

BRAIN Biotech AG

Creating a #BiobasedFuture

Seat11a – 6M Presentation

Michael Schneiders, Head IR & Sustainability

Zwingenberg, May 30th, 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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BRAIN at a Glance

~ **€38m**

'20/'21 Revenues

> **28**

Years of Experience

~ **320**

Employees

> **230**

Specialty B2B Products

> **150**

Industrial Partnerships

2016

Listed, Frankfurt Prime Standard

Creating Breakthrough Bioproducts & Solutions for Nutrition, Health and Environment

**Industrial Biotech
(white)**



**Three
Product Platforms**



Enzymes



Microorganisms



**Bioactive
Natural
Compounds**

From Lab to Production

This is BRAIN

BRAIN Biotech AG

Breakthroughs & Services

BioScience

Incubator	Tailor Made Solutions	BioActive Compound Libraries
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Breakthrough Discoveries
Nutrition/Health/Environm.
Big Societal Themes
Focused Pipeline
Own&Partner Investment

Discovery Characterization Cellular Biology Bioprocess Development Gene/Protein Engineering Strain Development/Opt.	Proprietary Bio-Archive Bioprospecting Discovery Customized Search Third-Party Access
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~ €5m-€7m Annual Investment

~ €10.3m Annual Revenues*
Profitable Cost-plus Contract Research, Milestones, Technology & License Fees

B·R·A·I·N

AnalytiCon | A BRAIN Group company
discovery

SolasCure
Spin-Out, 41% stake

Products

BioIndustrial

Enzymes	Microorganisms	Bioactives
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Nutrition, Healthcare, Environment, Cosmetics
Large Scale Fermentation
Formulating/Blending
Production Scale-up
Cell Factories
Fermented Foods / Precise Fermentation

~ €28.2m Annual Revenues
~12% adj. EBITDA Margin*

Breatec will add
~ € 7 million +
annual revenues

BIOCATALYSTS | A BRAIN Group company
exceeding enzyme expectations

BREATEC | A BRAIN Group company
SCIENCE TO APPLICATION

Biosun | A BRAIN Group company

Weiss·Bio·Tech | A BRAIN Group company

L.A. SCHMITT | A BRAIN Group company
Kosmetik seit 1925

*FY '20/'21



Highlights of the Quarter

ongoing solid growth and improving profitability

Strong Business Development in both divisions

BioScience:

- ✓ Developing at upper end of forecast
- ✓ Driver: Strong customer demand & “We CRISPR for You”

BioIndustrials:

- ✓ Strong Biocatalysts sales growth and earnings momentum
- ✓ Division: even higher growth restricted by supply chain issues
- ✓ Breatec adding to growth, consolidation for 8 months

Incubator

- ✓ BEC/BMC: successful genome-editing in mammalian cell lines
- ✓ Urban-Mining: new non-disclosed partner to advance program
- ✓ Pharma programs: Aurase & PHA121 progressing as planned

ESG / Sustainability

- ✓ Integral part of our business strategy
- ✓ ESG+ strategy and targets announced
- ✓ Inaugural ESG & Sustainability Report published

ESG+: Responsible Group Management

five key focal points for sustainable value creation

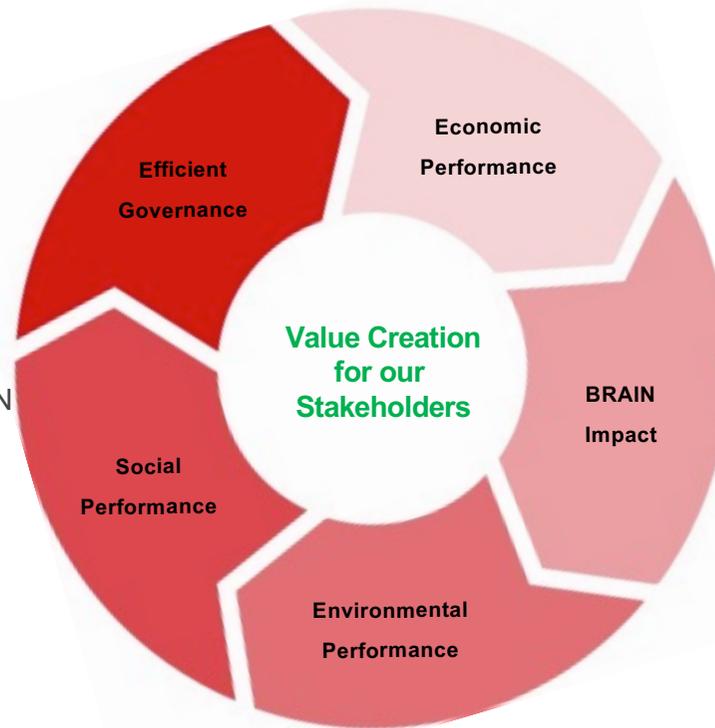
Efficient Governance

- German Corporate Governance Code (DCGK) compliance
- German Sustainability Code (DNK)
- Member UN Global Compact (UN GC)
- Quality, health and safety policies
- Internal compliance: qualified internal compliance officer, permanent risk assessment, audit committee, internal audit team and risk reporting, external audit, BRAIN Financial Control Framework, BRAIN Red Book
- Monthly reporting and audit meetings with the subsidiaries



Social Performance

- Occupational health & safety
- Employee development & training
- BRAINway corporate culture enforcement
- Safe labour practices
- Community Education & Dialogue
- Promoting women in management



Economic Performance

- Profitable top-line growth
- Organic growth enhanced by value accretive M&A
- Target: reach a self-sustained cash flow profile



BRAIN Impact

- We make a real difference: our products & services address at least 5 SDG's directly



Environmental Performance

- Energy efficiency
- Reduced travel footprint
- Water management
- Waste management



Targets ESG+ Roadmap 2032 / 2050

Minimizing the Environmental Impact from our Operations **E**

Goals

- By 2032, reduce Scope 1-2 GHG emissions by 30% in relation to current revenue base*
- By 2050, Scope 1-2 GHG emissions to net zero

Detailed Actions

- Switch to sustainable sourcing of primary energy
- Building renovation and change of cooling/heating design
- Electrification of processes and transport
- Establish employee best idea contest on cost, energy savings and process optimization

Livable & Satisfying Employment **S**

Goals

- By 2032, share of women in management positions above 30%*
- By 2032, Lost time injury frequency rate (LTIFR) per 1 Million hours worked < 3.0*

Detailed Actions

- Attract & retain talent by flexible work options, employee participation programs
- Actively promote female career development to management positions
- Promote safe work environment

Responsible Business Operations **G**

Goals

- By 2032, Target zero fines from compliance & operational breaches *
- Ongoing, significantly increase share of license and royalty income in BioScience in relation to revenues *

Detailed Actions

- Evolution of Financial Control Framework (FCF)
- Pro-active IP filing & trade secret strategy to enhance and manifest IP position
- BEC/BMC franchise and producer strains

BRAIN Impact **+**

Goals

- By 2032, successful market Introduction of impact products & services from today's incubator *
- By 2050, launch additional incubator products with an impact

Detailed Actions

- Continuous incubator pipeline management

* To be incorporated into the updated executive management compensation scheme as non-financial targets, base year data CY 2020

Sustainability: Manifold Business Opportunities for BRAIN

enabling technologies & solutions

Discovery / Biomimicry

Natural and nature-based compounds



Enabling Biological Manufacturing

Cell-factories
 Producer strain licensing
 Bioprocess development
 Bioactives Development



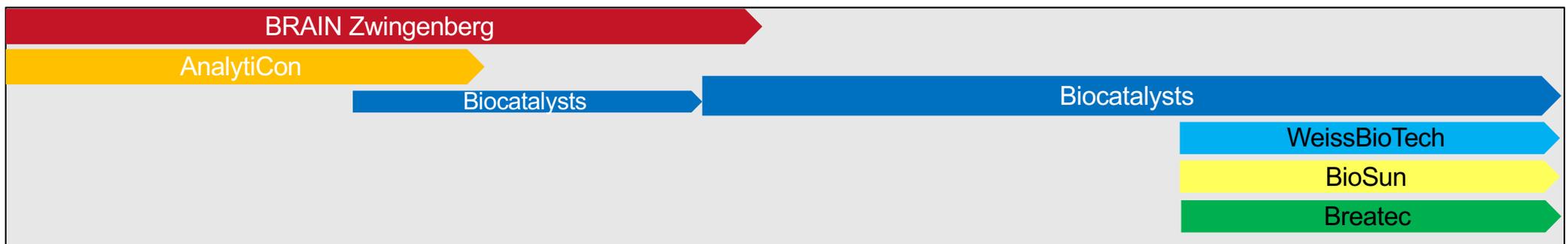
Biological Production/ Fermentation

Upscaling
 Process optimization
 Large-scale fermentation



BRAIN Group Bio-based Products

Biological catalysts:
 Enzyme formulation
 Mixing / Blending
 Novel enzyme production



BEC/BMC: powering our value chain
 + large economic upside from licensing

BRAIN Incubator

building a prosperous future

Pipeline	Partners	Time-to-Market			rNPV Market Potential *1	Profit Model Options *2	R&D Platform *3	Current Project Status
		R&D	1-3 years out	3-5 years out				
Will Exit @ Launch '22 ← Natural fermented beverages 1	SUNTORY	3-5 years out	1-3 years out	In pre-launch	Small	Prod, Fee, MSP	M/O	●
← Salt taste enhancer 1.0	US-CPGC				Small	Fee, MSP, Lic	B/A	●
Natural fermented beverages 2	JP.Bev				Large	Prod, MSP	M/O	●
Perillic Active, Anti-Microbial	ND				Med	Prod, Prof	B/A	●
Gold from waste streams	ND				Med	Prod, Fee, Prof	M/O	● (from ●)
Brazzein Natural Sweet Solutions	ROQUETTE				Large	Fee, MSP, Prof, Lic, Prod	E/P	●
Aurase Wound Debridement	SolasCure				Large	Fee, Prod, Prof	E/P	● Well tolerated at first test patients
PHA121, HAE Pharma Compound	Pharvaris				Med	Fee, MSP, Lic	B/A	● Progressing as planned
BRAIN Engineered / Metagenome CAS (BEC/BMC)	Several	Project I-...	Project D-H	Project A-C	Large	Fee, MSP, Lic, Prof	E/P	● New: active in mammalian cell lines

- 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



Urban Mining: Gold from Waste Streams

contract signed with new partner

Project advances to next stage:

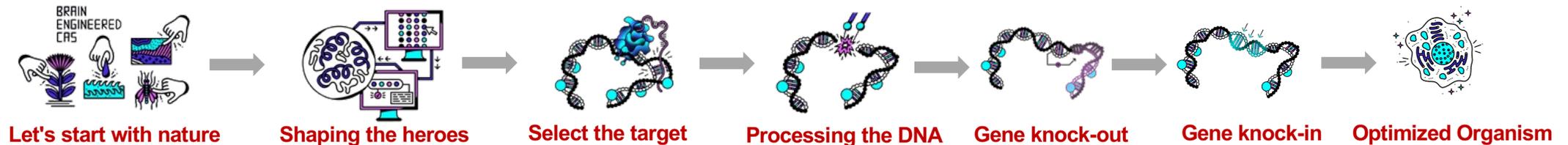
- Contract signed with undisclosed partner
- Partner with strong know-how in precious metals processing and handling
- Partner fully committed to BioGold vision for responsible consumers & producers
- Next development steps largely financed by partner, risk mitigation
- Upscaling: from lab to demonstration scale
- Initial focus: high grade electronic waste material
- Business model: testing under real market conditions from raw material purchase to final gold sale

Next milestone:

- **Successful upgrading of equipment to larger scale**
- **Demonstration run under real market conditions**
- **NewCo formation envisaged for upscale financing and value creation**

Successful Genome-Editing in Mammalian Cell Lines

major milestone achieved



Genome editing in mammalian cell lines:

- Major milestone reached early
 - Now the potential to target a very large addressable market with high margins as animal livestock, cell line development, pharmacology and therapeutics
 - Further broadens the space of applications
 - Investing in RNP direct target cell delivery systems (RNP complex consisting of BEC/BMC protein and single guide RNA) → allowing customers a more convenient application of BRAIN's technology, generating consumables income for BRAIN
- BEC/BMC program generates strong scientific advances
 - Partnering discussions vividly ongoing at several levels
 - NewCo foundation still targeted in 2022

Financial Highlights 6M FY 2021/22 at a Glance

third consecutive strong quarter of sales growth and adj. EBITDA improvement

(in € thousand)	6M 2021/22	6M 2020/21	Growth	Organic Growth	Q2 2021/22	Q2 2020/21	Growth	Organic Growth	Comment
Revenues	23,267	18,001	29.3%	19.6%	13,090	9,923	31.9%	20.4%	
BioScience	5,769	4,674	23.4%	23.4%	2,994	2,671	12.1%	12.1%	ongoing positive momentum Milestones 183K 6M 21/22 Milestones 629K 6M20/21 Strong Biocatalysts
BioIndustrial	17,525	13,408	30.7%	17.7%	10,111	7,274	39.0%	23.2%	2 Months of Breatec cons.
Total operating performance (1)	24,213	19,799	22.3%	18.6%	13,778	11,311	21.8%	20.8%	
Adjusted EBITDA (2)	220	-2,014	110.9%	110.5%	519	-587	188.4%	188.9%	(-) EUR 528K ESOP 6M (-) EUR 417K M&A Cost 6M
EBITDA	-725	-1,566	53.7%	69.7%	-79	21	-469.0%	90.9%	
EBIT	-2,783	-3,452	19.4%	35.6%	-1,160	-960	-20.9%	36.4%	
Net Result	-3,748	-1,040	-260.5%	-97.2%	-1,418	2,229	-163.6%	-203.2%	
Operating Cash Flow	-1,062	-4,156	74.5%	75.6%	-869	-2,024	57.1%	59.5%	stronger EBITDA & WC management
	31.03.2022	30.09.2021							
Cash	16,441	24,545	-33.0%	-35.6%					

	6M 21/22	6M 20/21	Growth	Organic Growth
Number of Employees	303	287	5.6%	-1.7%
Material Expense Ratio	43.5%	46.7%	- 3.2% PP.	- 5.6% PP.
Adj. Personnel Expense Ratio	42.3%	51.5%	- 9.2% PP.	- 7.1% PP.

➤ CRISPR investments @ 6M € 1.0 million

Major Events 6M '21/'22:

- **BioScience** third consecutive strong quarter, despite lower milestones; solid order book also driven by “We CRISPR for You” business
- **BioIndustrial**: strong organic growth especially driven by Biocatalysts; supply chain restraints limit an even more dynamic sales development in the division
- **Breatec**: added to inorganic growth for 2 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 6M report

Cash & Cash Flow

strong OCF, cash position solid despite Breatec purchase

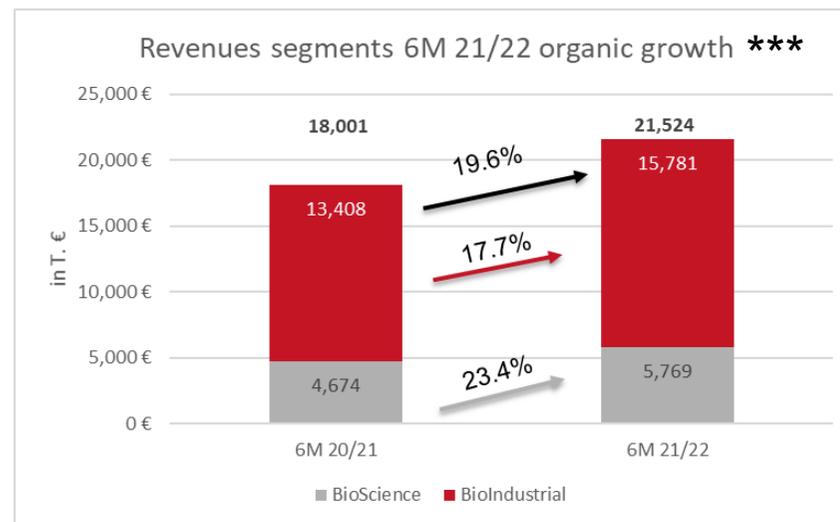
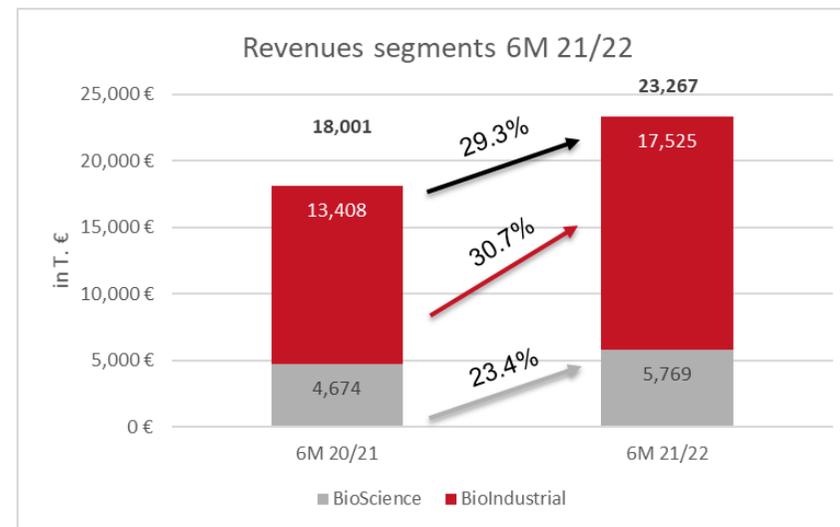
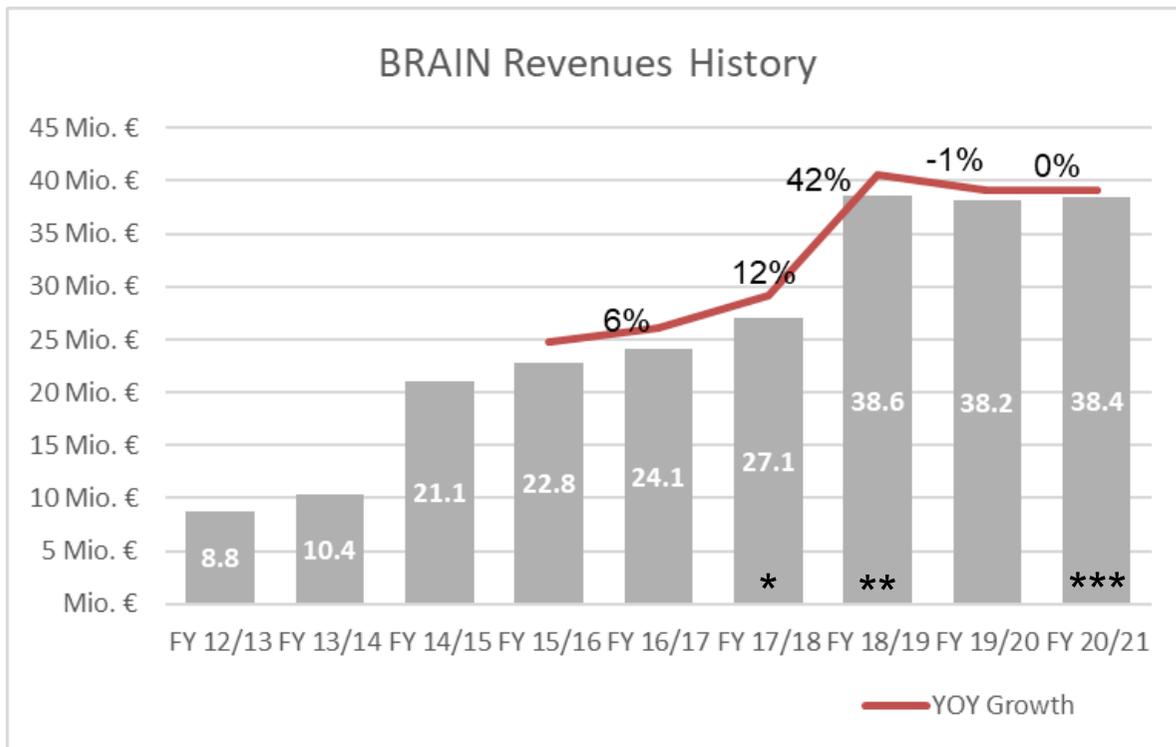
(in € thousand)	6M 2021/22	6M 2020/21	Growth	Q2 2021/22	Q2 2020/21	Growth	Comment
Gross Cash Flow	-2,201	-3,137	29.8%	-627	-1,418	55.7%	
Operating Cash Flow	-1,062	-4,156	74.5%	-869	-2,024	57.1%	
Investing Cash Flow	-6,623	-1,425	-364.6%	-5,067	-1,232	-311.5%	Purchase Breatec Capital Increase SolasCure Capex Biocatalysts
Financing Cash Flow	-512	-1,535	66.7%	-264	-1,012	73.9%	
Net change in Cash & Cash Equivalents	-8,197	-7,117	-15.2%	-6,201	-4,268	-45.3%	
	31.03.2022	30.09.2021					
Cash	16,441	24,545	-33.0%				
Equity	35,221	41,828	-15.8%				

- EUR ~3.7 million Breatec purchase price payment Q2
- EUR ~1.2 million SolasCure capital increase
- EUR ~1.8 million Capex Biocatalysts

- 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 from Q2



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

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

Covid, Rising Supply Chain Risks & Cost Inflation

persisting supply chain restraints, rising input and labor costs

Summary:

Supply chain restraints persist and hinder even more dynamic growth in BioIndustrial. Keep trying to pass on inflationary pressures.

Potential Challenges:

- Omicron: virus varieties might temporarily impose new economic insecurity and travel restrictions making deal making in BioScience again more challenging
- **Supply Chain**: managing supply chain shortages is becoming increasingly 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 cost inflation to customers. Some wage inflation but larger second round labor effects cannot be ruled out in the future

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 (updated 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 (unchanged)

Group CAPEX

- 7.0-8.0 EUR million (unchanged)

*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

Thank you for your attention.

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