

BRAIN Biotech AG

Creating a #BiobasedFuture

Royalty Purchase Agreement deucricitibant

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Michael Schneiders, CFO

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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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Successfully Executed Royalty Purchase Agreement with Royalty Pharma on deucricitibant

major value creation from our BioIncubator pipeline

- **Milestone Transaction:** very strong value creation from our **BioIncubator pipeline**
- By far the largest deal in the corporate history of BRAIN Biotech AG
- **Non-dilutive financing** with significant upfront cash; now moving into a strong cash position
- **Significant additional cash proceeds** within the next years expected
- Still participate on deucricitibant over the lifetime of the project
- Securing **financing for our ambitious BioProducts growth strategy** and reduce debt
- Cash and tax optimized structure; realization of P&L and tax effects in later years

Royalty Purchase Agreement with Royalty Pharma -- Summary

forwarding cash receipts, de-risking this very large BioIncubator program

➤ Existing deucricitibant license agreement with Pharvaris

- BRAIN retains additional potential milestone payments of up to €9.0 million
- Received and booked €1.5 million milestone already in Q2, 2023/24; highest ever in company history

➤ Royalty Purchase Agreement with Royalty Pharma

- Royalty Pharma is the world's largest buyer of Biopharmaceutical royalties
- Selling the BRAIN Biotech royalties on deucricitibant for HAE in exchange for:
 - Very meaningful upfront payment
 - Regulatory milestone payments, short- to mid-term
 - Sales related milestone payments, mid- to long-term
- De-risking a very large BioIncubator program via upfront payment

➤ BRAIN Biotech AG / AnalytiCon discovery merger

- Allows tax efficient structure
 - Netting with running net losses
 - Consume tax loss carried forward
 - Maximizing cash-in proceeds

Royalty Purchase Agreement with Royalty Pharma – Financial Terms

forwarding cash receipts, de-risking this very large BioIncubator program

- **Total possible proceeds from deucrichtibant of up to €137,88 million**
- **Deucrichtibant licensed to Pharvaris**
 - Potential milestone payments of up to **€9.0** million stay with BRAIN
- **Royalty Purchase Agreement with Royalty Pharma, up to €128.88 million**
 - **€18.41** million upfront payment
 - Up to **€18.42** million nearer-term regulatory milestones
 - Up to **€92.05** million mid- to long-term sales related milestones

Royalty Purchase Agreement with Royalty Pharma – Initial Guidance Accounting

forwarding cash receipts, de-risking this very large BioIncubator program

Initial Guidance for Pre-Payment and Regulatory Milestones

➤ Group accounting, IFRS

- Treated as a financial transaction (IFRS 9)
- Initial measurement: **Debit: Cash; Credit: Financial Liability**

➤ AG accounting, HGB

- Treated as a true sale
- Initial measurement: **Debit: Cash; Credit: Deferred Income (PRAP)**

No Initial recognition on the P&L, no initial tax payments; P&L and tax realization starts with potential market introduction of deucricitibant, following the flow of royalty payments

CMD 2024 – December 12th in Zwingenberg

additional live stream or video recording will be available

➤ **Strategic Focus:**

- Growth initiatives BioProducts, On our way to a Top 10 player
- R&D integration Zwingenberg with BioProducts
- Our edge on technology
- The importance of high efficiency producer strains throughout the group
- BioIncubator developments and further monetization initiatives

➤ **Use of proceeds guidance**

➤ **Workshop on long-term accounting / tax effects of royalty monetization deal**

Thank you very much for your interest.



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