

Brain+ (BRAINP)



Have Laid the Groundwork for Future Commercial Success

In 2022, Brain+ had a successful commercial introduction of its *CST-Therapist Companion* dementia product in Denmark and secured the first sales contract. Further, Brain+ attracted new talents within DTx and Alzheimer's, made important advance-ments in R&D pipeline, received positive feedback on core technologies, and secured additional funding. With yet another contract secured in Q2-23, ongoing dialogues with other Danish municipalities and the upcoming market introduction in Germany, Brain+ is now on the path to becoming a commercial business. Analyst Group estimates net sales of EUR 3.0m by 2025, and with an applied EV/S multiple, a potential present value per share of DKK 1.12 is derived in a Base scenario¹.

▪ First (and second) B2B Sale to a Danish Municipality Secured

Shortly after Brain+ introduced its first dementia product *CST-Therapist Companion* to the Danish market for dementia care in November 2022, the first sales contract was established with the Danish municipality of Herning in late December 2022. The contract, worth DKK ~50,000, has since been expanded, both in terms of accessibility and length, which nearly doubled the contract value. As this on one hand illustrates the potential for contractual expansion once a first contract has been established, the first contract value, even after the expansion, fell below are expectations. Hence, we have revised our price assumptions for municipal sales. However, yet another important step was made during Q2-23 with the closing of the Company's second sales contract for CST-TP with a dementia care center in the Danish municipality of Gladsaxe.

▪ Upcoming Capital Injection Enables Intensified Commercial Activities

Brain+ announced on March 29, 2023, the intention to carry out a Rights Issue of units, consisting of shares warrants of series T02 and T03. Upon full subscription, Brain+ will receive gross proceeds of approx. DKK 15.7m, where accompanied warrants can, if fully subscription, provide additional funding of approx. DKK 15.7-62.9m in total during October 2023, and March 2024. The Rights Issue will provide Brain+ with important fundings to accelerate the commercialization of the CST-TC product as well as support the ongoing development of current pipeline products, *CST-Home Care* and *CST for MCI*.

▪ Revised Share Price Range

Based on the advancements in the R&D pipeline, enhanced validation and support for CST through recently published publications, the Company's newly formed collaborations, as well as the two commercial deals that lays the groundwork for future commercial success, Analyst Group retains a bullish outlook on Brain+. However, due to a slight delay in the expected time to market for the *CST-Home Care* and *CST for MCI* products compared to our previous estimates, we have based our valuation on 2025 financial figures, instead of 2024 as previously. Analyst Group argues that 2025 is a more appropriate time period to value Brain+ because by that time, its product would have been on the market for at least two years, and thus reflect a more matured Brain+ that has started to generate meaningful revenues. We maintain our previous Enterprise Value valuation range for the target year; however, the share price range has been updated in all scenarios due to the capital injection from the rights issue and the subsequent dilution effect.

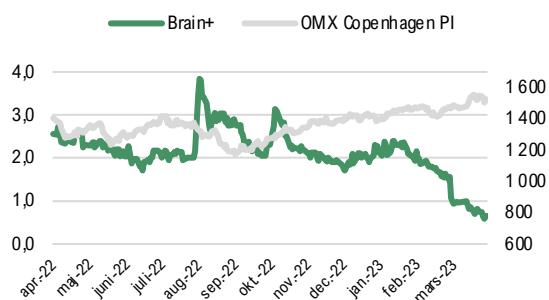
VALUATION RANGE, PRESENT VALUE 2025Y FORECAST

Bear DKK 0.46 **Base** DKK 1.12 **Bull** DKK 1.64

KEY INFORMATION

| | |
|---|-------------------------|
| Subscription Price Per Share, May (DKK) | 0.5 |
| Shares Outstanding | 45,589,502 ¹ |
| Market Cap (MDKK) | 22.8 ¹ |
| Net cash(-)/debt(+)(MDKK) | -14.8 ¹ |
| Enterprise Value (MDKK) | 8.6 ¹ |
| List | First North Copenhagen |
| Interim report 2023 | 2023-08-31 |

SHARE PRICE DEVELOPMENT



OWNERS (SOURCE: HOLDINGS)

| | |
|----------------------|--------------------|
| Kim Baden-Kristensen | 21.8% ² |
| Ulrik Ditlev Eriksen | 11.4% ² |
| Lars Terney | 6.6% ² |
| Rasmus Højengaard | 5.4% ² |

| Estimates (EURm) | 2021A | 2022A | 2023E | 2024E | 2025E |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| Gross Profit | 0,5 | 0,4 | 0,6 | 0,9 | 2,5 |
| Gross Profit Growth | -40,3% | -19,0% | 54,5% | 37,4% | 180,7% |
| EBIT | -0,9 | -1,4 | -1,6 | -1,8 | -0,8 |
| Net Income | -0,9 | -1,3 | -1,6 | -1,8 | -0,8 |
| P/S | n.a. | n.a. | 52,0 | 9,4 | 1,0 |
| EV/S | n.a. | n.a. | 12,6 | 2,3 | 0,2 |
| EV/EBITDA | neg. | neg. | neg. | neg. | neg. |

¹A subscription rate of 95% has been accounted for in announced rights issue in a Base scenario. Given that, net proceeds from the rights issue has been estimated as well as the *burn rate* during January to May 2023, in order to derive the net cash position and Enterprise Value.

²The Rights Issue is expected to entail changes in the shareholder structure.

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Other

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