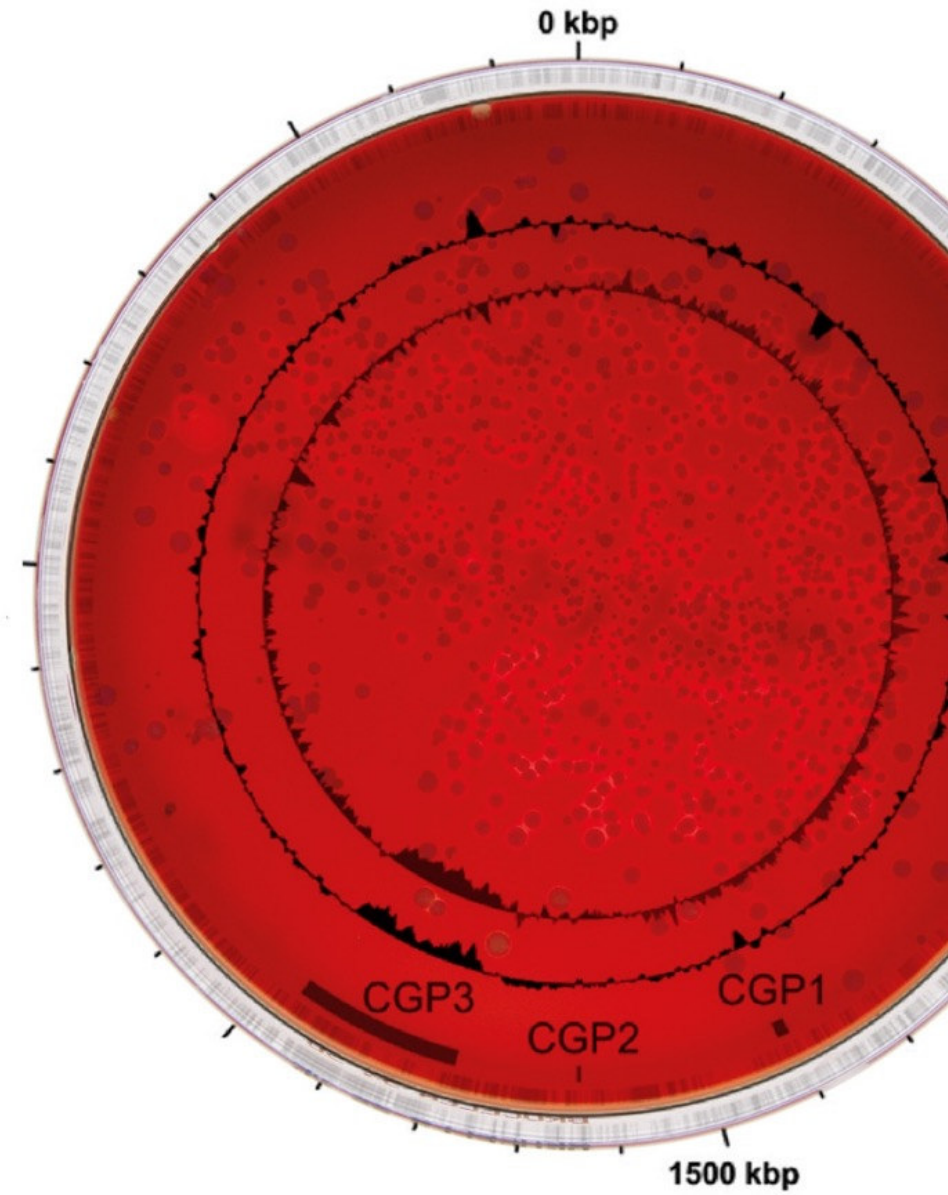
BRAIN Group

Pioneering Bioproducts

Analyst Call
FY 3M 2020/'21

Adriaan Moelker, CEO
Lukas Linnig, CFO

Zwingenberg, February 26th ,2021



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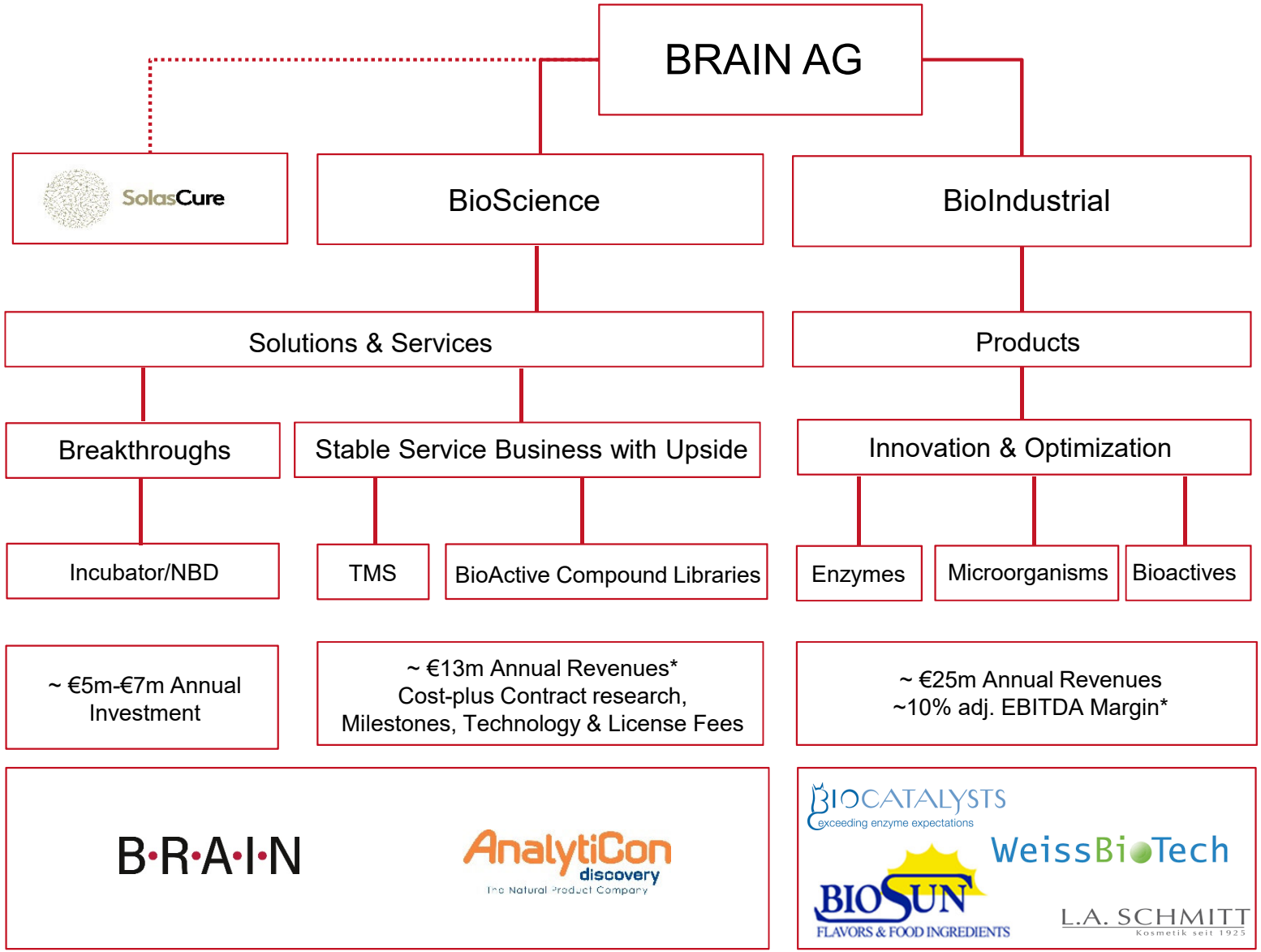
This is BRAIN



*FY '19/'20

BioIndustrial Division, Deep Dive

Diverging Business Performance

Biocatalysts – Very Strong Performance

- Very strong topline and margin performance during Brexit discussions and the pandemic
- Low double digit revenue growth, adj. EBITDA margin ~16%
- Strong future growth prospects thanks to launch pipeline and past investments
- 10m^3 fermenter commissioning on track, now operational
- Increased focus on own production / fermentation model allows additional strong margin potential
- Remaining minority shareholdings

WeissBioTech – Pandemic & Operational Challenges

- Lower sales volumes bioethanol/potable alcohol, enzymes for the beer & wine industry, loss of one large customer, tough to win new customers due to pandemic
- Change in regulation
- Relocation issues from Chanteloup-en-Brie to Büttelborn
- Inventory write-downs
- Change of key personnel
- Currently loss making

Biocatalysts

Factory Expansion

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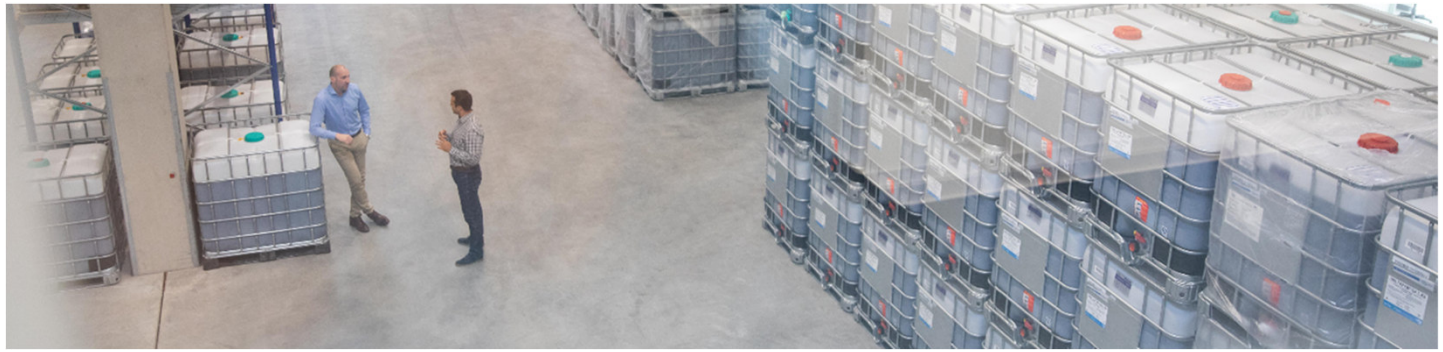
BioIndustrial Division, Deep Dive

Tackling the Challenges at WeissBioTech

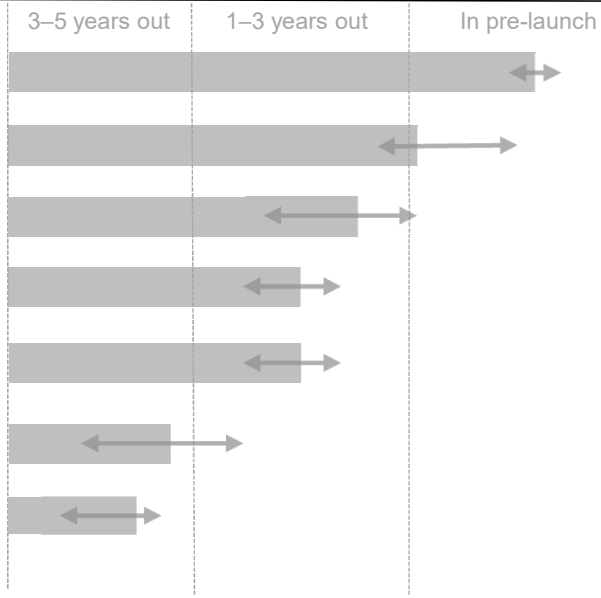
WeissBioTech – Management Actions Taken

- Minorities purchased last FY to gain full control
- MD empowered to take all necessary actions
- Fixing site issues with limited additional investments
- Full review for regulatory changes (EU positive list)
- Clean-out inventories
- On products with low cyclical sales momentum focus on margin
- Lift cost and sales synergies with the rest of the group; cross-selling potential with BioSun
- Loss making in FY ‘19/’20, initiated turnaround, expect back to profitability FY 2021/22
- Re-define business model for higher margin potential



Our Incubator: Focused New Business Pipeline**

Pipeline	Partners	R&D	Time-to-Market	Market	rNPV Market Potential *1	Profit Model Options *2	R&D Platform *3	Current Project Status
		3–5 years out	1–3 years out	In pre-launch				
Natural fermented beverages 1	SUNTORY				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, Prof	M/O	
Perillic Active, Anti-Microbial	ND				Med	Prod, Prof	B/A	
Gold from waste streams					Med	Prod, Fee, Prof	M/O	
DOLCE Natural Sweet Solutions	ROQUETTE				Large	Fee, MSP, Prof, Lic,Prod	B/A, E/P	
Aurase	SolasCure				Large	Fee, Prod, Prof	E/P	



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- Projects Green Metal Mining, Sweet Taste Enhancer and CO_2 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 12

- 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

Current Management Focus

- Prepare organization for future growth and profitability ☑
- Introduce new organizational structure ☑
  - Focus Business Development (Sales) ☑
- Business prioritization in the new business development pipeline ☑
- Performance manage group companies ☑
- Execute bolt-on value enhancing M&A transactions ☑

- Build M&A pipeline ☑
- Enzyme host organism optimization & development ☑
- Secure new public R&D Funding ☑
- Upgrade HR process: performance management & talent development ☑
- Introduce group benchmarking and best-practice transfer
- Create a sustainability report, prepare organization for ESG reporting
- Centralizing of corporate functions over the mid-term

☑ Accomplished
☑ In progress

Financial Highlights at a Glance

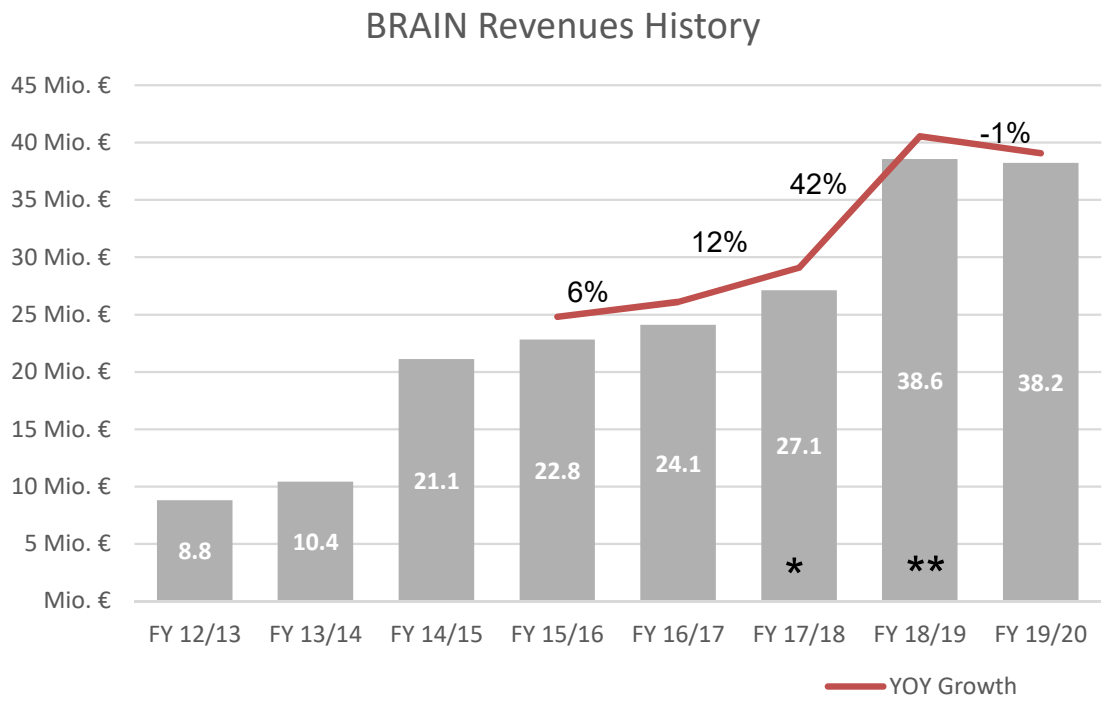
(in € thousand)	3M 2020/21	3M 2019/20	Growth	Organic Growth	Q1 2020/21	Q1 2019/20	Growth	Organic Growth	Comment
Revenues	8,078	10,323	-21.7%	-21.7%	8,078	10,323	-21.7%	-21.7%	
BioScience	2,002	4,021	-50.2%	-50.2%	2,002	4,021	-50.2%	-50.2%	Milestones 90K Q1 20/21 Milestones 913k Q1 19/20
BioIndustrial	6,134	6,302	-2.7%	-2.7%	6,134	6,302	-2.7%	-2.7%	
Total operating performance (1)	8,488	10,390	-18.3%	-18.3%	8,488	10,390	-18.3%	-18.3%	
Adjusted EBITDA (2)	-1,428	-226	-530.6%	-530.6%	-1,428	-226	-530.6%	-530.6%	(-) EUR 160K ESOP
EBITDA	-1,587	-313	-407.8%	-407.8%	-1,587	-313	-407.8%	-407.8%	
EBIT	-2,492	-1,186	-110.1%	-110.1%	-2,492	-1,186	-110.1%	-110.1%	
Net Result	-3,269	-2,234	-46.3%	-46.3%	-3,269	-2,234	-46.3%	-46.3%	
Operating Cash Flow	-2,132	-574	-271.4%	-271.4%	-2,132	-574	-271.4%	-271.4%	
	31.12.2020	30.09.2020							
Cash	16,113	18,943	-14.9%	-14.9%					
Number of Employees	273	281	-2.8%	0.0%					
Material Expense Ratio	49.1%	40.6%	8.5% PP.	8.5% PP.					
Adj. Personnel Expense Ratio	54.3%	42.7%	11.6% PP.	11.6% PP.					

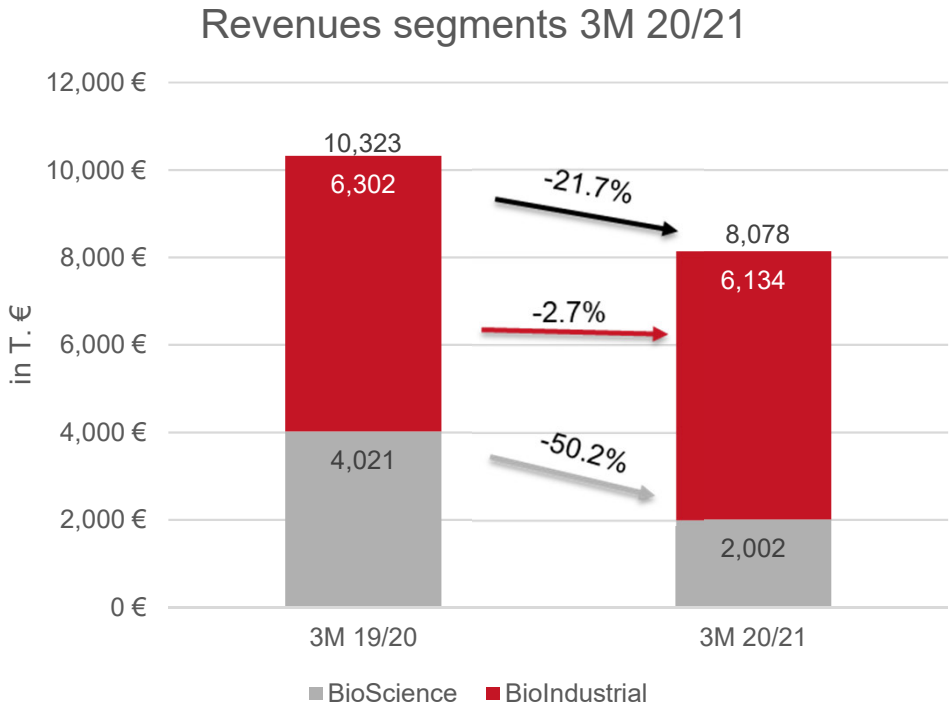
Major Events 3M '20/'21:

- BioScience faced by a very strong base in Q1 '19/20
- BioScience, in addition, faced by timing issue, lower milestones, always volatile QoQ
- BioIndustrial, Split Performance
  - Strong Biocatalysts revenue growth
  - Weak WeissBioTech revenue development
- Solid cash position at EUR16.1 Mio

(1) Revenues + change in inventories + other income + R&D grants
(2) The full reconciliation from adjusted to unadjusted EBITDA can be found in the appendix

Strong Long-Term Revenue Growth Trajectory

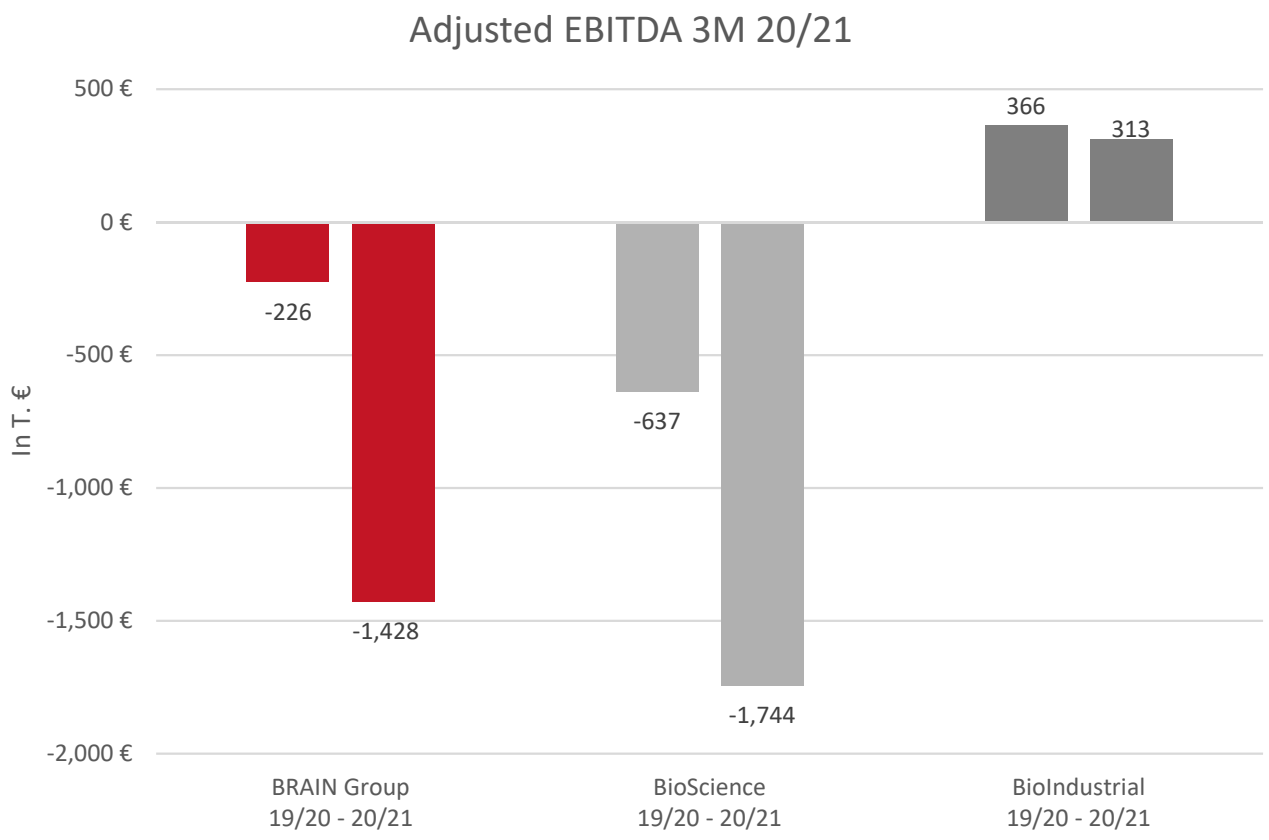




Note: BioSun consolidation from FY Q2

*purchase BioCatalysts Ltd. **divesture Monteil Cosmetics

Adjusted EBITDA



- Group adj. EBITDA down from (-) €226K to (-)€1.428K; driven mainly by the segment BioScience which had a high YoY comparison base and lower milestones; always volatile revenue recognition QoQ
- BioScience: last year large payments related to two project; QoQ timing issues; lower milestone payments; improvement expected throughout the year
- The BioIndustrial segment with diverging performance: strong Biocatalysts, weak WeissBioTech

Cash & Cash Flow

Solid Cash Position

(in € thousand)	3M 2020/21	3M 2019/20	Growth	Q1 2020/21	Q1 2019/20	Growth	Comment
Gross Cash Flow	-1,719	-1,690	-1.7%	-1,719	-1,690	-1.7%	
Operating Cash Flow	-2,132	-574	-271.4%	-2,132	-574	-271.4%	
Investing Cash Flow	-194	-1,572	87.7%	-194	-1,572	87.7%	
Financing Cash Flow	-523	199	-362.4%	-523	199	-362.4%	
Net change in Cash & Cash Equivalents	-2,849	-1,947	-46.3%	-2,849	-1,947	-46.3%	
	31.12.2020	30.09.2020					
Cash	16,113	18,943	-14.9%				
Equity	23,104	26,143	-11.6%				

SolasCure

Funding: New Investor Attracted

New Funding

- GBP 3 Mio in total
- New investor attracted: Seneca Partners (VC) with Seneca Growth Capital VCT
- BRAIN participated below pro-rata stake
- BRAIN stake now at 41% (46%)
- Pre-Money valuation +20% versus last capital injection
- BRAIN invested GBP 0.5 Mio
- Clinical testing (Phase 2a) still planned to commence in 2021

➢ New partner attracted

➢ Valuation keeps rising despite Covid-19 related delays

➢ All future options open for BRAIN

Secure New Public R&D Funding

First Success

Recent Developments

- With the recent Covid-19 vaccine discovery successes public Biotech R&D funding has come back into focus
- BRAIN aims to benefit and participate here
- Internal projects to gain access to public funding initiated
- Programs:
  - Several smaller programs throughout the group
  - ZeroCarbFP, running program
  - New larger EU multi-year program about to start (announcement post signing)
  - Searching for additional funding

Year	R&D Grant
‘19/’20	€839K
‘18/’19	€1.486K
‘17/’18	€2.000K
‘16/’17	€2.310K
‘15/’16	€2.249K

➢ Breakthrough projects can attract partner as well as public funding

➢ Public R&D funding is an efficient tool to de-risk our own R&D effort

Covid-19 Update

Secure:

- Health aspects
- Supply chain
- Operating business
- Future pipeline

Targets:

- Safety of employees
- Business continuity
- Minimize disruptions
- Fulfill customer contracts

Measures:

- Covid-19 task force
- Hygiene concept
- Personal safety supplies
- Physical distancing
- Home office
- Strict travel restrictions
- Flex work
- Digitalize workflow

Current Disruptions: SolasCure is facing around 6-9 months delays in clinical trials as the relevant test centers have been closed for non Covid-19 patients. Lower sales volumes of enzyme products to ethanol and beer/wine producers at WBT

Future Challenge: travel restrictions and physical distancing make it more challenging to visit customers for new projects (BioScience). Our business development team is working here with creative solutions and trying its best to keep effects on the commercial project pipeline as low as possible. Managing the turnaround at WBT

Summary:

BRAIN Group: so far limited negative Covid-19 effects materialized. Effects on full FY '20/21 currently hard to forecast and quantify

Our Targets

This FY

Qualitative Guidance:

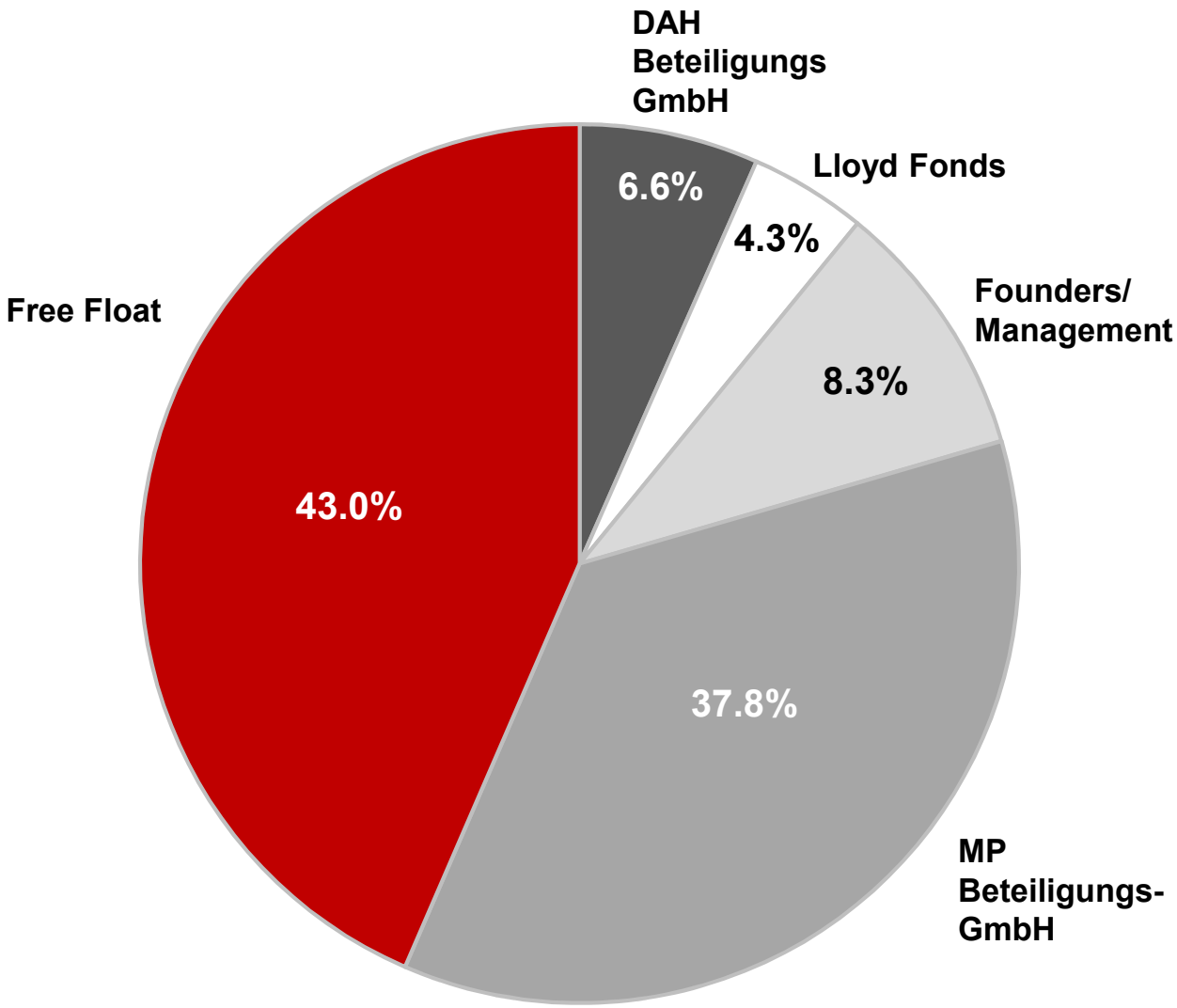
- Potential Covid-19 and Brexit effects currently hard to forecast
- Improvement of our EBITDA and operating cash flow targeted
- Significantly lower amount of one-off charges forecasted, especially for management changes
- as stated at our CMD: overall organic growth likely to be below the mid-term average (high base BioScience, solid BioIndustrial expected despite challenges at WeissBioTech)
- On enzyme products, where sales volumes are negatively affected by Covid-19: we focus on margin protection
- Better quarters ahead for BioScience expected

- **Quantitative guidance:**
  - Will be issued with the Q2 results due to today's uncertainties related of the Covid-19 pandemic

Mid-Term, Unchanged (issued 09/20, 4-5 year targets)

- **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

Our Share Ownership*



- Current number of shares: 19,861,360
- Free float of ~ 43%
- Strong long-term investor base
- ~ 8,000 shareholders
- WKN 520394 / ISIN DE0005203947
- Symbol BNN
- Prime Standard; Frankfurt/M

*December 31st, 2020

Financial Calendar

10.03.
2021

ANNUAL GENERAL MEETING
Annual General Meeting (FY 2019/20)
March 10th, 2021

6M
2020/2021

QUARTERLY STATEMENT
Publication of the quarterly statement as of March 31st, 2021 (6M)
May 28th, 2021

9M
2020/2021

QUARTERLY STATEMENT
Publication of the quarterly statement as of June 30th, 2021 (9M)
August 30th, 2021

Thank you for your attention.

BRAIN Aktiengesellschaft

Darmstädter Straße 34–36

64673 Zwingenberg, Germany
www.brain-biotech.com

Your contacts:

Michael Schneiders, Head of IR

+49 (0) 6251-9331-86
MiS@brain-biotech.com

Martina Schuster, IR
+49 (0) 6251-9331-69
MS@brain-biotech.com

@BRAINbiotech

BRAIN AG