2 929 519	6 199 110
Unregistered share capital	0	22 460	1 020 000
Total restricted equity	7 219 110	2 951 979	7 219 110
Non-restricted equity			
Share premium reserve	376 973 788	264 400 712	375 049 645
Other equity	-266 052 860	-220 549 437	-220 423 754
Result of the period	-15 636 241	-9 122 318	-45 612 929
Total non-restricted equity	95 284 687	34 728 957	109 012 962
Total equity	102 503 797	37 680 936	116 232 072
Current liabilities			
Accounts payable	6 855 371	5 976 538	8 205 364
Convertible debentures	0	40 000 000	0
Current tax liabilities	4 295	214 870	9 120
Other liabilities	9 146 412	7 486 390	7 135 646
Accrued expenses and deferred income	2 866 286	4 479 216	2 089 169
Total current liabilities	18 872 364	58 157 014	17 439 299
Total Equity and Liabilities	121 376 161	95 837 950	133 671 370

Cash flow statement - Group	01.01.2023	01.01.2022
	- 31.03.2023	- 31.03.2022
Operating activities		
Operating result before financial items	-15 452 555	-7 648 129
Adjustments for items not included in cash flow	1 194 576	1 149 984
Work performed for own account	-974 004	-788 665
	-15 231 983	-7 286 810
Interest received	2 652	0
Interest rate paid	-186 338	-1 474 188
Paid income taxes/refunded	128 868	844 545
	-15 286 801	-7 916 453
Change in inventories	-6 537 891	883 078
Change in account receivables	2 190 402	-4 569 759
Change in short-term receivables	-6 861 077	-4 360 372
Change in account payables	-1 349 993	-815 096
Change in current liabilities	2 787 924	-366 133
Cash flow from operating activities	-25 057 477	-14 232 474
Investing activities		
Investments in intangible fixed assets	-1 819 221	-2 348 902
Investments in tangible fixed assets	0	-219 411
Investments in financial assets	-258 862	0
Cash flow from investing activities	-2 078 083	-2 568 313
Financing activities		
New issue after issues costs	1 923 878	1 363 158
New issue of convertible loans	0	5 000 000
Cash flow from financing activities	1 923 878	6 363 158
Cash flow for the period	-25 211 682	-10 437 629
Cash at the beginning of year	41 205 644	13 577 451
Translation differences, cash	-15 971	44 077
Cash at the end of the period	15 977 991	3 183 899

	01.01.2023 -31.03.2023	01.01.2022 -31.03.2022	01.01.2022 -31.12.2022
Income statement – Parent company			
Operating income			
Net sales	674	193 094	744 405
Own work capitalized	0	0	0
Other operating income	2 355 286	9 253 415	26 599 019
Total operating income	2 355 960	9 446 509	27 343 424
Operating costs			
Cost of goods sold	- 411 792	-861 185	-1 124 343
Other external costs	-11 559 056	-7 885 319	-33 313 691
Personnel costs	-2 722 977	-2 508 742	-9 834 950
Depreciation/amortization of tangible and intangible assets	-299 796	-308 965	-1 231 635
Other operating costs	-17 389	-95 284	-332 067
Total operating costs	-15 011 010	-11 659 495	-45 836 685
Operating result	-12 655 051	-2 212 986	-18 493 261
Result from financial items			
Interest expense and similar profit/loss items	- 186 338	-1 474 188	-8 876 686
Total financial items	-186 338	-1 474 188	-8 876 686
Result after financial items	-12 841 388	-3 687 174	-27 369 948
Profit or loss before tax	-12 841 388	-3 687 174	-27 369 948
Taxes			
Tax on the result of the year	0	0	0
Net Income	-12 841 388	-3 687 174	-27 369 948
Number of shares at the end of the period before dilution	160 424 671	65 100 415	160 424 671*
Number of shares at the end of the period after dilution	160 424 671	65 610 704	160 424 671*
Average number of shares during the period	160 424 671	65 100 415	75 171 433*
Result per share before dilution	-0,08	-0,06	-0,36*
Result per share after dilution	-0,08	-0,06	-0,36*

**Includes paid but not registered shares*

Balance sheet – Parent company	31.03.2023	31.03.2022	31.12.2022
Assets			
Fixed assets			
Intangible fixed assets			
Concessions, patents, licenses, and trademarks	568 659	1 705 976	852 988
Total intangible fixed assets	568 659	1 705 976	852 988
Tangible fixed assets			
Equipment and tools	47 076	132 224	62 543
Total tangible fixed assets	47 076	132 224	62 543
Financial fixed assets			
Shares in group companies	71 310 648	71 310 648	71 310 648
Other long-term holding of securities	726 971	1 141 066	468 109
Total financial fixed assets	72 037 619	72 451 713	71 778 757
Total fixed assets	72 653 354	74 289 914	72 694 287
Current assets			
Inventory			
Raw material and consumables	2 722 900	3 021 021	3 142 950
Total inventory	2 722 900	3 021 021	3 142 950
Short term receivable			
Account receivable	717 580	16 645	312 960
Receivable from group companies	41 847 994	12 581 479	18 292 290
Current tax assets	380 378	0	514 071
Other receivable	2 407 095	2 654 505	575 394
Prepaid expenses and accrued income	2 583 303	2 600 582	10 542 166
Total short term receivable	47 936 350	17 853 210	30 236 881
Cash and bank			
Cash and bank	13 429 789	2 433 541	40 018 740
Total cash and bank	13 429 789	2 433 541	40 018 740
Total current assets	64 089 039	23 307 772	73 398 571
Total assets	136 742 392	97 597 685	146 092 858

Balance sheet – Parent company	31.03.2023	31.03.2022	31.12.2022
Equity and liabilities			
Equity			
Restricted equity			
Share capital	7 219 110	2 929 519	6 199 110
Unregistered share capital	0	22 460	1 020 000
Total restricted equity	7 219 110	2 951 979	7 219 110
Non-restricted equity			
Share premium reserve	376 973 788	264 400 712	375 049 645
Retained profit or loss	-248 415 597	-221 045 650	-221 045 649
Result of the period	-12 841 388	-3 687 174	-27 369 948
Total non-restricted equity	115 716 803	39 667 888	126 634 049
Total equity	122 935 913	42 619 867	133 853 159
Current liabilities			
Accounts payable	3 779 550	5 019 268	4 829 326
Convertible debentures	0	40 000 000	0
Current tax liabilities	0	214 870	0
Other liabilities	8 524 096	7 028 340	6 501 736
Accrued expenses and deferred income	1 502 834	2 715 341	908 636
Total current liabilities	13 806 480	54 977 818	12 239 699
Total Equity and Liabilities	136 742 392	97 597 685	146 092 858

Cash flow statement – Parent company	01.01.2023	01.01.2022
	- 31.03.2023	-31.03.2022
Operating activities		
Operating result before financial items	-12 655 051	-2 212 986
Adjustments for items not included in cash flow	299 796	308 965
	-12 355 255	-1 904 021
Interest rate paid	-186 338	-1 474 188
Paid income taxes/refunded	133 693	844 545
	-12 407 900	-2 533 664
Change in inventories	420 050	879 651
Change in account receivables	-404 620	382 057
Change in short-term receivables	-17 428 542	-11 167 697
Change in account payables	-1 049 776	-1 653 104
Change in current liabilities	2 616 537	-1 858 634
Cash flow from operating activities	-28 254 231	-15 951 391
Investing activities		
Investments in financial assets	-258 862	0
Cash flow from investing activities	-258 862	0
Financing activities		
New issue after issues costs	1 924 142	1 363 154
New issue of convertible loans	0	5 000 000
Cash flow from financing activities	1 924 142	6 363 154
Cash flow for the period	-26 588 951	-9 588 238
Cash at the beginning of year	40 018 740	12 021 778
Cash at the end of the period	13 429 789	2 433 541



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