

BRAIN Biotech AG

Creating a #BiobasedFuture

Management Statement 9M, FY 2021/22

Adriaan Moelker, CEO

Lukas Linnig, CFO

Zwingenberg, August 29th, 2022



Since 2021 we have been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labor, the environment and anti-corruption.



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Highlights/Lowlights of the Quarter

on path to reach our full year targets

BioScience

- ✓ Small organic growth Q3, re-acceleration in Q4 order pipeline
- ✓ “CRISPR for You” remains very attractive for customers
- ✓ BRAIN Zwingenberg strong 9M recovery from last year

BioIndustrials

- ✓ On track to reach full-year guidance
- ✓ Breatec adding to growth
- As expected Q3 less dynamic due to seasonality and new fermenter commissioning
- Supply chain constraints hinder more dynamic growth especially at BioSun and L.A. Schmitt

Incubator

- ✓ **Salt taste enhancer 1.0:** successful market launch by customer with initially five products
- **Natural fermented beverages 1:** customer decision not to launch products after failed consumer trials, very limited economic impact
- **PHA 121:** Pharvaris Announces FDA Clinical Hold on PHA121 Clinical Trials in the US



Two Incubator Projects Exiting

at next pipeline update

- ✓ **Salt taste enhancer 1.0**
 - ✓ successful market launch by customer
 - ✓ initially with five consumer products
 - ✓ additional consumer product categories are planned
 - ✓ customer supply organized via an international flavor house
 - ✓ BRAIN will receive royalties in the future

- Program economics will grow along with market penetration

- **Natural fermented beverages 1**
 - customer decided to pull market launch after unsuccessful consumer trials
 - envisaged positioning as non-alcoholic after work drink failed
 - consumer feedback did not meet expectations
 - no technical issues in control of BRAIN
 - In general, high failure rate of single consumer packaged good launches (up to 80%)

- Minor economic impact for BRAIN due to size of potentially realizable profits

PHA121

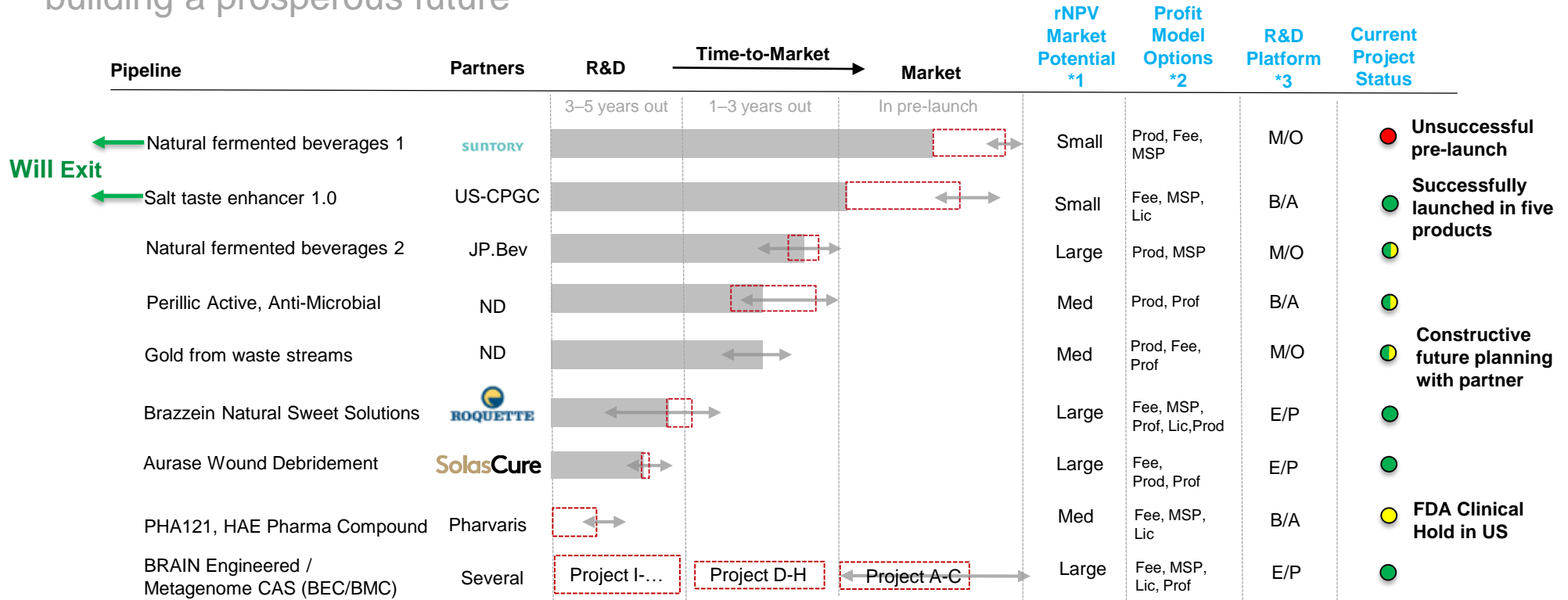
Pharvaris Announces FDA Clinical Hold on trials in the US

- **PHA 121**

- Pharvaris Announces FDA Clinical Hold on PHA121 Clinical Trials in the US
 - So far little available detailed information
 - Pharvaris has only be informed verbally, waiting for written notice
 - FDA is placing a clinical hold on the clinical trials of PHA121 in the U.S. under two Pharvaris Investigational New Drug (IND) applications for the treatment of HAE, **based on its review of nonclinical data**
 - The hold will last until the sponsor adequately addresses all the issues or deficiencies that were identified
 - In general: most common issues are: product quality, clinical study design, toxicology
-
- Non-US trials not affected but might be influenced by FDA decision, majority of patients enrolled outside the US
 - Delay of US-trials, extent has to be seen and will be communicated by Pharvaris
 - Further and more detailed information from our partner required post FDA written notice to evaluate any potential economic impact on BRAIN

BRAIN Incubator

building a prosperous future



- Projects Green Metal Mining, Sweet Taste Enhancer and CO₂ moved to TMS business, fully funded programs
- Projects Salt-E, Fresco shelved, searching for partners
- New enzymes now part of BioIndustrial regular product development, see page 10

Progress since CMD '20, update '08/21

- Programs without contractually bound partners are marked red by default
- Contractual, technology or registration hurdles still need attention
- Phase 1 has been successfully completed but contract negotiations for the next development phase are progressing but not yet finalized

*1: BRAIN-Group rNPV FCF+TV: **Small** < €5M, **Medium** €5M - €15M, **Large**: €15M+

*2: **Prod**: Product sales. **Fee**: Research fee income. **MSP**: Milestone payments. **Lic**: License/royalty payments **Tec**: Tech fees **Prof**: Entity formation or profit participation

*3: **B/A**: BioActives, **E/P**: Enzymes and proteins, **M/O**: Microorganisms/starter cultures

ND: not disclosed

Financial Highlights 9M FY 2021/22 at a Glance

fourth consecutive strong quarter of sales growth

(in € thousand)	9M 2021/22	9M 2020/21	Growth	Organic Growth	Q3 2021/22	Q3 2020/21	Growth	Organic Growth	Comment
Revenues	35,974	27,845	29.2%	14.9%	12,707	9,844	29.1%	6.2%	
BioScience	8,543	7,416	15.2%	15.2%	2,774	2,742	1.1%	1.1%	Milestones 183K 9M 21/22 Milestones 669K 9M 20/21
BioIndustrial	27,530	20,566	33.9%	14.4%	10,005	7,158	39.8%	8.3%	Strong Biocatalysts 5 months of Breatec consolidation
Total operating performance (1)	37,188	29,966	24.1%	10.8%	12,975	10,167	27.6%	5.5%	
Adjusted EBITDA (2)	-192	-2,238	91.4%	82.0%	-412	-223	-84.4%	-220.3%	(-) EUR 825k ESOP 9M (-) EUR 425k M&A Costs 9M
EBITDA	-1,442	-2,061	30.0%	19.7%	-717	-495	-44.9%	-48.9%	
EBIT	-4,640	-5,008	7.4%	3.5%	-1,857	-1,556	-19.3%	-22.6%	
Net Result	-6,205	-2,942	-110.9%	-116.4%	-2,456	-1,902	-29.1%	-29.6%	
Operating Cash Flow	-1,032	-3,000	65.6%	84.4%	30	1,157	-97.4%	-141%	
	30.06.2022	30.09.2021							
Cash	13,309	24,545	-45.8%	-46.0%					

	9M 21/22	9M 20/21	Growth	Organic Growth
Number of Employees	306	288	6.3%	2.8%
Material Expense Ratio	44.4%	44.6%	- 0.3% PP.	- 3.6% PP.
Adj. Personnel Expense Ratio	42.5%	50.7%	- 8.2% PP.	- 4.6% PP.

➤ CRISPR investments @ 9M € 1.4 million

Major Events 9M '21/'22:

- **BioScience:** slower organic growth in Q3, order pipeline shows acceleration in Q4 as planned
- **BioIndustrial:** solid organic growth despite typical seasonal effects, ongoing supply chain constraints and new fermenter commissioning
- **Breatec:** added to inorganic growth for 5 Months, integration progressing according to plan

(1) Revenues + change in inventories + other income + R&D grants

(2) The full reconciliation from adjusted to unadjusted EBITDA can be found in the 9M report

Cash & Cash Flow

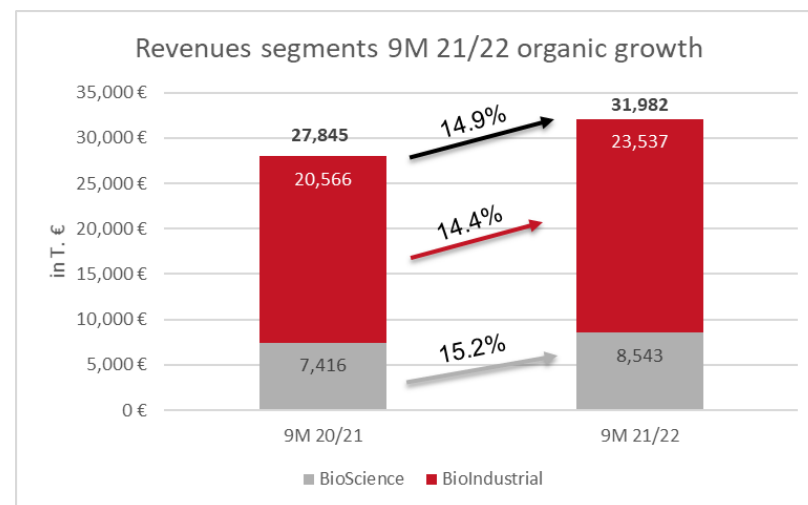
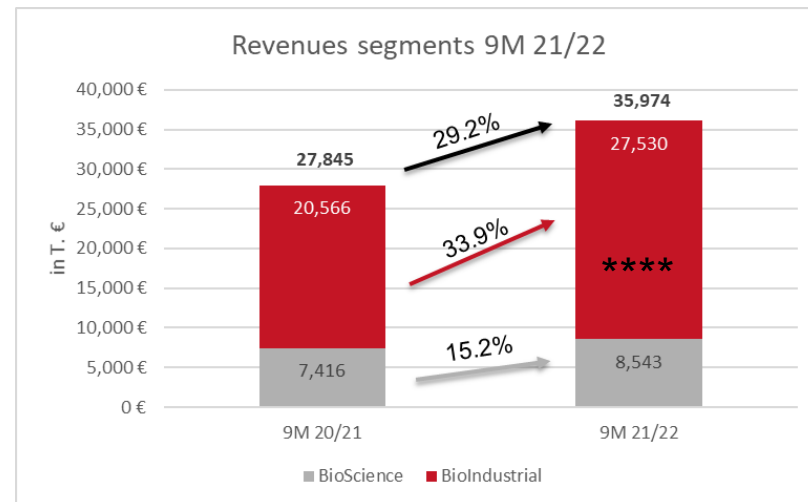
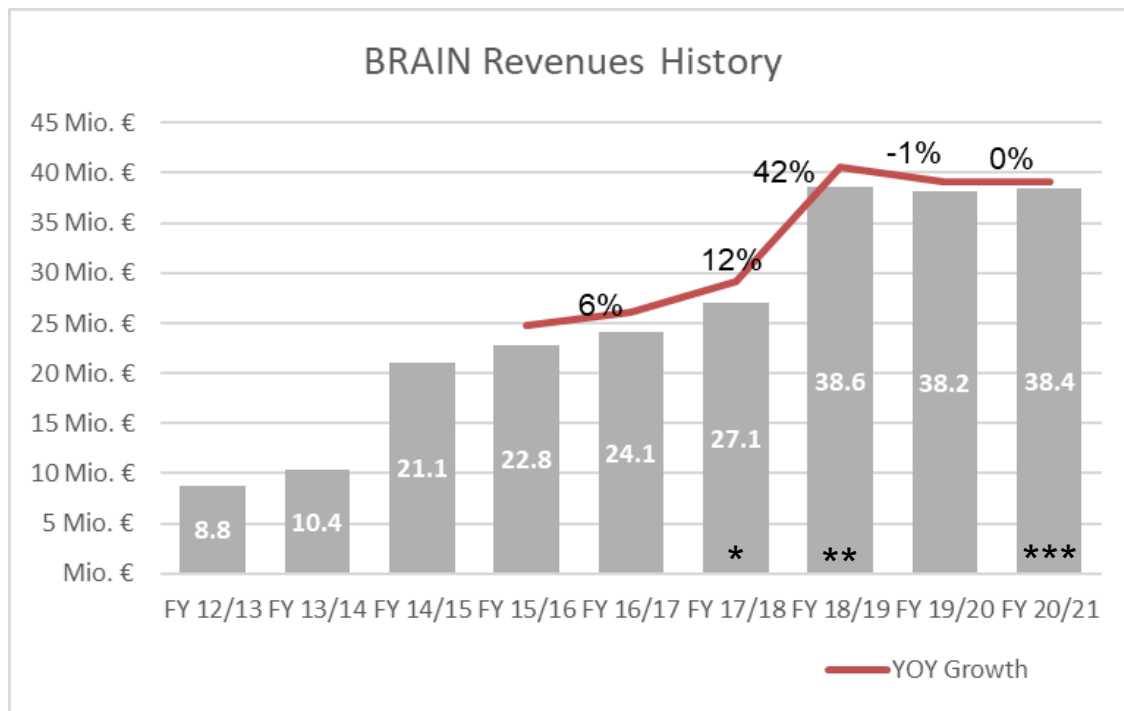
strong OCF 9M, cash position remains solid despite Breatec purchase & Capex spend

(in € thousand)	9M 2021/22	9M 2020/21	Growth	Q3 2021/22	Q3 2020/21	Growth	Comment
Gross Cash Flow	-3,695	-4,061	9.0%	-1,494	-924	-61.7%	
Operating Cash Flow	-1,032	-3,000	65.6%	30	1,157	-97.4%	
Investing Cash Flow	-8,653	-1,999	-332.8%	-2,029	-574	-253.8%	Purchase Breatec Capital Increase SolasCure Capex Biocatalysts
Financing Cash Flow	-1,584	-6,826	76.8%	-1,073	-5,291	79.7%	
Net change in Cash & Cash Equivalents	-11,269	-11,824	4.7%	-3,073	-4,708	34.7%	
	30.06.2022	30.09.2021					
Cash	13,309	24,545	-45.8%				
Equity	32,681	41,828	-21.9%				

- EUR ~3.1 million Breatec purchase price payment Q2
- EUR ~1.2 million SolasCure Series B capital increase Q2
- EUR ~ 3.7 million Capex Biocatalysts 9M
- Change in equity position due to reduction in capital reserves, Breatec put option rights
- EUR 7 million undrawn credit facility available on top
- NewCo formation will open additional financing optionality

Long-Term Revenue Growth Trajectory

strong organic growth in both divisions, Breatec inclusion for 5 months



- As stated: we will go back on the growth track in FY 21/22 – confirmed now by three quarters
- Breatec added to growth since Q2, consolidation for 8 months in this financial year

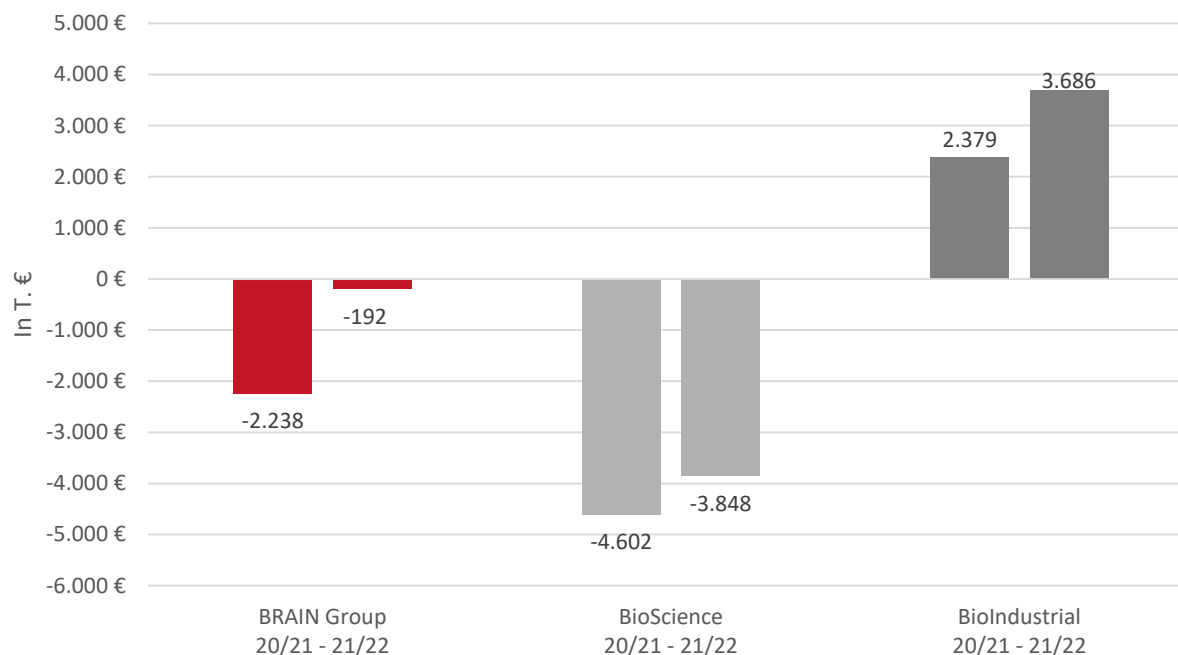
*purchase BioCatalysts Ltd. **divestment Monteil Cosmetics ***purchase BioSun ****Breatec integration from Feb '22



Adjusted EBITDA

BioScience: positive operating leverage, BioIndustrial: strong Biocatalysts fermentation

Adjusted EBITDA 9M 21/22



- **Group** adj. EBITDA strongly improving due to dynamic sales growth and positive operating leverage; good cost control
- **BioScience:** good YoY recovery despite significantly lower milestone payments 9M; Tech Access Fees up due to USP BEC/BMC; TMS order book remains solid
- **BioIndustrial:** especially Biocatalysts performing strongly; Breatec inclusion contributing ; higher EBITDA results at other subsidiaries would have been possible without existing supply chain constraints

➤ BioScience includes CRISPR investments @ 9M ~€ 1.4 million

Rising Supply Chain Risks & Cost Inflation

persisting supply chain constraints, rising input and labor costs

Summary:

Supply chain constraints persist and hinder even more dynamic growth in BioIndustrial. Inflationary pressures keep building.

Potential Challenges:

- Omicron: virus varieties might temporarily impose new economic insecurity and travel restrictions making deal making in BioScience again more challenging as well as dampen general demand
- **Supply Chain**: managing supply chain shortages stays a larger risk factor starting from raw materials, logistics costs, over laboratory consumables to packing materials. All units are affected to different degrees and hindering an even more dynamic organic growth, especially in BioIndustrial
- **Cost Inflation**: trying to pass on product and energy cost inflation to customers. Wage inflation still within planning framework but larger second round labor effects become more likely in the future
- **Energy Supply**: energy supply is essential for BRAIN's operations. Our full year forecast is based on the availability of an uninterrupted and stable energy supply, especially for electricity and gas

Covid

Secure:

- Health aspects
- Supply chain
- Operating business
- Future pipeline

Targets:

- Safety of employees
- Business continuity
- Minimize disruptions
- Fulfill customer contracts

Measures:

- Vaccination @ work
- Booster @ work
- Covid-19 task force
- Hygiene concept
- Corona quick testing
- Masks on premises
- Air Filters
- Personal safety supplies
- Physical distancing
- Home office
- Reduced travel
- Flex work
- Digitalize workflow

Our Targets

Guidance and Mid-Term Targets

FY 21/22 Guidance, Unchanged

(incl. Breatec**)

Group sales: around EUR 50 million

- BS: growth 15-25% (higher end)
- BI: organic growth 10-15%, (lower end)

Adj. EBITDA

- slightly positive (ex CRISPR)

CRISPR

- associated expensed investments:
EUR 2.5-3.5 million

Group CAPEX

- 7.0-8.0 EUR million

*consolidation for 8 months

**integration/M&A costs ~EUR400-450K

Mid-Term Targets, Unchanged

(issued 09/'20, 4-5 year targets)

(excluding CRISPR)

Double group revenue from base '18/19

- Double digit topline product CAGR
- Accretive M&A
- Contract research "TMS" proportionally reduced (excl. milestones)

Group adj. EBITDA margin 15% (+/- 5PP)

- Double digit fermentation production volume of customized novel enzymes
- Mid-single digit annual productivity improvements

Proportion of new product sales: ~30% of total revenues

- Continuous innovation pipeline management

Financial Calendar



QUARTERLY STATEMENT

Publication of the quarterly statement as of June 30th, 2022 (9M)

August 29th, 2022



ANNUAL REPORT

Publication of the annual report as of September 30th, 2022 (12M)

January 16th, 2023



QUARTERLY STATEMENT

Publication of the quarterly statement as of December 31st, 2022 (3M)

February 27th, 2023



ANNUAL GENERAL MEETING

Annual General Meeting (FY 2021/22)

March 8th, 2023



HALFYEAR STATEMENT

Publication of the half year report as of March 31st, 2023 (6M)

May 25th, 2023



QUARTERLY STATEMENT

Publication of the quarterly statement as of June 30th, 2023 (9M)

August 30th, 2023

Thank you for your attention.

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