

# BRAIN Biotech AG

Creating a #BiobasedFuture

## 9M Presentation – seat11a

Michael Schneiders  
Head IR & Sustainability

August 29<sup>th</sup>, 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.



---

# Safe Harbor Statement

This document may contain forward-looking statements. These forward-looking statements are subject to risks and uncertainties, as they relate to future events and are based on current assumptions of the Company, which may not occur at all in the future or may not occur as assumed. They do not represent a guarantee for future results or performance of the Company, and the development of economic and legal conditions may materially differ from the information expressed or implied in the forward-looking statements.

The Company assumes no obligation to update or revise any forward-looking statement contained herein or to adapt them to future events or developments. The information contained in this document has not been independently verified. No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinion contained herein. The Company or any of its shareholders, affiliates, advisors, employees or representatives shall have no liability whatsoever (in negligence or otherwise) for any loss arising from any use of this document or its content or otherwise arising in connection with this document.

By accepting this presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company's business.

This presentation speaks as of August 29<sup>th</sup>, 2022. Neither the delivery of this presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. The term "BRAIN", as used in this presentation means Brain Biotech AG and its affiliates, if not otherwise specified.

# BRAIN at a Glance

~ **€38m**

'20/'21 Revenues

> **28**

Years of Experience

~ **330**

Employees

> **350**

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**

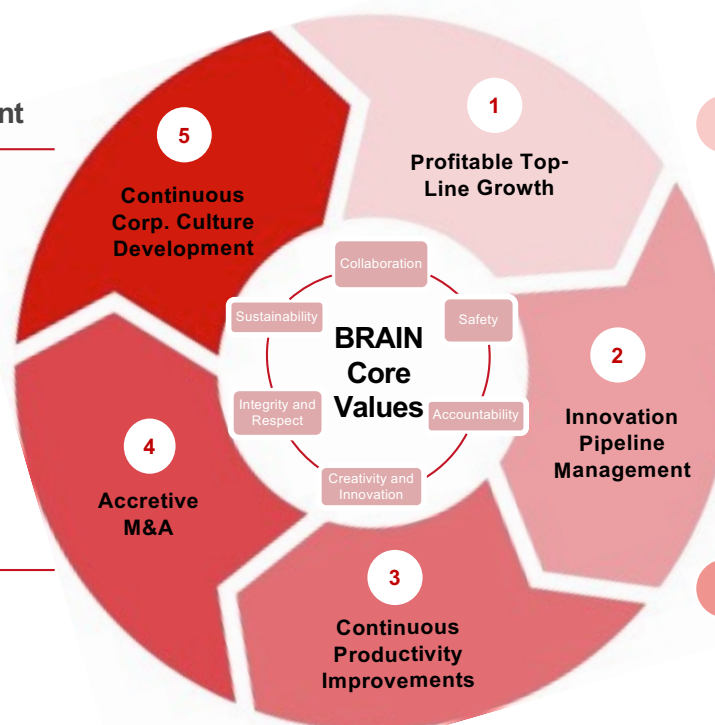
# Five Strategic Initiatives Centered Around our Core Values

## 5 Continuous Corp. Culture Development

- Can do and high ethics culture
- Talent management
- Innovation is our passion
- Teamwork is our basis
- Sustainability as a guiding principal

## 4 Accretive M&A

- Successful track record of integrating acquired entities
- Further build with bolt-on acquisitions
- Transformational M&A in adjacencies



## 1 Profitable Top Line Growth

- Excel in specialty niches with high margins
- Selectively grow outside of Europe
- Always look for ways to produce ourselves

## 2 Innovation Pipeline Management

- Balanced portfolio across markets and technologies
- Breakthrough solutions for big challenges for accelerated growth
- Key customer and application focus

## 3 Continuous Productivity Improvements

- Strain development
- Focus on working capital efficiencies, cost improvements and free cash flow
- Group revenue synergies
- Bio-Informatics

# 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



BRAIN Zwingenberg

AnalytiCon

Biocatalysts

Biocatalysts

WeissBioTech

BioSun

Breatec

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

<https://www.brain-biotech.com/investors/esg>

# 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

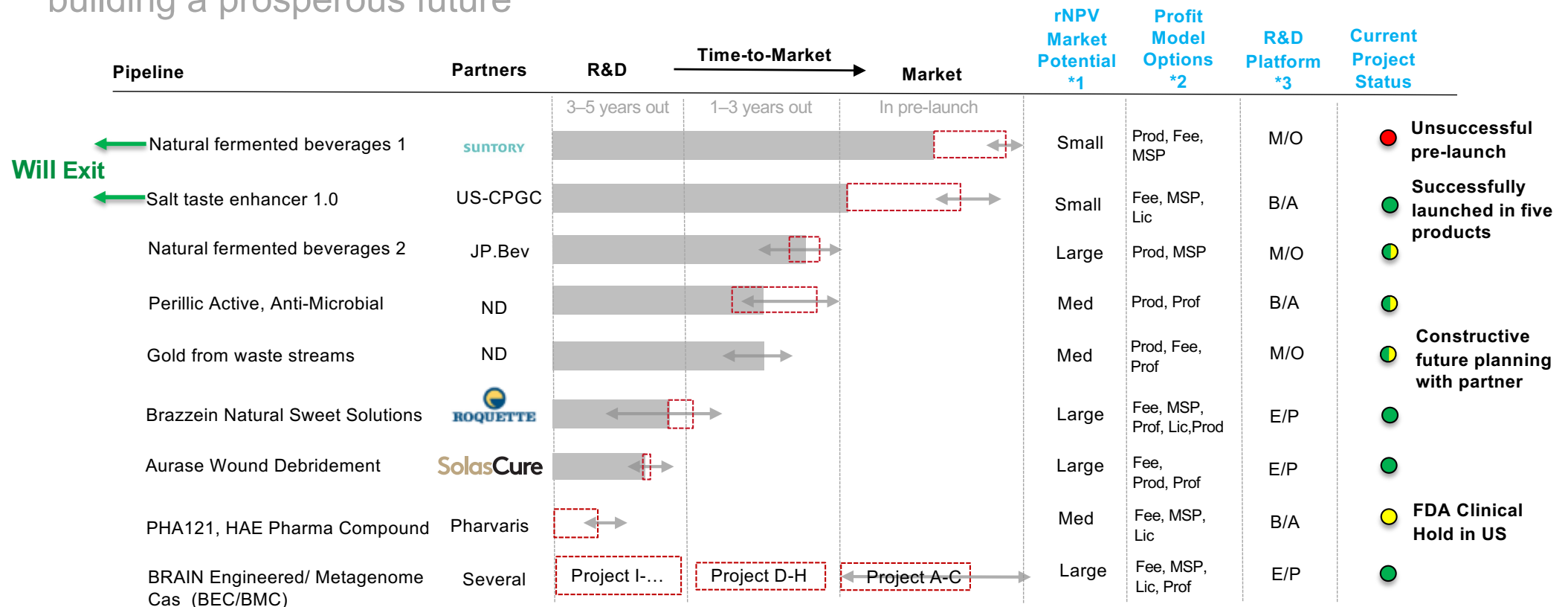
### ○ PHA 121

- 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 CO<sub>2</sub> 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

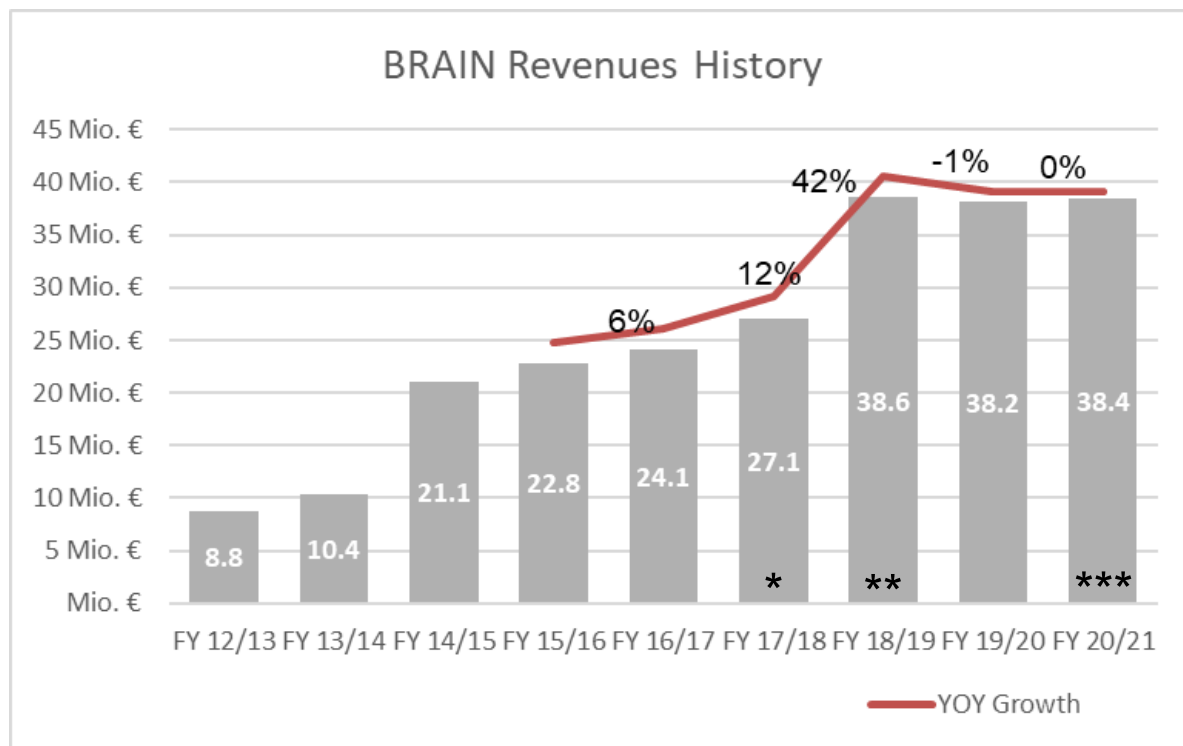
strong OCF 9M, cash position remains solid despite Breatec purchase & Capex spend

(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
Financing Cash Flow	-1,584	-6,826	76.8%	-1,073	-5,291	79.7%	Capital Increase SolasCure Capex Biocatalysts
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%				

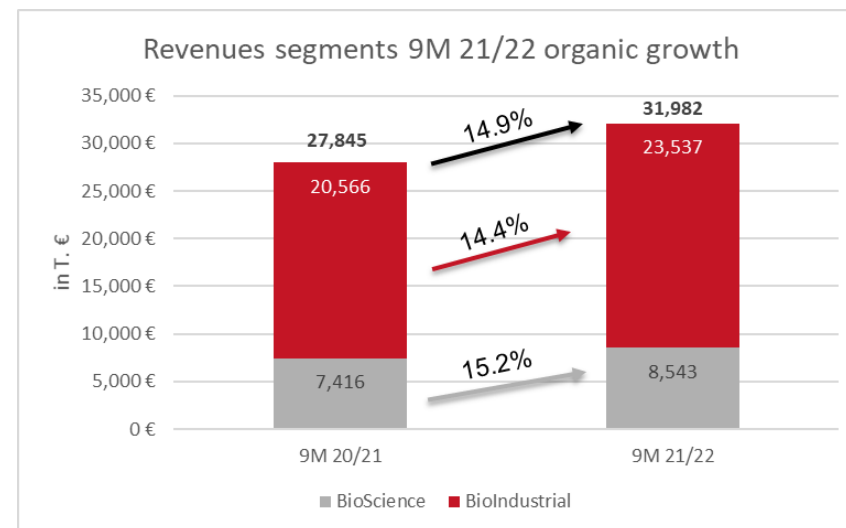
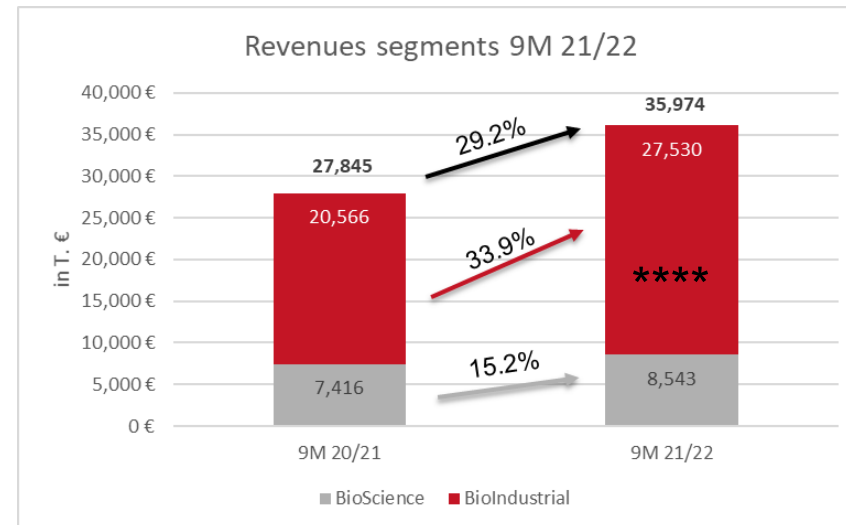
- EUR ~3.1 million Breatec purchase price payment Q2
- EUR ~1.2 million SolasCure Series B capital increase Q2
- EUR ~ 3.7 million Capex Biocatalysts 9M
- Change in equity position due to reduction in capital reserves, Breatec put option rights
- EUR 7 million undrawn credit facility available on top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

# Long-Term Revenue Growth Trajectory

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



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



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

# 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<sup>\*\*</sup>)

**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 30<sup>th</sup>, 2022 (9M)

**August 29<sup>th</sup>, 2022**



## ANNUAL REPORT

Publication of the annual report as of September 30<sup>th</sup>, 2022 (12M)

**January 16<sup>th</sup>, 2023**



## QUARTERLY STATEMENT

Publication of the quarterly statement as of December 31<sup>st</sup>, 2022 (3M)

**February 27<sup>th</sup>, 2023**



## ANNUAL GENERAL MEETING

Annual General Meeting (FY 2021/22)

**March 8<sup>th</sup>, 2023**



## HALFYEAR STATEMENT

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

**May 25<sup>th</sup>, 2023**



---

# Thank you for your attention.

## **BRAIN Biotech AG**

Darmstädter Straße 34–36  
64673 Zwingenberg, Germany

+49 (0) 6251-9331-0  
[www.brain-biotech.com](http://www.brain-biotech.com)

Your contacts:

***Michael Schneiders***, Head of IR & Sustainability

+49 (0) 6251-9331-86  
[MiS@brain-biotech.com](mailto:MiS@brain-biotech.com)

***Martina Schuster***, IR

+49 (0) 6251-9331-69  
[MS@brain-biotech.com](mailto:MS@brain-biotech.com)



@BRAINbiotech



BRAIN Biotech AG

