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BrainCool makes a strategic acquisition in purchasing all assets of the American medical cooling company Benechill Inc

BrainCool AB (publ), a Swedish medical device company with a focus on medical cooling and temperature management listed on Aktietorget, has acquired the entire business of Benechill Inc through an asset deal. The acquisition includes all assets such as patents, trademarks, all rights to the product RhinoChill® and a finished goods inventory. The transaction, with a total purchase of 19 million SEK, will be settled in cash and new shares, of which the major part is in shares. The complete purchase price allocation will be fully presented in the next regulatory filing of BrainCool AB. Benechill was founded in 2004 with a focus on rapid medical cooling technologies. The company has developed the medical device RhinoChill IntraNasal Cooling System. The RhinoChill has a number of advantages. It is portable, battery operated, non-invasive and provides early-stage and rapid cooling by means of a catheter that sprays coolant liquid into the nasal cavity. It addresses pre-hospital treatment such as in ambulances and by rescue services as well as in the emergency room.

The company has pursued a number of clinical trials in several areas, such as cardiac arrest, myocardial infarction, cath lab, cardiac surgery as well as healthy volunteer trials and animal tests.

Martin Waleij, CEO of BrainCool, comments on the deal:

- BrainCool has identified a number of clear synergies with Benechill and the RhinoChill device. RhinoChill has a great capacity to cool down the brain rapidly but the effect only lasts for a few hours. Thus, it complements the BrainCool System, enabling a shorter time to target temperature, with our hypothermia product for precise management of body temperature with the ability to keep temperature within tight limits through the full treatment period, i.e. for 72 hours or more.

RhinoChill has an instant cooling effect that would enhance the rapid lowering of the temperature of the BrainCool System. A combination of the BrainCool System and RhinoChill gives a capacity to reach the target temperature much faster in the cooling process. This is deemed to be crucial and renders BrainCool an important competitive edge. Furthermore, the BrainCool System has other advantages in the following hours of treatment, e.g. the management of shivering, a patent-protected feature which is necessary for successful and practical cooling over time.

The acquisition of Benechill also broadens BrainCool's product and customer range. As standalone non-invasive products, both the BrainCool System and RhinoChill have the necessary prerequisites to be successful in the market.

The RhinoChill® is a CE-marked product currently undergoing a clinical study in the Princess Hypothermia Clinical Trial for cardiac arrest patients. This is a multicentre randomized trial in which the device is used for pre-hospital cooling in the ambulance and emergency room.

The integration of the operations of Benechill with the BrainCool organization will take place during the autumn of 2016 and it is expected to be completed by the end of the year. No staff will be included in the acquisition of the operations as the employees will remain with Benechill Inc.

Priority will be given to managing and supporting the ongoing Princess clinical trial. The study entails no relevant costs for BrainCool as it is mainly financed with external research means.

The product synergies between RhinoChill and the BrainCool System are in hypothermia in general (all potential indications), not only in hypothermia management of cardiac arrest patients. Through the acquisition, BrainCool will add the first battery-operated device to its technology platform. A further developed portable device for medical cooling could also have interesting future applications in a number of areas, such as home care.

Both products and companies reach out to the same stakeholders, with a business model of high-margin, cash-flow driven consumables. Furthermore, BrainCool's IPR platform is strengthened with 11 approved patents within hypothermia for a number of different indications.

- We realize a number of synergies with this acquisition, all in line with the company's objective to be the market leader within the hypothermia market. The acquisition includes a large finished goods inventory that will support both the Princess trial and existing customers, creating a positive cash flow. says Martin Waleij.

More than half the purchase price is financed by a stock issue of new BrainCool shares. Around 700,000 new shares will be issued (with a corresponding value of 14,6969 sek / share) , representing a dilution of three per cent. These shares will subsequently be distributed to the shareholders of Benechill Inc. BrainCool AB have signed a lock-up agreement for twelve months with each of these shareholders.

The final closing of the transaction is expected to be this month and the assets of Benechill will be consolidated within BrainCool from October 1, 2016

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