

BRAIN Biotech AG

Creating a #BiobasedFuture



Analyst Call 12M, FY 2020/21

Adriaan Moelker, CEO

Lukas Linnig, CFO

Zwingenberg, January 17th, 2022



Safe Harbor Statement

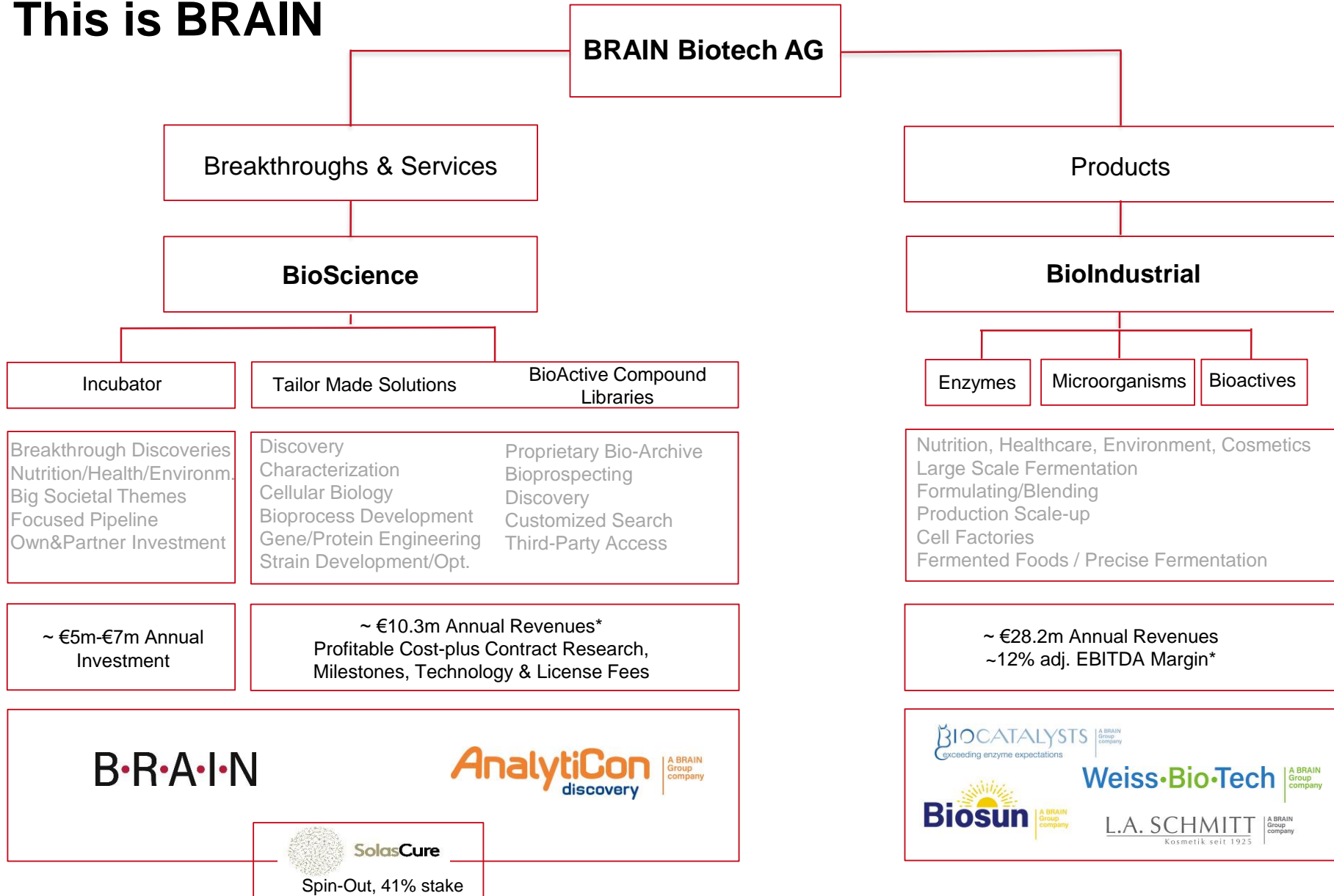
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This is BRAIN



*FY '20/'21

Highlights FY 20/21

Pipeline value increasing, strong underlying BioIndustrial

- **BRAIN Group:** Subsidiaries now fully integrated with a strong business planning and controlling process in place. BRAINway program started. Good cost control.
- **Funding:** successful capital increase at the group level raising ~ EUR 19m. Successful fund raiser at SolasCure with rising pre-money valuation (+20%).
- **BioScience:** two new incubator additions with significant economic potential: BEC/BMC & PHA121. Solid progress on existing pipeline projects. Quarterly controlling framework on a project by project basis established.
- **Biocatalysts:** strong underlying business growth. Mastered Brexit and selected supply chain restraints very well. Smooth commissioning of new fermenter. Production capacity (factor ~20x) already fully booked. Second 10m³ fermenter ordered.
- **L.A. Schmitt:** very strong business. Facility upgrade initiated.
- **BioSun:** smooth integration of bargain purchase. New MD in place. Successful first nine months of business since the acquisition.

Lowlights FY 20/21

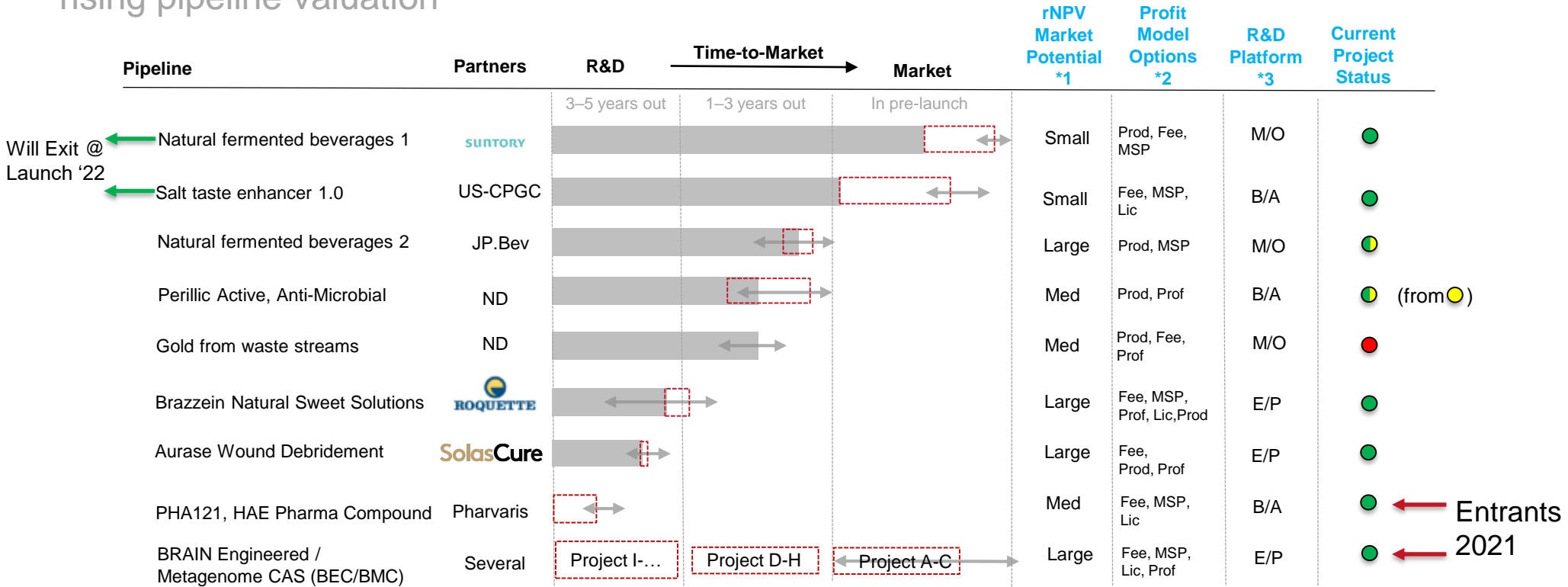
Pandemic effects & WBT restructuring

- **BioScience:** late cyclical effects of the pandemic with lower amount of new TMS business. Difficulty to win new projects due to the travel restrictions and lower customer spending for innovations. → order book recovery in Q4
- **SolasCure:** delayed start of clinical trials due to Covid-19. Around 9 months of project delay. Patient enrollment remains challenging.
- **WeissBioTech:** negative pandemic effects on sales for the wine/beer industry and bioethanol. Loss of a major customer due to changes in regulation. Some operational issues. Readjustment of business focus required changes to the infrastructure and additional certification.



Our Incubator

rising pipeline valuation



- 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



Perillic Active (Anti-Microbial)

Strong patent position, moving closer to market

Perillic Active:

- US patent approval, strong IP position
- all natural preservative for beverage, food and cosmetics applications
- derived from food grade orange oil terpenes via microbial fermentation
- utilizing side-streams of the orange juice industry → making waste valuable
- “Clean Label”, non-GMO fermented food
- batches for FDA registration already successfully produced (FDA-GRAS)

Path to market:

- approval process running. Market introduction planned 1Y+
- US registration and distribution partner in place
- additional customer/distributor interest for wider fields of applications and geographies

BRAIN Metagenome Cas 01 (BMC01)

Increasing the addressable market in genome editing

Expanding our Genome Editing Platform:

- BRAIN Engineered Cas (BEC)
- BRAIN Metagenome Cas (BMC)

BRAIN Metagenome Cas (BMC01):

- additional genome editing nuclease activated
 - significantly differentiated protein structure and more traditional mode of action to target DNA → broadening areas of application
 - proven functionality and demonstrated genome editing activities in microorganisms. Other organisms under research.
 - application for international patent protection filed (PCT)
 - 14 additional Class 2 nucleases in research for activation
- ✓ **Increasing the addressable market**
 - ✓ **Higher number of use cases**
 - ✓ **Efficient genome editing requires differentiated tools**

BEC – Patent Update

important milestone reached: EPO confirmed patentability

BEC patent process:

- Filed around 18 months ago for international protection under PCT
- EPO handling the process as ISA
- Patent & search report will be published ~ January 21st, 2022
- Time until patent is finally granted hard to forecast: educated guess 2-3 years (also depending on the number of countries filed)
- In the meantime: “State of the Art” technology status builds a high hurdle
- Regular opposition proceedings period after patent is granted: 9 months

EPO statement: BEC sequences are novel, inventive, industrially applicable and not otherwise excluded from patent protection → **considered patentable**

EPO: European Patent Office **ISA:** International Searching Authority **PCT:** Patent Corporation Treaty

Financial Highlights 12M FY 2020/21 at a Glance

Strong BioIndustrial (ex WBT), sequentially improving BioScience

(in € thousand)	12M 2020/21	12M 2019/20	Growth	Organic Growth	Q4 2020/21	Q4 2019/20	Growth	Organic Growth	Comment
Revenues	38,389	38,225	0.4%	-5.2%	10,545	8,671	21.6%	15.1%	
BioScience	10,313	13,230	-22.1%	-22.1%	2,897	2,754	5.2%	5.2%	strong sequential improvement Milestones 680K 12M 20/21 Milestones 1.2 Mio 12M 19/20
BioIndustrial	28,236	25,081	12.6%	3.9%	7,670	5,954	28.8%	19.4%	all solid growth, except WBT
Total operating performance (1)	40,731	39,238	3.8%	-4.1%	10,766	8,928	20.6%	4.7%	
Adjusted EBITDA (2)	-2,089	-2,018	-3.5%	-10.5%	148	-1,465	110.1%	112.8%	(-) EUR 989K ESOP 12M (-) EUR 313K M&A Cost 12M (+) EUR 858K Badwill
EBITDA	-2,533	-3,876	34.6%	8.9%	-472	-2,970	84.1%	56.5%	
EBIT	-6,548	-8,229	20.4%	8.7%	-1,539	-4,718	67.4%	50.7%	
Net Result	-4,680	-9,017	48.1%	37.4%	-1,738	-2,910	40.3%	13.3%	
Operating Cash Flow	-3,906	-4,767	18.1%	13.7%	-907	967	-193.8%	-179.4%	
Cash	24,545	18,943	29.6%	27.9%					

	12M 20/21	12M 19/20	Growth	Organic Growth
Number of Employees	288	279	3.2%	1.8%
Material Expense Ratio	43.9%	43.6%	0.3PP	-1.2PP
Adj. Personnel Expense Ratio	48.2%	46.3%	2.0PP	3.6PP

➤ CRISPR investments @ 12M ~€1.5 million (within guidance)

Major Events 12M '20/21:

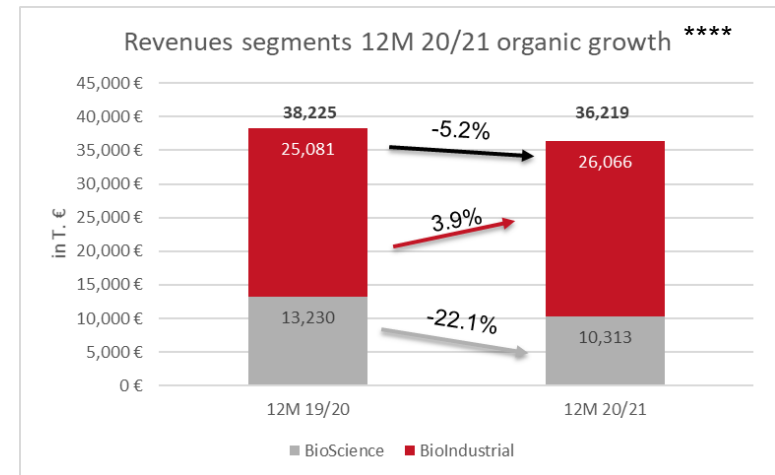
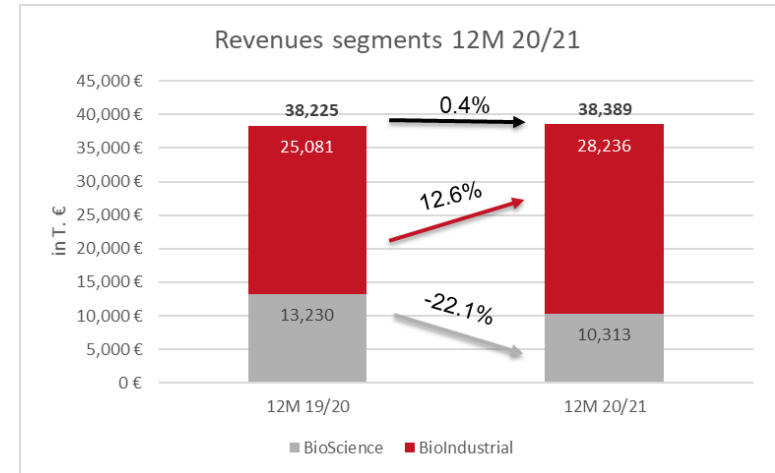
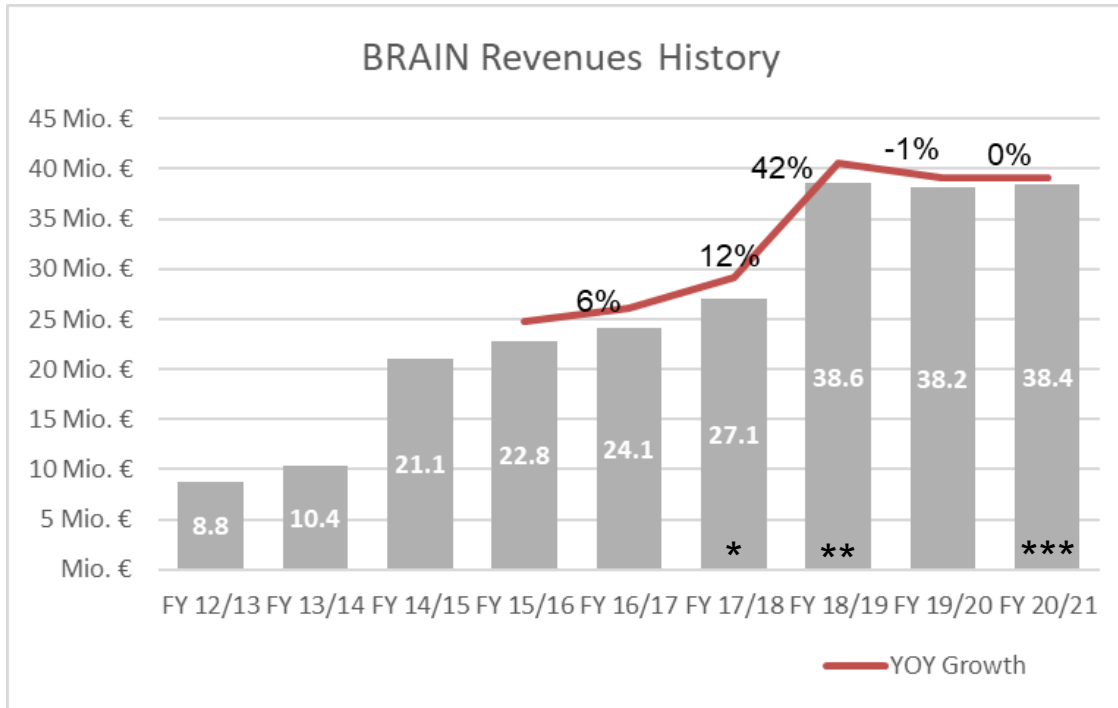
- **BioSun** now consolidated for three quarters, happy with development; team well integrated
- **BioIndustrial total** solid double digit growth excl. WBT
- **WBT** remains in restructuring, 12M sales ~ (-) 26%; Q4 stabilized
- **BioScience** strong sequential growth Q on Q but FY still suffering from very weak Q1 20/21 and high base Q1 19/20; lower milestones; order book keeps improving strongly, also driven by “We CRISPR for You” business
- Costs of BioSun purchase/ integration and other M&A cost EUR 313K

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

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

Long-Term Revenue Growth Trajectory

Strong BioIndustrial driven by BioCats, L.A. Schmitt & BioSun integration



➤ We expect to go back on the growth track in FY 21/22

*purchase BioCatalysts Ltd. **divestment Monteil Cosmetics ***purchase BioSun

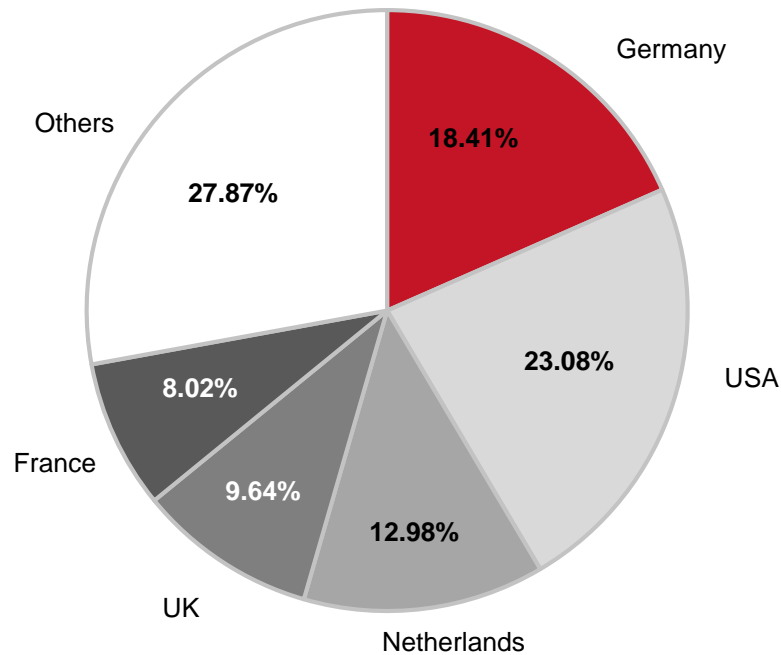
****BioSun integration from Q2 20/21



BRAIN Revenue by Geographic Region

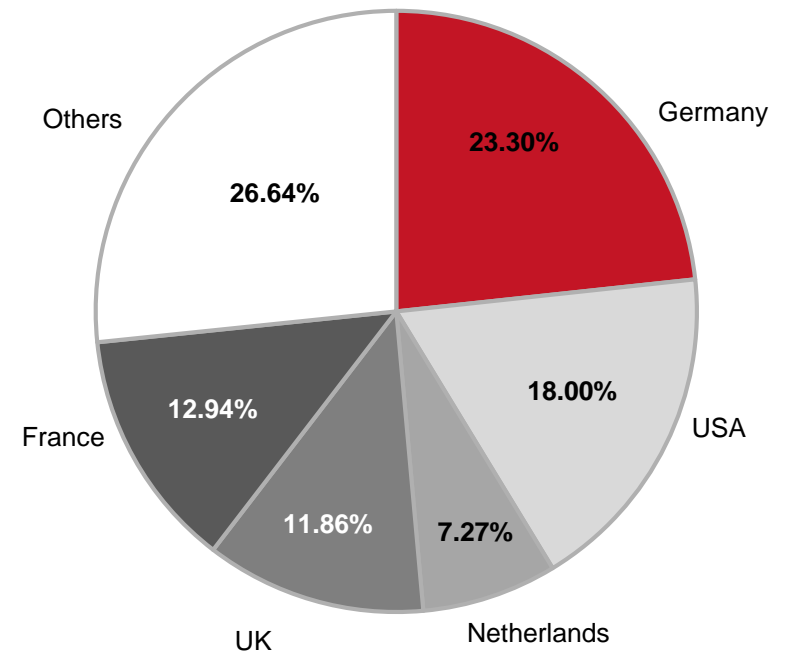
well diversified sales split with rising international share

FY 2020/21



Germany: € 7.07m = 18.41%
Abroad: € 31.32m = 81.59%

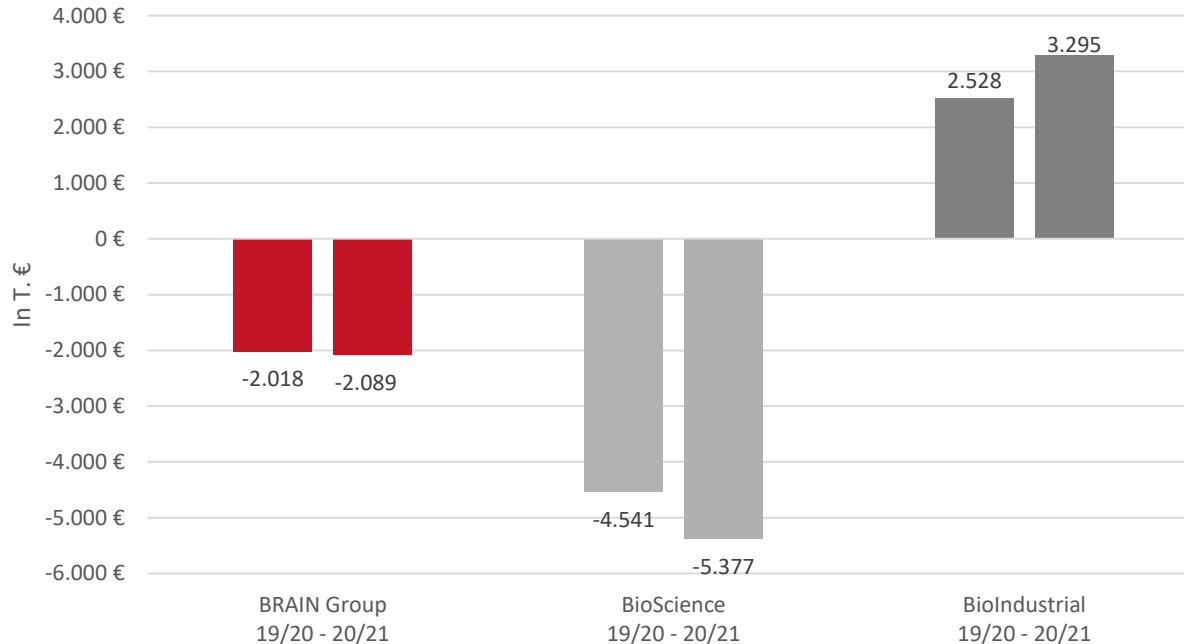
FY 2019/20



Germany: € 8.91m = 23.30%
Abroad: € 29.32m = 76.71%

Adjusted EBITDA

Adjusted EBITDA 12M 20/21



➤ CRISPR investments @ 12M ~€1.5 million

- **Group** adj. EBITDA stable YoY; balancing effects of strong BioIndustrial and challenges at the BioScience segment (high YoY comparison base (especially in Q1), lower milestone payments and negative Corona effects), CRISPR investment
- **BioScience:** further sequential improvement Q on Q; last year large payments related to two projects in Q1; lower milestone payments 12M; TMS backlog keeps rising solidly
- **BioIndustrial** all group companies strong except WeissBioTech; WBT now stabilizing and new strong management team in place to revive sales growth

Cash & Cash Flow

improving OCF, lower investments as guided, solid cash position

(in € thousand)	12M 2020/21	12M 2019/20	Growth	Q4 2020/21	Q4 2019/20	Growth	Comment
Gross Cash Flow	-5,250	-6,056	13.3%	-1,189	-1,446	17.7%	
Operating Cash Flow	-3,906	-4,767	18.1%	-907	967	-193.8%	
Investing Cash Flow	-2,180	-4,469	51.2%	-181	79	-329.4%	
Financing Cash Flow	11,572	13,093	-11.6%	18,398	-821	2341.5%	(-) purchase BioCats minority ~€4.6 Mio (+) capital increase net proceeds ~€19 Mio
Net change in Cash & Cash Equivalents	5,485	3,857	42.2%	17,310	225	7586.0%	
	30.09.2021	30.09.2020					
Cash	24,545	18,943	29.6%				
Equity	41,828	26,143	60.0%				

- September capital increase guaranteed solid cash position
- EUR 7 million undrawn credit facility available on top

Covid-19 Update

TMS backlog increasing solidly, BioIndustrial strong (ex WBT)

Summary:

**BRAIN Group: some negative Covid-19 effects materialized on FY 20/21.
Now very positive trend in the BioScience business development pipeline.**

Current Disruptions: SolasCure is facing around 9 months delays in clinical trials as the relevant test centers have been closed for non Covid-19 patients. Phase 2a clinical trials (in human) started in May. Diversification of test centers started to mitigate ongoing effects of the pandemic. Lower sales volumes of enzyme products to ethanol and beer/wine producers at WeissBioTech.

Future Challenge: the Omicron variety might impose new economic insecurity and travel restrictions making deal making in BioScience again more challenging. Managing general operational challenges including selected supply chain shortages and the turnaround at WeissBioTech.

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
- Strict travel restrictions
- Flex work
- Digitalize workflow

Our Targets

Guidance and Mid-Term Targets

This FY Guidance

New guidance at the 3M '21/'22 reporting on February 23rd including:

- Sales Growth indication
- Ebitda Growth indication (ex CRISPR)
- Expected Growth Indication Divisions
- CAPEX guidance
- CRISPR associated costs

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)

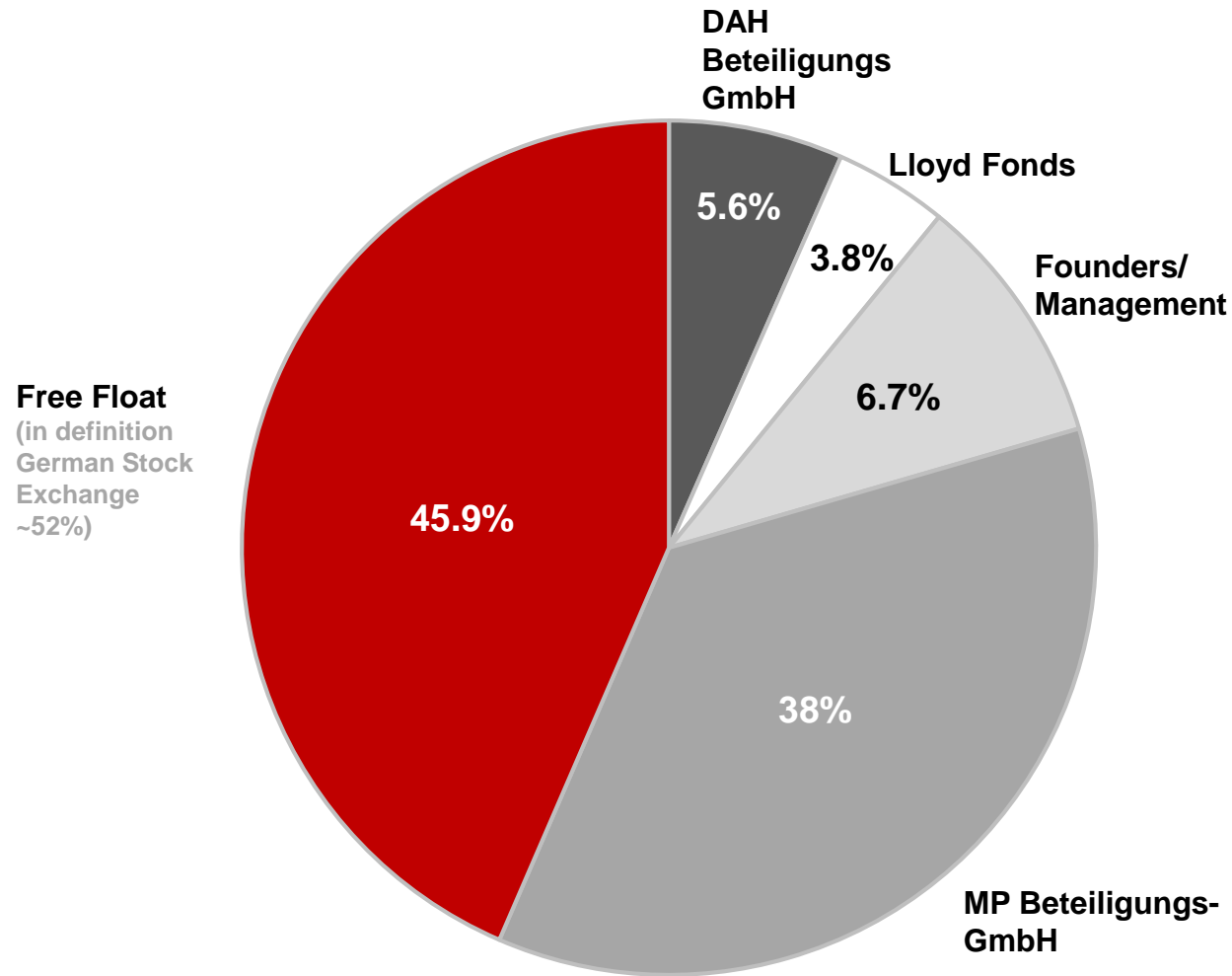
Group adj. EBITDA margin 15% (+/- 5PP)

- 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

Our Share Ownership*



- Number of shares: 21,847,495
- Free float of ~ 46%
- Strong long-term investor base
- ~ 8,900 shareholders
- WKN 520394 / ISIN DE0005203947
- Symbol BNN
- Prime Standard; Frankfurt/M

*November 30th, 2021



Financial Calendar



FISCAL YEAR STATEMENT

Publication of the annual report as of September 30th, 2021 (12M)

January 17th, 2022



QUARTERLY STATEMENT

Publication of the quarterly statement as of December 31st, 2021 (3M)

February 23rd, 2022



ANNUAL GENERAL MEETING

Annual General Meeting (FY 2020/21)

March 9th, 2022



HALFYEAR STATEMENT

Publication of the half year report as of March 31st, 2022 (6M)

May 30th, 2022



QUARTERLY STATEMENT

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

August 29th, 2022

Thank you for your attention.

BRAIN Biotech AG

Darmstädter Straße 34–36
64673 Zwingenberg, Germany

+49 (0) 6251-9331-0
www.brain-biotech.com

Your contacts:

Michael Schneiders, Head of IR & Sustainability

+49 (0) 6251-9331-86
MiS@brain-biotech.com

Martina Schuster, IR

+49 (0) 6251-9331-69
MS@brain-biotech.com



@BRAINbiotech



BRAIN Biotech AG

