

3 M 2023/24

QUARTERLY STATEMENT

as of 31 December 2023

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ABOUT BRAIN Biotech

BRAIN Biotech AG is a leading European supplier of biobased products and solutions such as enzymes and proteins, microbial production strains, natural compounds and biotechnological solutions for more sustainable industrial processes. The company focuses on the fields of nutrition, health and environment.

BRAIN Biotech AG is the parent company of the international BRAIN Biotech Group. The Group's business activities are divided into three segments: The BioProducts segment comprises the product business with specialty enzymes and other proteins, for which the Group operates fermentation facilities in the United Kingdom and production facilities in continental Europe and the United States. The BioScience segment offers research-intensive custom solutions based on enzyme technology, strain development, bioprocess development and natural product screening. The BioIncubator segment conducts its own R&D projects or those initiated with partners with high value-added potential. A particularly promising incubator project is the development of the Company's own CRISPR-based gene editing technology platform, which is currently being established and expanded by Akribion Genomics.

Through its own R&D activities, the Group is continuously expanding its product portfolio in the field of specialty enzymes and small molecules. The latter are the starting point for screenings, e.g. for novel drug candidates for pharmaceutical applications.

BRAIN Biotech AG has been listed on the Prime Standard of the Frankfurt Stock Exchange since February 9, 2016 (ticker symbol: BNN; securities identification number: ISIN DE0005203947 / WKN 520394). The company employs approximately 330 people and generated revenues of EUR 55.3 million in the fiscal year 2022/23.

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SIGNIFICANT EVENTS

1 October 2023 to 31 December 2023

Akribion Genomics receives the Hessian Founder Award

The Akribion Genomics team of BRAIN Biotech AG has received the Hessian Founder Award and was also named the winner in its category.

Akribion Genomics was awarded in the "Innovative Business Idea" category for the discovery and development of an alternative CRISPR-Cas nuclease, which the start-up intends to develop into a new class of genetically based cancer therapies. Better quality of life through more targeted therapies – this is what the about 20 scientists at Akribion Genomics hope to achieve with their programmable therapy platform.

FINANCIAL POSITION AND PERFORMANCE

1 October 2023 to 31 December 2023

GROUP BASIS AND GENERAL CONDITIONS

The remarks made in the consolidated financial statement for the financial year ending 30 September 2023 about the Group's basis and general conditions continue to be applicable.

1. Results of Operation

In the first three months of the 2023/2024 financial year, the BRAIN Biotech Group generated revenue of € 12.7 million compared to € 13.7 million in the same period of the previous year, representing a decrease of 7.0 %. Total operating performance (revenue, research and development funding, changes in inventories and other income) decreased by 3.1 % from € 13.5 million to € 13.1 million in the first three months of the financial year.

Revenues in the **BioProducts** segment decreased by 12.4 % from € 10.6 million to € 9.3 million in the reporting period. Total operating performance totalled € 9.6 million, down 4.8 % on the same quarter of the previous year. The lower decline in total operating performance compared to sales is mainly due to positive changes in inventories. The result for the first quarter of 23/24 compares with a particularly high starting point in the same quarter of the previous year. In addition, the slower start-up curve of the second large-scale fermenter also had a dampening effect on the development in the first quarter. Adjusted EBITDA in the BioProducts segment decreased from € 1.1 million to € 0.6 million, primarily driven by the lower revenue.

The **BioScience** segment generated revenues of € 3.4 million in the reporting period, representing a very pleasing increase of 13.5 % compared to the same period of the previous year (€ 3.0 million). This increase is mainly due to the strong contribution of AnalytiCon Discovery. As a result of this, and good cost control, the segment's adjusted EBITDA increased by € 0.5 million from € -0.1 million to € 0.4 million.

Revenues in the **BioIncubator** segment remained stable at € 0.1 million in the reporting period compared to the previous year. This revenue was mainly generated by licence income in the genome editing area. The segment's adjusted EBITDA is mainly characterised by continued high investments in the area of genome editing under the brand name Akribion Genomics; it amounted to € -0.8 million in the first three months of the financial year and is slightly below the adjusted EBITDA of € -0.6 million in the previous year.

The **BRAIN Biotech Holding** segment mainly includes personnel expenses and other expenses for Group administration, further development of the BRAIN Biotech Group, stock exchange listing and M&A activities. The segment's adjusted EBITDA totalled € -0.8 million and was therefore slightly below the previous year's level (€ -0.7 million).

Adjusted Group EBITDA in the first quarter of the 2023/24 financial year therefore decreased by a total of € 0.3 million from € -0.4 million in the previous year to € -0.7 million.

Basic and diluted earnings per share in the first three months of the financial year amounted to -0.12 € analogue to the same period of the previous year.

The following table shows the reconciliation of unadjusted EBITDA to adjusted EBITDA.

€ thousand	3M 2023/24	3M 2022/23
EBITDA	-890	-703
<i>Share-based employee compensation</i>	-233	-315
Adjusted EBITDA	-657	-388

2. Net assets

Non-current assets decreased from € 45.5 million as of 30 September 2023 to € 44.4 million as of 31 December 2023, which is attributable to depreciation and amortisation of property, plant and equipment and intangible assets.

Current assets decreased from € 25.5 million to € 22.1 million. This reduction is mainly due to lower trade receivables and a decrease in cash and cash equivalents.

Equity decreased from € 23.0 million as of 30 September 2023 to € 20.5 million as of 31 December 2023, mainly due to the negative result for the period. No capital measures were implemented at Group level in the reporting period.

The increase in non-current liabilities from € 30.4 million to € 32.6 million is due to an increase in the non-current financial liabilities. Current liabilities, on the other hand, decreased from € 17.5 million to € 13.4 million. This was mainly due to lower financial liabilities as a result of scheduled repayments and lower trade payables as at the reporting date.

3. Financial position

The Group's gross cash flow amounted to € -3.2 million in the reporting period compared to € -1.6 million in the same period of the previous year. This is due to the negative result for the period and changes relating to deferred income that were recognised in the current period.

Cash flow from operating activities deteriorated from € -2.0 million to € -2.6 million. The change compared to gross cash flow is lower, as an improvement in operating working capital was realised in the current period.

Cash flow from investing activities in the first three months of the current financial year totalled € -0.4 million compared to € 2.4 million in the same period of the previous year. The cash flow from investing activities mainly reflects investments in property, plant and equipment. The previous year was positively impacted by the receipt of € 3.0 million relating to the divestment of L.A. Schmitt GmbH.

Cash flow from financing activities reflects the net effect from cash inflow from taking up additional financial liabilities and ongoing scheduled repayments of financial liabilities and, at € 2.2 million, is slightly higher than the previous year's figure of € 2.1 million.

Cash and cash equivalents decreased from € 5.4 million to € 4.6 million compared to 30 September 2023 due to the aforementioned effects.

CONSOLIDATED INCOME STATEMENT [UNAUDITED]

1 October 2023 to 31 December 2023

€ thousand	3M 2023/24	3M 2022/23
Revenue	12,729	13,694
Research and development grant revenue	208	242
Change in inventories of unfinished and finished goods and work in progress	23	-627
Other income	117	188
Total operating performance	13,077	13,497
Cost of materials		
Costs of raw materials, consumables and supplies, and purchased merchandise	-5,489	-5,647
Cost of purchased services	-125	-299
	-5,614	-5,947
Personnel expenses		
Wages and salaries	-4,705	-4,512
Share-based employee compensation	-233	-315
Social security and post-employment benefit costs	-930	-877
	-5,867	-5,705
Other expenses	-2,486	-2,548
EBITDA	-890	-703
Depreciation, amortization and impairment	-1,179	-1,108
Operating result (EBIT)	-2,069	-1,811
Share of profit or loss from equity-accounted investments	-148	-417
Finance income	6	4
Finance costs	-389	-176
Net financial result	-531	-589
Pretax loss for the reporting period	-2,601	-2,400

€ thousand

3M 2023/24

3M 2022/23

Income tax expense / income

a) <i>Current tax expense (-) / income (+)</i>	-125	-148
b) <i>Deferred tax expense (-) / income(+)</i>	94	92
	-31	-57

Net loss for the reporting period**-2,631****-2,456**

of which attributable to:

<i>Non-controlling interests</i>	13	74
<i>Shareholders of BRAIN Biotech AG</i>	-2,645	-2,530

Earnings per share, basic undiluted (in €)

-0.12

-0.12

Number of shares taken as basis

21,847,495

21,847,495

Earnings per share, diluted (in €)

-0.12

-0.12

Number of shares taken as basis

21,847,495

21,847,495

CONDENSED CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION (BALANCE SHEET) [UNAUDITED]

31 December 2023

€ thousand	31.12.2023	30.09.2023
Non-current assets	44,398	45,462
Current assets	22,074	25,476
ASSETS	66,471	70,937
Equity	20,483	23,013
Non-current liabilities	32,561	30,445
Current liabilities	13,428	17,479
EQUITY AND LIABILITIES	66,471	70,937

CONDENSED CONSOLIDATED CASH FLOW STATEMENT [UNAUDITED]

1 October 2023 to 31 December 2023

€ thousand	3M 2023/24	3M 2022/23
Gross cash flow	-3,236	-1,569
Cash flow from operating activities	-2,647	-2,044
Cash flow from investing activities	-385	2,371
Cash flow from financing activities	2,167	2,052
Net change in cash and cash equivalents	-866	2,379
Cash and cash equivalents at start of period	5,352	8,443
Cash and cash equivalents at end of period ¹	4,554	10,762

¹ An € +68 thousand change in the cash position arose as of 31 December 2023, reflecting changes in currency exchange rates

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS [UNAUDITED]

1 October 2023 to 31 December 2023

Accounting policies

The accounting policies on which the consolidated financial statements as of 30 September 2023 were based, were also applied for the first three months of 2023/24.

Segment reporting

Compared with the consolidated financial statements as of 30 September 2023, no changes have occurred in relation to segment reporting.

The segment results² are presented as follows.

€ thousand	BioProducts 3M		BioScience 3M		BioIncubator 3M		Holding 3M		Reconciliation 3M		Group 3M	
	23/24	22/23	23/24	22/23	23/24	22/23	23/24	22/23	23/24	22/23	23/24	22/23
Revenue	9,320	10,636	3,361	2,961	69	105	0	0	-21	-8	12,729	13,694
Adj. EBITDA	561	1,051	364	-72	-782	-625	-798	-733	-3	-8	-657	-388

² After partial elimination within the segment.

Number of employees in the Group³

Average of the reporting period	3M 2023/24	FY 2022/23
Total employees, of which	311	309
<i>Salaried employees</i>	303	301
<i>Industrial employees</i>	8	8

³ Excluding the members of the parents company's Management Board (2) and the subsidiaries' managing directors

Furthermore, BRAIN Biotech Group employs scholarship / grant holders (5; FY 22/23: 4), temporary employees (6; FY 22/23: 12) and trainees (6; FY 22/23: 5).

General business risks

The energy market situation proved to be relatively stable in the reporting period. However, there is still increased price volatility and renewed erratic price increases may occur at any time if the geopolitical situation changes. The tense total supply chain situation has continued to ease in the past period but remains stretched for individual products. Logistics costs are currently reacting very sensitively to geopolitical news and delivery times have been extended in some cases due to changes in shipping routes. In addition, a general slowdown in economic momentum poses a further challenge for the corporate sector. The general financing situation and financing conditions remain challenging, especially for growth companies.

No significant changes are identifiable concerning the business outlook compared to the outlook report presented in the 2022/23 Annual Report (page 65). Despite the risks presented, BRAIN Biotech AG is confident that it will be able to achieve the qualitative targets it has set for this financial year.

Zwingenberg, 28 February 2024

The Management Board

Adriaan Moelker
Chief Executive Officer (CEO)

Michael Schneiders
Chief Financial Officer (CFO)

CONTACT

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FINANCIAL CALENDAR

28.02.2024

Publication of the quarterly statement
as of 31.12.2023 (3M)

12.03.2024

Annual General Meeting, Zwingenberg
(Germany)

28.05.2024

Publication of the half-year report
as of 31.03.2024 (6M)

29.08.2024

Publication of the quarterly statement
as of 30.06.2024 (9M)

Information

This report might contain certain forward-looking statements that are based on current assumptions and forecasts made by the management of the BRAIN Biotech Group and other currently available information. Various known and unknown risks and uncertainties as well as other factors can cause the company's actual results, financial position, development or performance to diverge significantly from the estimates provided here. BRAIN Biotech AG does not intend and assumes no obligation of any kind to update such forward-looking statements and adapt them to future events or developments. The report can include information that does not form part of accounting regulations. Such information is to be regarded as a supplement to, but not a substitute for, information prepared according to IFRS. Due to rounding, it is possible that some figures in this and other documents do not add up precisely to the stated sum, and that stated percentages do not reflect the absolute figures to which they relate.

This document is a translation of a document prepared originally in German. Where differences occur, preference shall be given to the original German version.

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