

# BRAIN Biotech AG

Creating a #BiobasedFuture

## Seat11a Presentation: 6M, FY 2022/23

Michael Schneiders, CFO

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

**WE SUPPORT**



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

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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.

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This presentation speaks as of May, 25<sup>th</sup>, 2023. 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.



~ **€50m**

'21/'22 Revenues

> **30**

Years of Experience

~ **330**

Employees

> **535**

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**

# 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



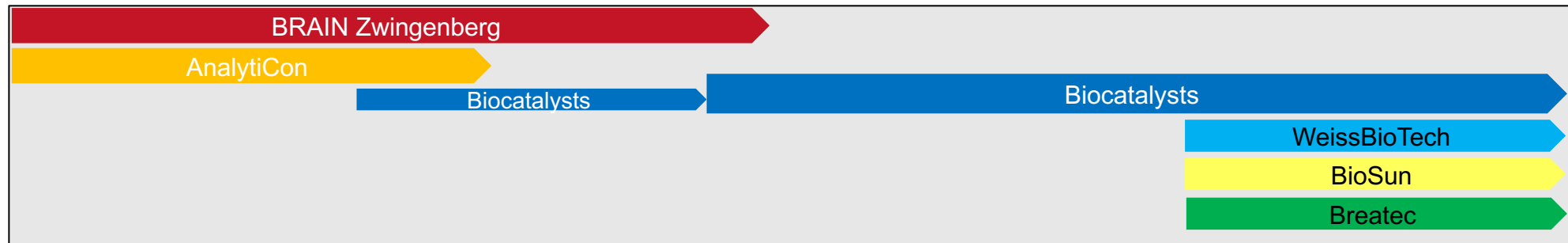
## Biological Production/ Fermentation

Upscaling  
 Process optimization  
 Large-scale fermentation



## BRAIN Group Bio-based Products

Biological catalysts:  
 Enzyme formulation  
 Mixing / Blending  
 Novel enzyme production

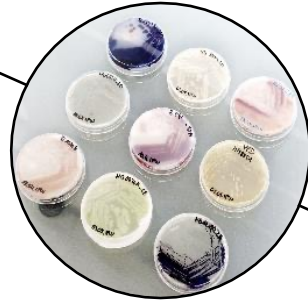
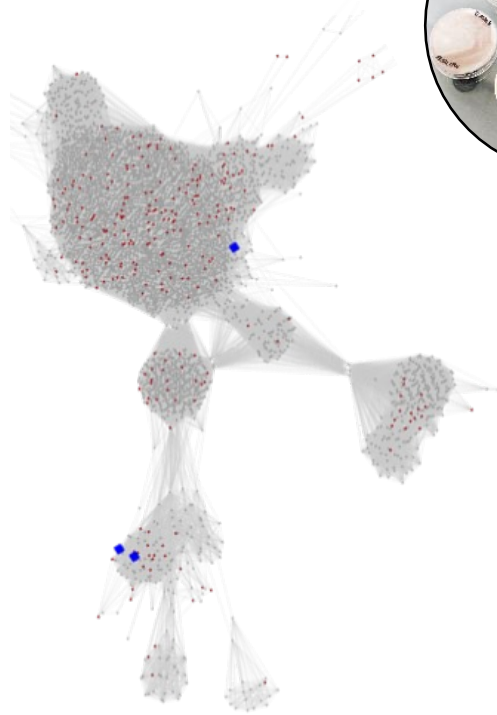


G-daseE & G-dase E: powering our value chain  
 + large economic upside from licensing

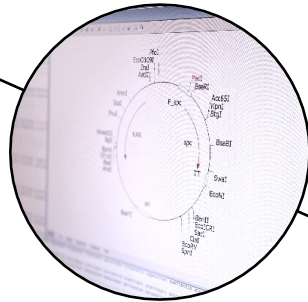
# From Candidates to Industrial Production Processes

all the technologies available to deliver the complete process

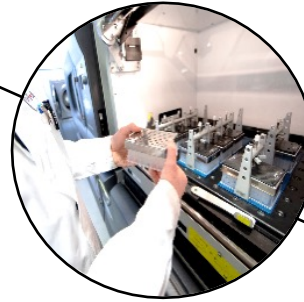
**Discovery**  
**Protein Engineering**  
**Rational Selection**



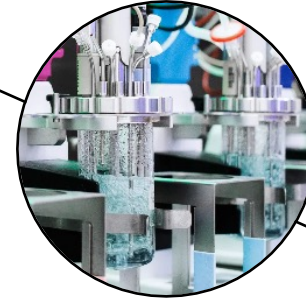
Microbial strains



Expression technology



Strain development



Bioprocess development

**Industrial production**



## Business Highlights 6M 22/23

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new organizational structure implemented with speed

- **Implemented new organizational structure** with improved transparency
  - Corporate reporting in three segments plus holding
  - External reporting now fully aligned with management model
- **Biocatalysts Ltd. now owned to 100%**
  - No more minority issues
  - One BioProducts creation started, completion over summer months
- **Akribion Genomics** good scientific progress and preparations for carve-out progressing, currently exploring all options for external partners
- Two **pharma projects** moving on according to plan (SolasCure & Deucricitibant (PHA121))
- Good H1 **organic topline growth** in both divisions
- **Cash** position at EUR 9.2 Million, solid
- FY and mid-term **targets remain unchanged**



# Efficient & Transparent Organization – H1 22/23

aligning external reporting with business accountability

**BRAIN Biotech AG**  
 Creating a #BiobasedFuture  
 H1 Holding Costs -€1.6m

**BioProducts**  
 Application Based Fermentation & Formulation

Enzyme & Food Ingredients Specialist

Food & Beverage  
 Healthcare  
 Production Scale-up  
 Large Scale Fermentation  
 Cell Factories  
 Precise Fermentation

€20.9m H1 Revenues  
 ~10 % + adj. EBITDA Margin

**BioScience**  
 Bespoke Customer Solutions

Solutions for Nutrition, Healthcare & Environment

Discovery  
 In-Vivo Gene/Protein Engineering  
 Bioprocess Development  
 Strain Development & Licensing  
 Bioactives  
 Small Molecules for Pharma

€6.1m H1 Revenues  
 0% adj. EBITDA Margin  
 Create Additional Upside via TMS + \*

**BioIncubator**  
 Building the Future in Biotech

Incubator Pipeline Projects & Participations

Breakthrough Discoveries  
 Proprietary Genome Editing  
 Partnered Investments  
 Pharma Spin-Outs  
 Licensed-Out

€0.2m H1 Revenues  
 €1.5m Total Investments  
 thereof €1.3m Akribion Genomics

Partnered Breakthrough Projects | Genome Editing Spin-Out, 100%  
 Pharma Spin-Out, 34.16 % stake | Pharma Licensed-Out, Royalties

\*TMS+ = Tech Access Fees, Royalties & Production Strain Licensing

All numbers H1, FY '22/23

# Financial Highlights 6M FY 2022/23 at a Glance

solid H1 topline growth

(in € thousand)	6M 2022/23	6M 2021/22	Growth	Organic Growth	Q2 2022/23	Q2 2021/22	Growth	Organic Growth	Comment
Revenues	27,170	23,267	16.8%	8.2%	13,476	13,090	3.0%	5.1%	Solid H1 growth
BioProducts	20,853	17,525	19.0%	7.6%	10,217	10,111	1.0%	3.7%	
BioScience	6,145	5,769	6.5%	6.5%	2,992	2,994	-0.1%	N/A	Milestones 148K 6M 21/22 Milestones 55K 6M 22/23
BioIncubator	175	0	N/A		87.5	0	N/A		
Total operating performance (1)	28,093	24,213	16.0%		14,596	13,778	5.9%		
Adjusted EBITDA (2)	-915	220	-516.3%		-528	519	-201.7%		(-) 434K ESOP 6M
EBITDA	-1,349	-725	-86.1%		-646	-79	-719.4%		
EBIT	-3,565	-2,783	-28.1%		-1,754	-1,160	-51.2%		
Net Result	-4,608	-3,748	-22.9%		-2,152	-1,418	-51.8%		
Operating Cash Flow	-5,557	-1,062	-423.5%		-3,513	-869	-304.3%		
	31.03.2023	30.09.2022							
Cash	9,156	8,443	8.4%	21.6%					

	6M 22/23	6M 21/22	Growth	Organic Growth
Number of Employees (3)	309	303	2.0%	11.6%
Material Expense Ratio	47.8%	43.5%	4.4% PP.	0.8% PP.
Adj. Personnel Expense Ratio	40.3%	42.3%	- 1.9% PP.	1.1% PP.

➤ Akribion Genomics investments  
@ 6M ~€1.3 million (LY ~€1.0 million)

## Major Events 6M '22/'23:

- **BioIndustrial overall** solid organic growth; plus Breatec inclusion & L.A. Schmitt divestment; high base Q2 21/22
- **Breatec** good performance and strong order pipeline; **Biocatalysts** solid growth of base business, 2<sup>nd</sup> fermenter commissioning limits EBITDA contribution and fermentation growth; **WeissBioTech** ongoing recovery
- **BioScience** continues on its growth path, this quarter driven by AnalytiCon Discovery
- **Adjusted EBITDA** no special adjustments except for ESOP of EUR 434K

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

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

(3) excluding Board members, managing directors, temporary staff, students and trainees



# Cash & Cash Flow

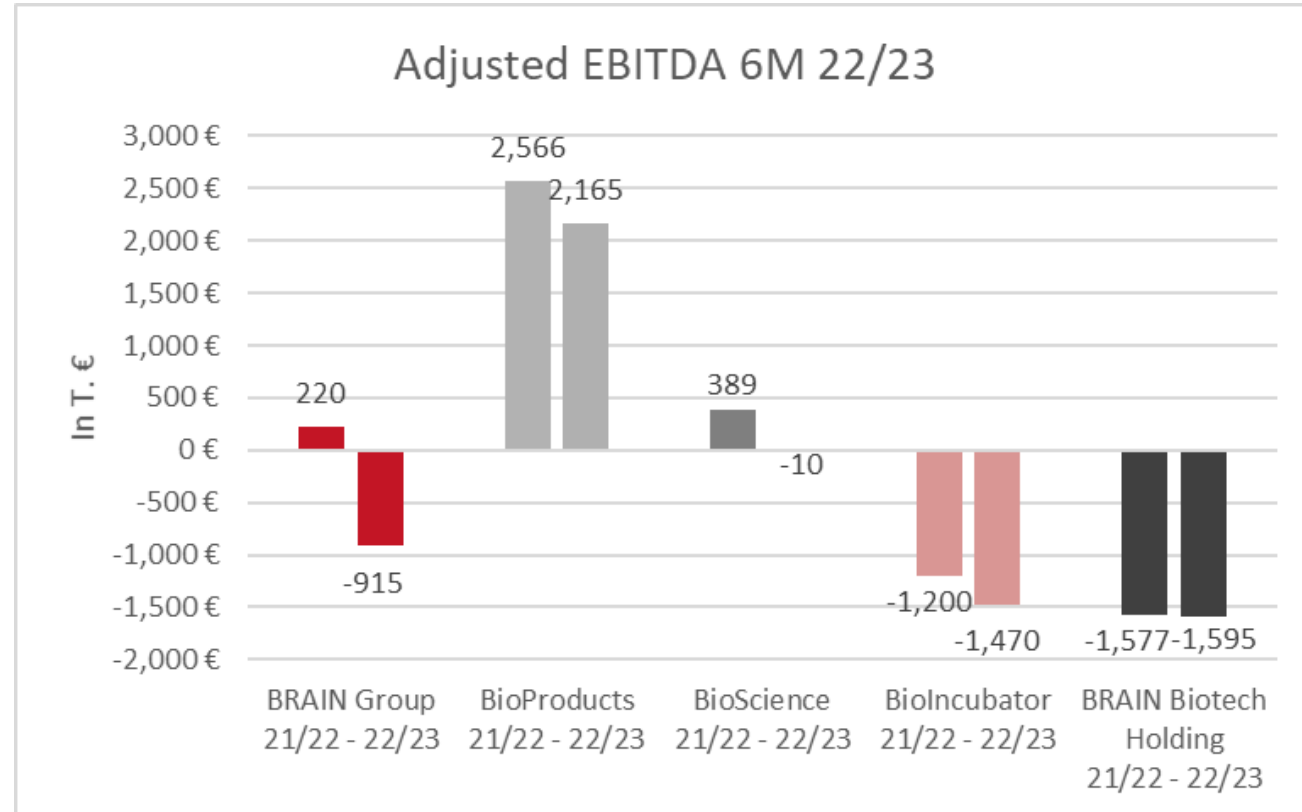
overall cash position stable

	6M	6M	Growth	Q2	Q2	Growth	
(in € thousand)	2022/23	2021/22		2022/23	2021/22		Comment
Gross Cash Flow	-2,798	-2,201	-27.1%	-1,228	-627	-95.8%	
Operating Cash Flow	-5,557	-1,062	-423.5%	-3,513	-869	-304.3%	mostly payables/receivables timing
Investing Cash Flow	1,693	-6,623	125.6%	-678	-5,067	86.6%	LAS divestment, lower CAPEX
Financing Cash Flow	4,607	-512	1000.5%	2,556	-264	1066.9%	refinancing activities
Net change in Cash & Cash Equivalents	743	-8,197	109.1%	-1,636	-6,201	73.6%	
	31.03.2023	30.09.2022					
Cash	9,156	8,443	8.4%				
Equity	29,866	34,248	-12.8%				

- Lower trade payables and other liabilities, mostly timing
- L.A. Schmitt GmbH divestment income
- Increased debt financing preparing for Biocatalysts minority buyout
- Limiting FY CAPEX to lower end of guidance

# Adjusted EBITDA

burdened by inflationary costs pass-on, weaker product mix & rising expensed investments for Akribion Genomics



**Group adj. EBITDA improvement lagging due to:**

- **BioScience:** rising personnel costs, wage inflation & higher number of employees, roll-over with time lag, lower milestones in quarter
- **BioIndustrial:** absolute rise but adverse mix effects, rising personnel numbers and personnel cost inflation, 2<sup>nd</sup> fermenter start-up interruptions and costs
- **Akribion Genomics:** rising expensed investments
- **Holding:** constant costs despite service cost inflation

Akribion Genomics investments @ 6M ~€1.3 million (LY ~€1.0 million)

➤ Second large scale fermenter commissioning

# General Risk Factor Update

ongoing business risk monitoring

## Summary:

**BRAIN Group: overall business growth remains solid. Supply chain still partially stretched but easing. Inflationary pressures remain high and require tight monitoring. General business cycle risk increasing**

**Current Situation:** Certain supply chain constraints still persist, mostly caused by consequential effects of the pandemic. Ongoing high inflationary pressures on material, energy and labor costs. SolasCure Phase 2a clinical trials now finalized (~9 months delays incurred due to the pandemic situation). Tight labor market conditions across all geographies: war for talent.

**Future Challenges:** General business cycle risk with stagflation or recession as a possible scenario. US growth engine weakening. China with slow recovery. Hence, European main export markets challenged. Geopolitical stress and risk remains high. Rising interest rates diminish general interest in growth assets.



# Our Targets – Confirmed

## FY Guidance and Mid-Term Targets

### This FY Guidance

#### Quantitative Guidance

**Group sales: around EUR 54 to 57 million**

- BioScience: high single digit
- BioProducts: low double digit

#### Adj. EBITDA

- low single digit million positive (ex Akribion Genomics)

#### Akribion Genomics

- associated expensed investments: ~ EUR 3.5 million

#### Group CAPEX

- 5-7 EUR million

Guidance issued under the assumption of no global recession and average exchange rates of EUR/USD at 1.02 & EUR/GBP at 0.87

### Mid-Term Targets, Updated

(issued 02/23; 4-6 year targets)

(excluding Akribion Genomics)

#### EUR 100 million group revenues

- Double digit topline product CAGR on average
- Accretive bolt-on M&A
- Contract research, TMS, low single digit growth (excluding milestones and royalties)

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

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

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

- Continuous innovation pipeline management

# Financial Calendar

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HALFYEAR STATEMENT  
Publication of the half year report as of March 31<sup>st</sup>, 2023 (6M)  
**May 25<sup>th</sup>, 2023**



QUARTERLY STATEMENT  
Publication of the quarterly statement as of June 30<sup>th</sup>, 2023 (9M)  
**August 30<sup>th</sup>, 2023**



ANNUAL REPORT  
Publication of the annual report as of September 30<sup>th</sup>, 2023 (12M)  
**January 17<sup>th</sup>, 2024**



QUARTERLY STATEMENT  
Publication of the quarterly statement as of December 31<sup>st</sup>, 2023 (3M)  
**February 28<sup>st</sup>, 2024**



ANNUAL GENERAL MEETING  
Annual General Meeting (FY 2022/23)  
**March 12<sup>th</sup>, 2024**



# Thank you very much for your interest.

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