

BRAIN Biotech AG

Creating a #BiobasedFuture

Management Statement 3M FY 2023/24

Adriaan Moelker, CEO

Michael Schneiders, CFO

Zwingenberg, February 28th, 2024

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.



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Business Highlights 3M FY 2023/24

satisfactory start to the year

➤ **BioScience**

- Very strong start to the year
- Especially driven by AnalytiCon Discovery
- Good order book for Zwingenberg

➤ **One BioProducts**

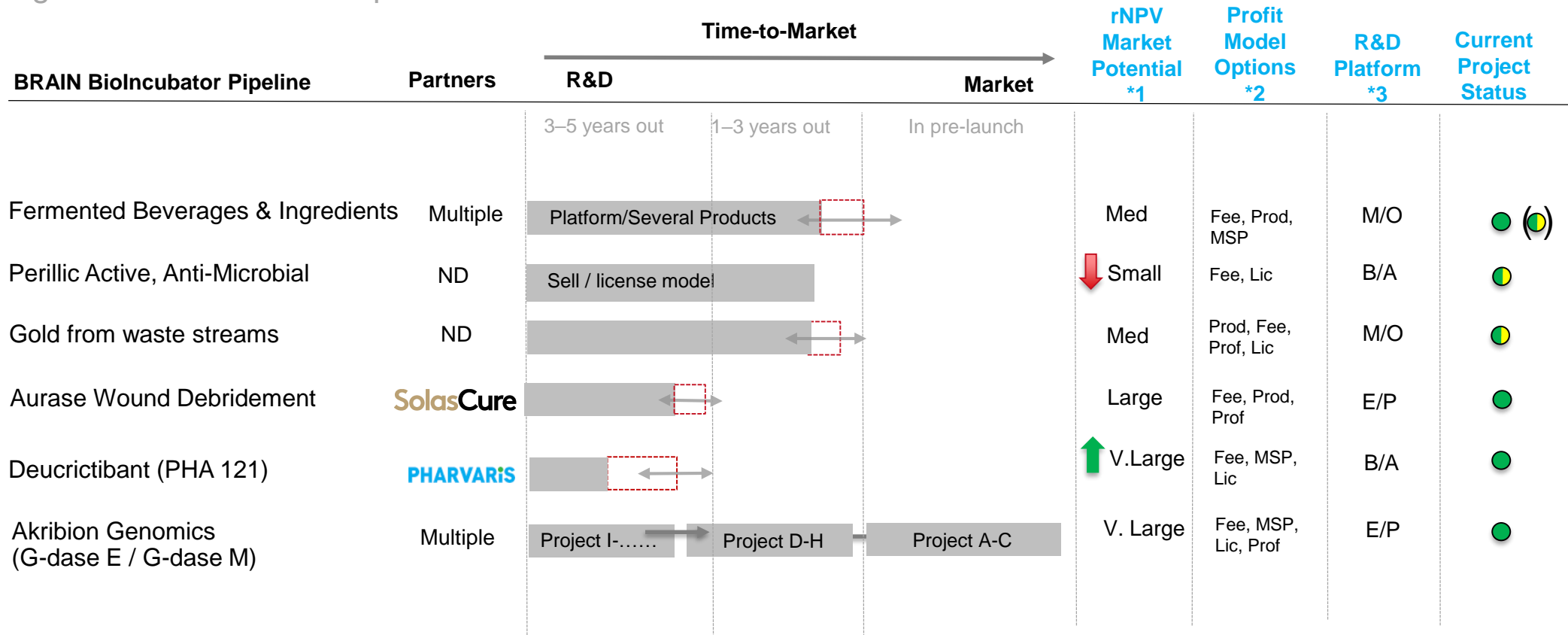
- Second large-scale fermenter now fully commissioned, teething issues still influenced Q1
- Breatec continues on strong growth path
- WeissBioTech with good momentum

➤ **Brazzein:**

- Evaluation of best path to market with a new exclusive, undisclosed partner

BRAIN Incubator - Update

significant value creation potential



Salt 1: successful market launch in 2022
Brazzein shelved for new partners

Progress since CMD 02/23

- On track
- Program on hold or without a partner
- 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 Biotech Group rNPV FCF+TV: **Small** < € 5 million, **Medium** € 5 million - € 15 million, **Large**: € 15 million +
 *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 3M FY 2023/24 at a Glance

good sales growth in Q1 FY 23/24 for BioScience – slower start-up curve for BioProducts / high base

(in € thousand)	3M 2023/24	3M 2022/23	Growth	Q1 2023/24	Q1 2022/23	Growth	Comment
Revenues	12,729	13,694	-7.0%	12,729	13,694	-7.0%	
BioProducts	9,320	10,636	-12.4%	9,320	10,636	-12.4%	
BioScience	3,361	2,961	13.5%	3,361	2,961	13.5%	Milestones €15k 3M 23/24 Milestones €0k 3M 22/23
BioIncubator	69	105	-34.3%	69	105	-34.3%	Akribion License + TMS
Total operating performance (1)	13,077	13,497	-3.1%	13,077	13,497	-3.1%	
Adjusted EBITDA (2)	-657	-388	-69.6%	-657	-388	-69.6%	(-) €233K ESOP 3M FY23/24 (-) €315K ESOP 3M FY22/23
EBITDA	-890	-703	-26.6%	-890	-703	-26.6%	
EBIT	-2,069	-1,811	-14.3%	-2,069	-1,811	-14.3%	
Net Result	-2,631	-2,456	-7.1%	-2,631	-2,456	-7.1%	
Operating Cash Flow	-2,647	-2,044	-29.5%	-2,647	-2,044	-29.5%	
	31.12.2023	30.09.2023					
Cash	4,554	5,352	-14.9%				

	3M 23/24	3M 22/23	Growth
Number of Employees (3)	311	309	0.6%
Material Expense Ratio	44.1%	43.4%	0.7% PP.
Adj. Personnel Expense Ratio	44.3%	39.4%	4.9% PP.

➤ Akribion Genomics gross investments
@ 3M ~ € 0.8 million (3M LY ~ € 0.7 million)

Major Events 3M '23/'24:

- **BioProducts** weaker start to the FY which is mainly driven by lower fermentation business and an exceptional strong first quarter in PY 22/23, catch up forecasted
- **BioScience** very strong growth mainly due to better library business at AnalytiCon Discovery
- **BioIncubator** license income volatile over quarters
- **Adjusted EBITDA**, only adjustments for ESOP of € 233k

(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

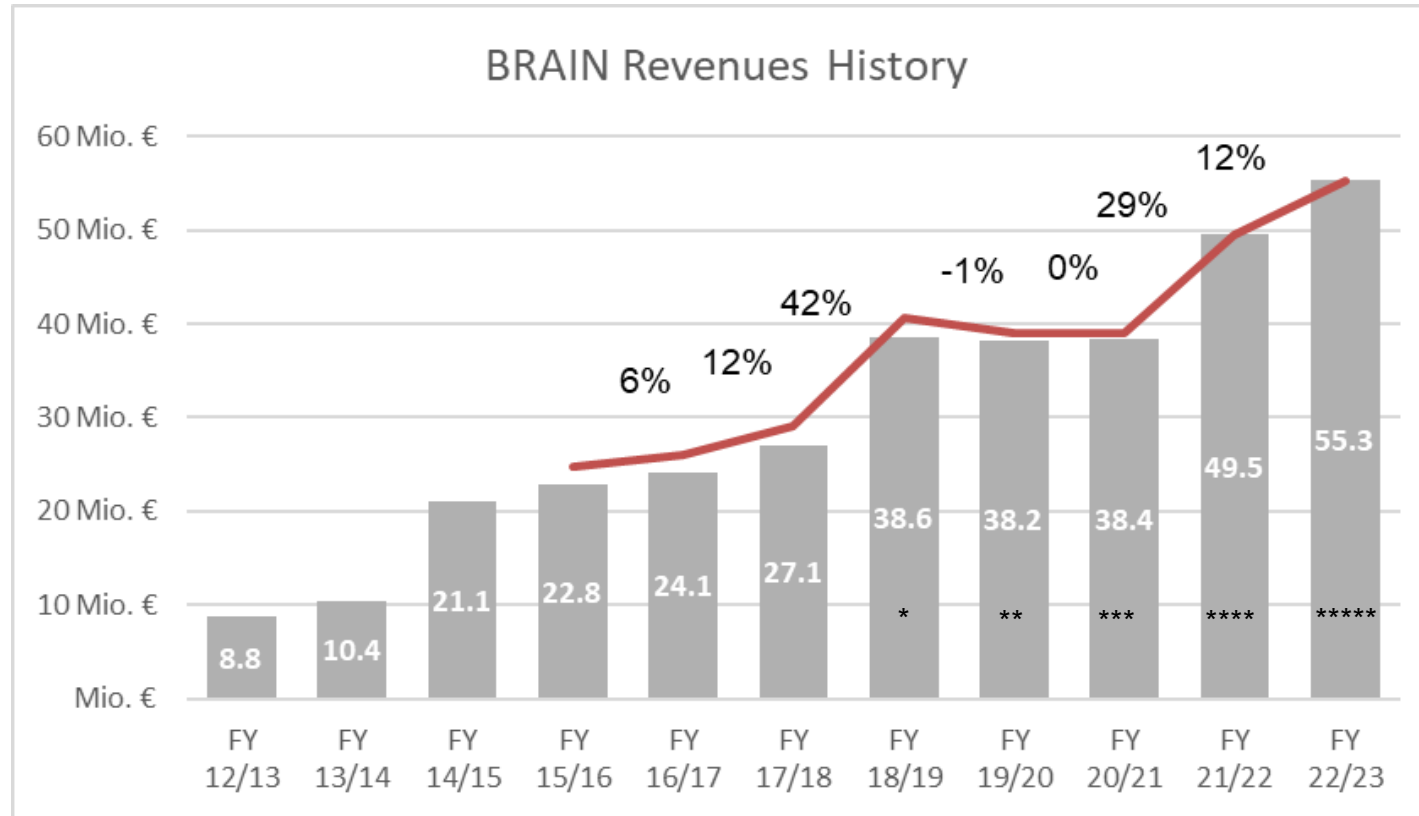
overall cash position remains solid, additional financing measures successfully initiated

(in € thousand)	3M 2023/24	3M 2022/23	Growth	Q1 2023/24	Q1 2022/23	Growth	Comment
Gross Cash Flow	-3,236	-1,569	-106.2%	-3,236	-1,569	-106.2%	
Operating Cash Flow	-2,647	-2,044	-29.5%	-2,647	-2,044	-29.5%	
Investing Cash Flow	-385	2,371	-116.3%	-385	2,371	-116.3%	Divestment of L.A.Schmitt € 3.0 million in 3M 22/23
Financing Cash Flow	2,167	2,052	5.6%	2,167	2,052	5.6%	
Net change in Cash & Cash Equivalents	-866	2,379	-136.4%	-866	2,379	-136.4%	
	31.12.2023	30.09.2023					
Cash	4,554	5,352	-14.9%				
Equity	20,483	23,013	-11.0%				

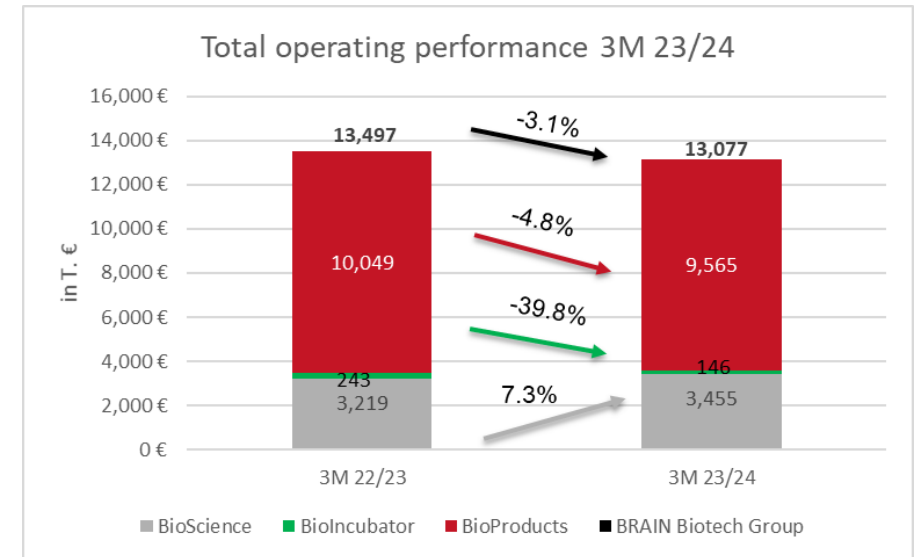
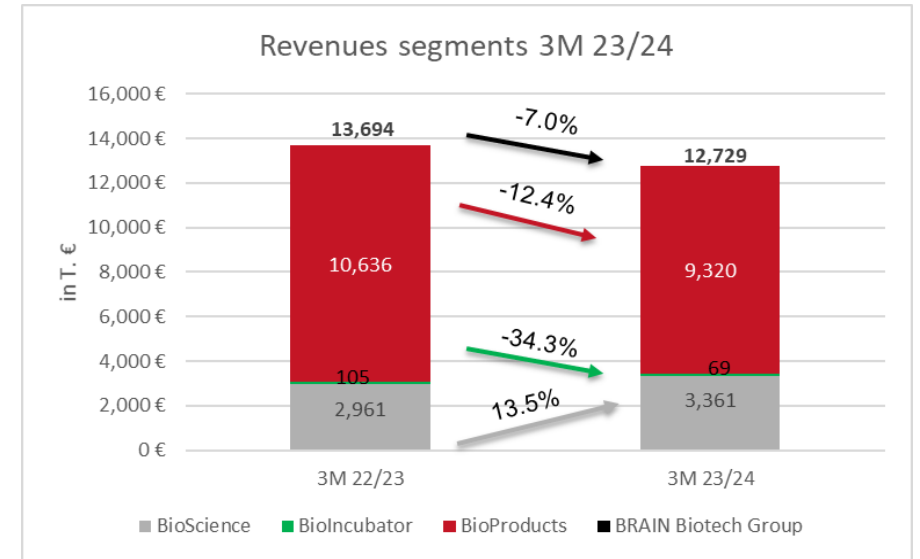
- Cash on hand stable versus 12M
- New financing initiatives for FY 23/24:
 - € 5 million non-dilutive financing: additional silent participation Hessen Kapital, pending AGM approval
 - advanced negotiation additional financing for holding
 - further external financing on the level of BioProducts, single-million Euro
 - additional non-dilutive measures with reach beyond 23/24 planned

Long-Term Revenue Growth Trajectory

growth path ongoing for FY 23/24, both main segments to contribute



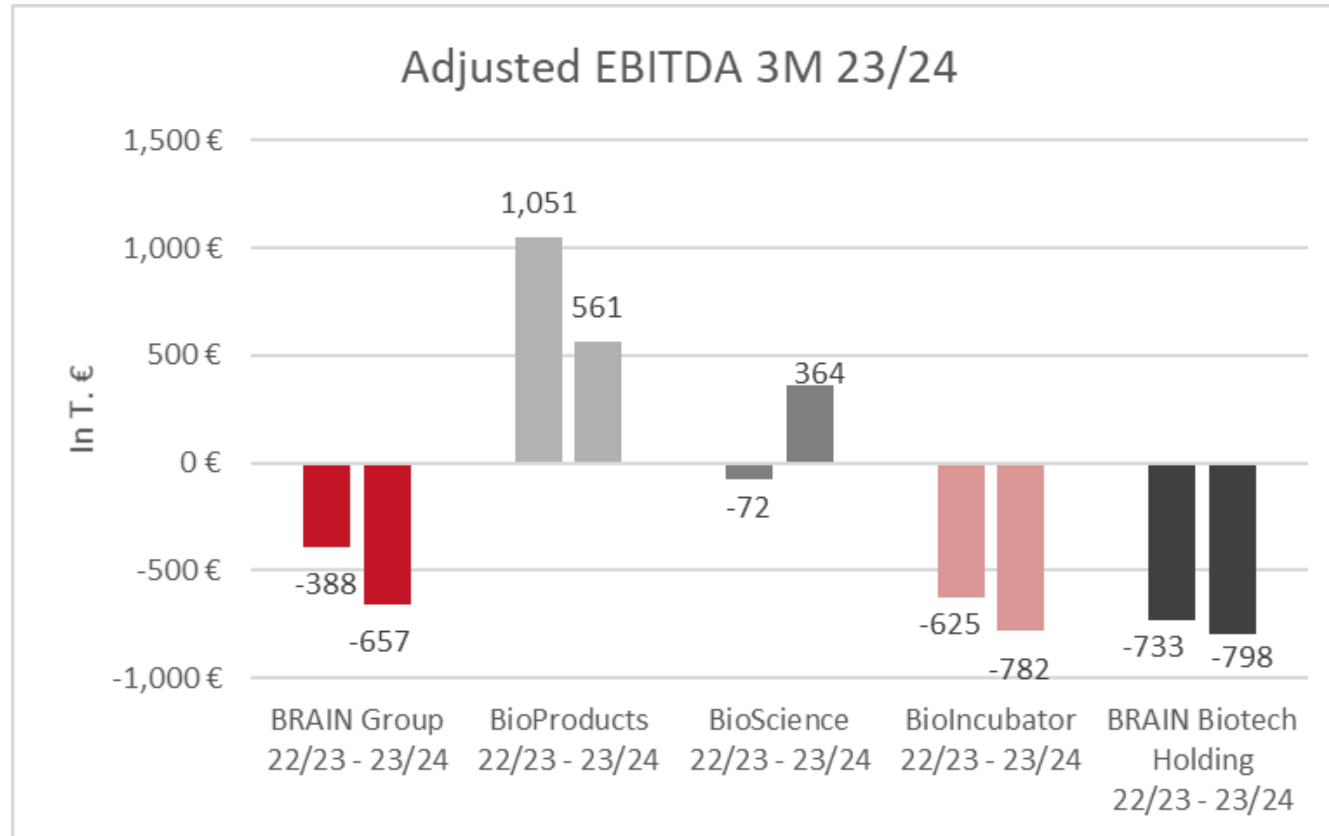
- Growth path to be continued in FY23/24, see guidance slide
- Group structure well established to stay on the growth path
- Close working relationships between all segments enable synergies to be leveraged



*purchase BioCatalysts Ltd. **divestment Monteil Cosmetics ***purchase BioSun ****Bretec integration for 8 months *****divestment LA Schmitt

Adjusted EBITDA

keeping up well despite lower Q1 sales contribution thanks to strong cost discipline



Strong cost discipline maintained

- **BioScience:** Strong improvement thanks to increased sales and strong cost control
- **BioProducts:** weaker EBITDA in Q1 23/24 is mainly driven by lower sales (compared to a very strong PY22/23) and second large fermenter teething problems
- **BioIncubator:** slightly rising expensed investments for Akribion Genomics, mainly timing → expenses guided flat for full year
- **Holding:** constant costs despite high service cost inflation, strong overall cost control maintained

➤ Akribion Genomics gross investments @ 3M ~ € 0.8 million (3M LY ~ € 0.7 million)

➤ Still teething issues of second large-scale fermenter in the quarter, now successfully commissioned

Our Targets

FY Guidance and Mid-Term Targets

This FY Guidance

Quantitative Guidance

Group sales: € 58 to 62 million

- BioProducts and BioScience both contributing

Adj. EBITDA

- to improve at least in-line with revenue development

Akribion Genomics

- associated expensed investments: ~ € 3.3 million (flat YoY)

Group CAPEX

- € 3 - 4 million

(as far as this guidance is concerned any changes in the consolidation scope are considered separately and do not form part of this forecast)

Mid-Term Targets - Unchanged

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

(excluding Akribion Genomics)

€ 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

General Risk Factor Update

ongoing business risk monitoring

Summary:

BRAIN Group: overall business growth remains solid despite a weakening overall macroeconomic environment. Inflationary pressures still present and require ongoing monitoring. Geopolitical risks remain high. Second large-scale fermenter now ramped, adding production flexibility.

Current Situation: Limited supply chain constraints still persist. Ongoing and volatile inflationary pressures on material, energy and labor costs with time-lag to pass-on. Stocking and de-stocking effects add to volatility. Tight labor market conditions across all geographies: war for talent. Limited easing on energy costs.

Future Challenges: General business cycle risk with stagflation or recession as a possible scenario. US growth engine weakening. China little recovery. Hence, European main export markets challenged. General consumption weakness. Geopolitical stress and risk remains high. High interest rates diminish general interest in growth assets. Refinancing conditions for start-ups and Biotech sector remain challenging.

Financial Calendar

2023/24



QUARTERLY STATEMENT

Publication of the quarterly statement as of December 31st, 2023 (3M)

February 28th, 2024



ANNUAL GENERAL MEETING

Annual General Meeting (FY 2022/23)

March 12th, 2024



HALFYEAR STATEMENT

Publication of the half year report as of March 31st, 2024 (6M)

May 28th, 2024



QUARTERLY STATEMENT

Publication of the quarterly statement as of June 30th, 2024 (9M)

August 29th, 2024



ANNUAL Report

Publication of the annual year report as of September 30th, 2024 (12M)

January 15th, 2025

Thank you very much for your interest.



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