
BRAIN Group

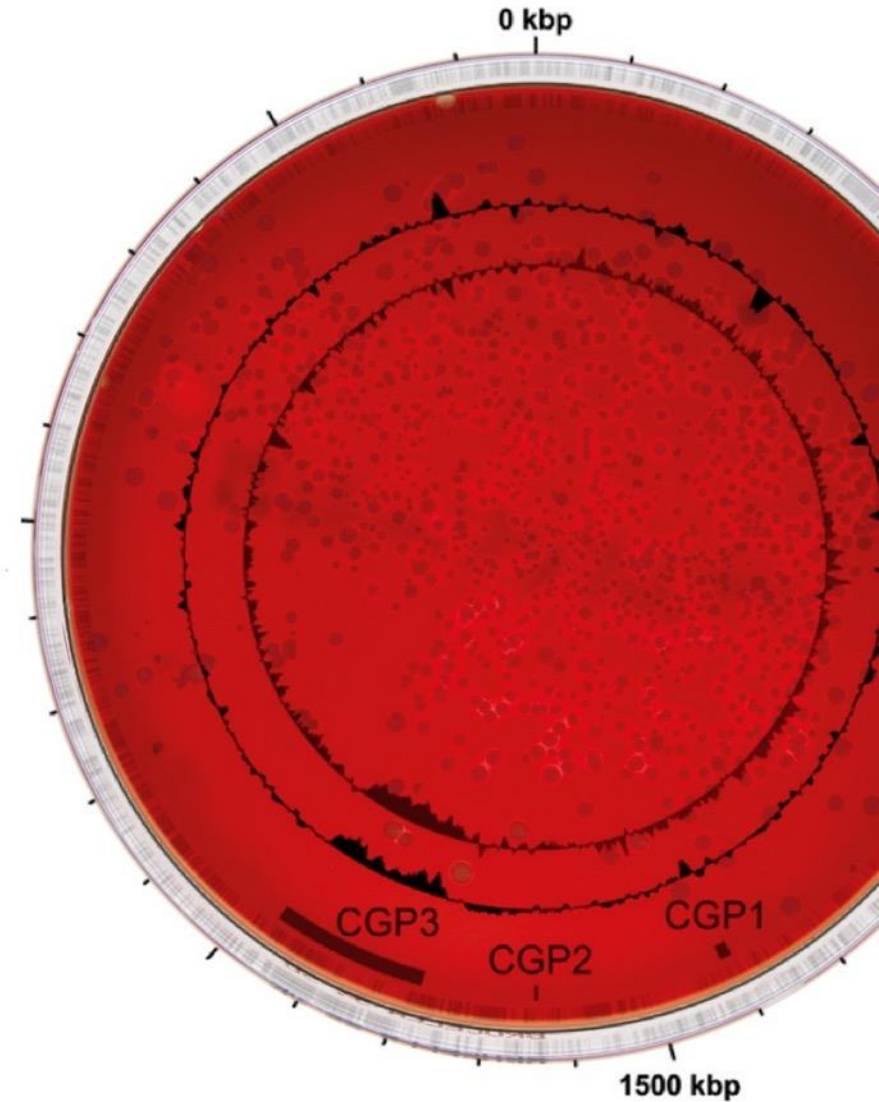
Pioneering Bioproducts

Analyst Call

FY 2019/'20

Adriaan Moelker, CEO
Lukas Linnig, CFO

Zwingenberg, January 14th ,2021



Safe Harbor Statement

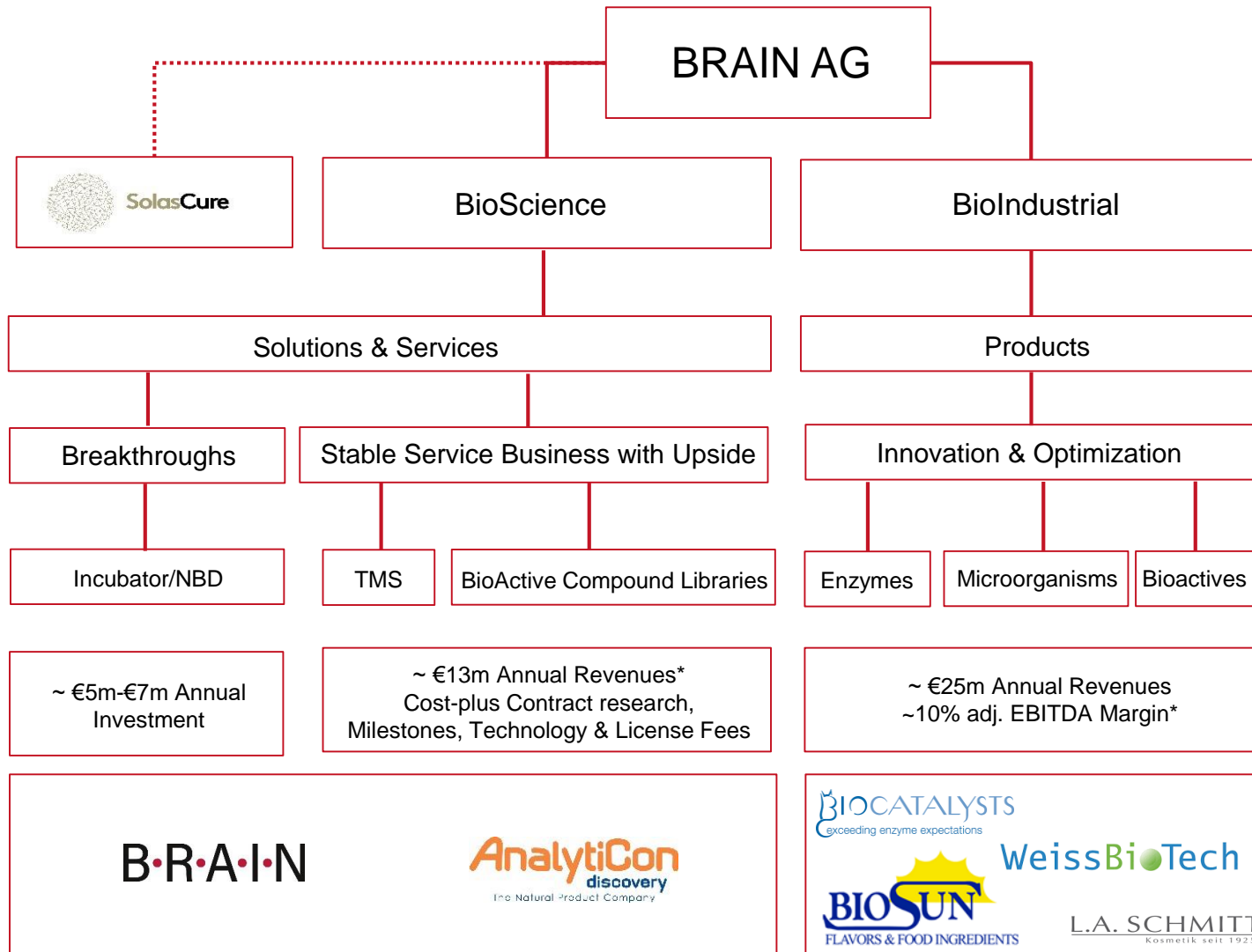
This document may contain forward-looking statements. These forward-looking statements are subject to risks and uncertainties, as they relate to future events and are based on current assumptions of the Company, which may not occur at all in the future or may not occur as assumed. They do not represent 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 January 14th, 2021. 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 B.R.A.I.N. Biotechnology Research and Information Network AG and its affiliates, if not otherwise specified.

This is BRAIN



~ €5m-€7m Annual Investment

~ €13m Annual Revenues*
Cost-plus Contract research,
Milestones, Technology & License Fees

~ €25m Annual Revenues
~10% adj. EBITDA Margin*



*FY '19/'20

Plant-Based Sweetener: JDA with Roquette

From the DOLCE research program to market introduction

Research phase successfully completed

- Dolce research program successfully completed
- One lead candidate selected: Brazzein, plant-based protein sweetener
- Focus: beverage industry which uses ~70% of the sugar consumed
- Additional candidates discovered which allows development for further applications with freedom to operate

Commercialization starting

- JDA between BRAIN and Roquette signed
- Upscale production and approval process
- Highly potent GRAS microorganism for the biological production of the sweetener developed by BRAIN
- Already commercially viable yields at laboratory scale
- Strong interest and support by several large beverage companies
- Market introduction in 3-4 years (“novel food” EFSA and FDA approval)

The Sweetener

Strong market potential

Market Potential

- Targeted at the largest market segment: beverages
- Can also be used for additional applications
- Strong consumer support: all natural plant-based sweetener
- High industry need: health concerns on sugar and artificial sweeteners, sugar tax

Superior Properties

- Taste very close to natural sugar, no dominant off-taste
- Taste 1000-2000 times sweeter than sugar
- Almost calorie free and not cariogenic
- High solubility in water
- Full biotechnology production process: no mono-plantations or arable land usage
- Can be expressed in a GRAS microorganism at commercially viable yields and high quality
- GMO free end product

Our Incubator: Focused New Business Pipeline**

| Pipeline | Partners | R&D | Market | rNPV Market Potential *1 | Profit Model Options *2 | R&D Platform *3 | Current Project Status |
|---------------------------------|-----------|---------------|---------------|--------------------------|---------------------------|-----------------|------------------------|
| Natural fermented beverages 1 | SUNTORY | 3–5 years out | 1–3 years out | 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 | ● (!was ●) |
| Aurase | SolasCure | | | Large | Fee, Prod, Prof | E/P | ● |

**

- Projects Green Metal Mining, Sweet Taste Enhancer and CO₂ 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

- Build M&A pipeline
- Execute bolt-on value enhancing M&A transactions
- Enzyme host organism optimization & development
- Secure new public R&D Funding
- Introduce group benchmarking and best-practice transfer
- Upgrade HR process: performance management & talent development
- 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) | 12M 2019/20 | 12M 2018/19 | Growth | Organic Growth | Q4 2019/20 | Q4 2018/19 | Growth | Organic Growth | Comment |
|---------------------------------|----------------|----------------|-----------|-------------------|---------------|---------------|----------|-------------------|--|
| Revenues | 38,225 | 38,560 | -0.9% | 3.4% | 8,671 | 10,626 | -18.4% | -18.4% | |
| BioScience | 13,230 | 12,192 | 8.5% | 8.5% | 2,754 | 4,572 | -39.8% | -39.8% | 12M milestones €640K (PY:€792K) |
| BioIndustrial | 25,081 | 26,411 | -5.0% | 1.0% | 5,954 | 6,090 | -2.2% | -2.2% | |
| Total operating performance (1) | 39,238 | 41,231 | -4.8% | -1.0% | 8,928 | 11,526 | -22.5% | -23.1% | |
| Adjusted EBITDA (2) | -2,018 | -2,167 | 6.9% | -52.2% | -1,465 | -96 | -1422.5% | -13562.7% | €629K ESOP, €222K M&A/Integration €1007K Board Changes / Corona Bonus |
| EBITDA | -3,876 | -2,496 | -55.3% | -67.4% | -2,970 | -234 | -1170.7% | -1809.2% | |
| EBIT | -8,229 | -7,198 | -14.3% | -17.7% | -4,718 | -993 | -375.0% | -419.3% | |
| Net Result | -9,017 | -11,119 | 18.9% | 17.2% | -2,910 | -3,151 | 7.7% | 5.1% | |
| Operating Cash Flow | -4,767 | -3,380 | -41.0% | -40.4% | 967 | 1,513 | -36.1% | -36.1% | |
| Cash | 18,943 | 15,160 | 25.0% | 25.9% | | | | | |
| Number of Employees | 279 | 281 | -0.6% | 2.3% | | | | | |
| Material Expense Ratio | 43.6% | 45.1% | -1.6% PP. | -1.8% PP. | | | | | |
| Adj. Personnel Expense Ratio | 46.3% | 45.0% | 1.3% PP. | 3.2% PP. | | | | | |

Major Events FY '19/'20:

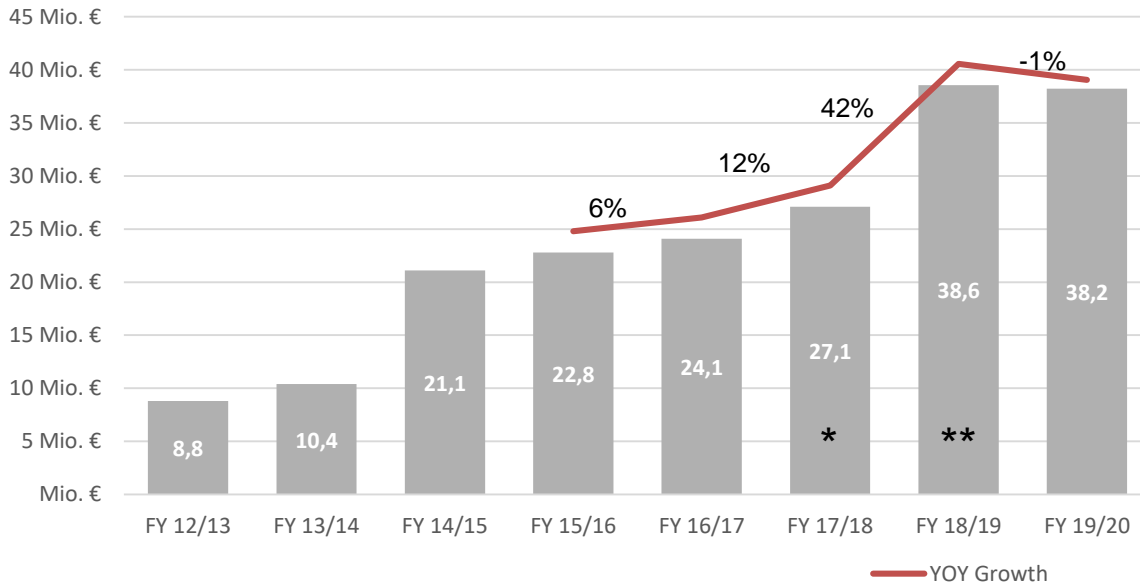
- Group: so far only limited Covid-19 effects materialized
- Organic growth despite the pandemic
- Dynamic overall FY BioScience business despite weak Q4
- BioIndustrial organic growth suppressed by Covid-19, phasing and relocation issues
- Reduced adjusted EBITDA loss YoY
- EBITDA burdened by one-off charges (management changes)
- Successful cash capital increase, approximately: 1.8mio shares and proceeds of ~EUR15 mio
- Minority buy-out of WeissBioTech generates potential to accelerate synergies and restructure (closed July 1st, 2020)
- Adriaan Moelker new CEO from February 1st
- Lukas Linnig new CFO from October 1st
- New ambitious mid-term targets communicated at the CMD

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

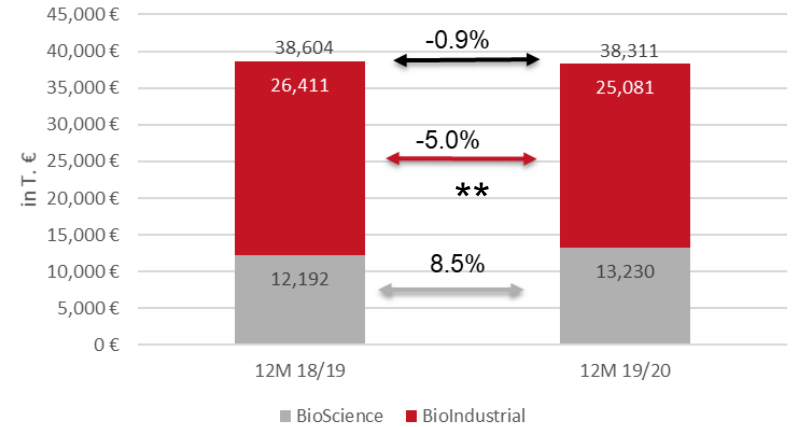
(2) The full reconciliation from adjusted to unadjusted EBITDA can be found in the appendix

Strong Long-Term Revenue Growth Trajectory

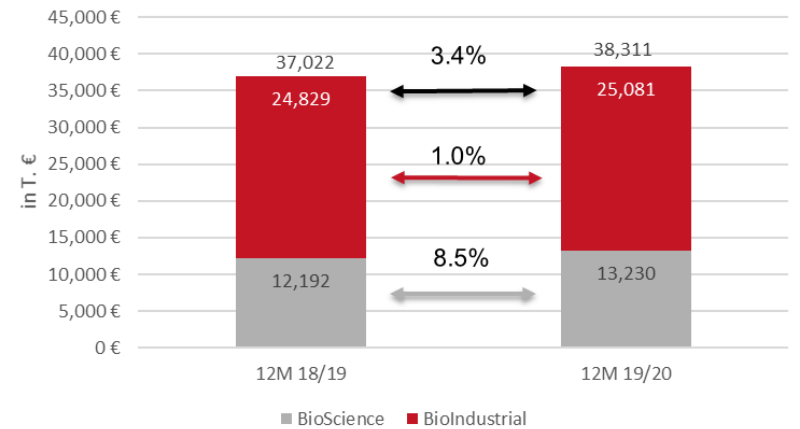
BRAIN Revenues History



Revenues segments 12M 19/20

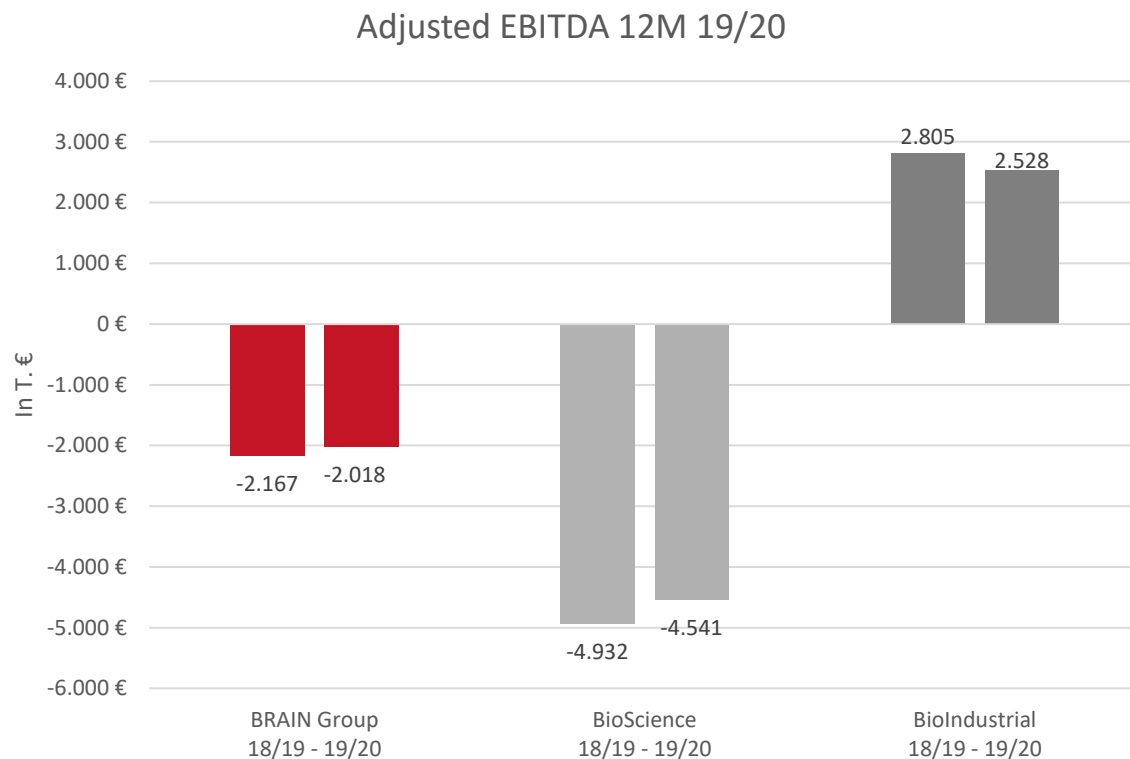


Revenues segments 12M 19/20 organic growth



*purchase BioCatalysts Ltd. **divestiture Monteil Cosmetics

Improving Adjusted EBITDA



- Group adj. EBITDA improved by 6.9% YoY; driven by the segment BioScience which has been able to further reduce its EBITDA loss
- The BioIndustrial segment had a constant adj. EBITDA margin of ~10%; (excluding inventory write-downs of 11.3%)
- BioIndustrial organic growth suppressed by Covid-19, phasing and relocation issues; mainly driven by WeissBioTech

Cash & Cash Flow

Solid Cash Position

| (in € thousand) | 12M | 12M | Growth | Q4 | Q4 | Growth | Comment |
|---------------------------------------|---------------|---------------|---------------|------------|--------------|---------------|---|
| | 2019/20 | 2018/19 | | 2019/20 | 2018/19 | | |
| Gross Cash Flow | -6,056 | -6,257 | 3.2% | -1,446 | -1,361 | -6.3% | |
| Operating Cash Flow | -4,767 | -3,380 | -41.0% | 967 | 1,513 | -36.1% | strong working capital reduction PY |
| Investing Cash Flow | -4,469 | -6,743 | 33.7% | 79 | -2,222 | 103.6% | |
| Financing Cash Flow | 13,093 | -276 | 4841.9% | -821 | 473 | -273.7% | ~14.6 mio net proceeds capital increase |
| Net change in Cash & Cash Equivalents | 3,857 | -10,400 | 137.1% | 225 | -237 | 195.2% | |
| | 30.09.2020 | 30.09.2019 | | | | | |
| Cash | 18,943 | 15,160 | 25.0% | | | | |
| Equity | 26,143 | 20,172 | 29.6% | | | | |

M&A: BioSun, A First Bolt-On Acquisition

Improved Group US distribution network



The Transaction

- Florida, US, based successful distributor, formulator and blender
- Established brand name
- Industry leading flavors, custom blended enzymes, colors and specialty ingredients
- Own in-house analytical and pilot application laboratory
- Low to mid-single digit million USD sales, profitable since inception
- Purchased directly from the owner at favorable terms
- Deal closed on January 1st, 2021

Advantages to BRAIN

- ✓ Increasing our product footprint in the US
- ✓ Strengthening of our US distribution, can be utilized by all group companies
- ✓ Nation-wide customer network especially among small/mid-sized F&B companies
- ✓ BioSun adds regulatory skills for the US market
- ✓ BRAIN group can add formulation and blending know how to accelerate growth
- ✓ Complementary to Biocatalysts and WeissBioTech
- ✓ Profitable already today within the BioIndustrial margin with the potential to lift additional cost and revenue synergies
- ✓ Immediately accretive



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 wine producers

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

Summary:

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

Our Targets

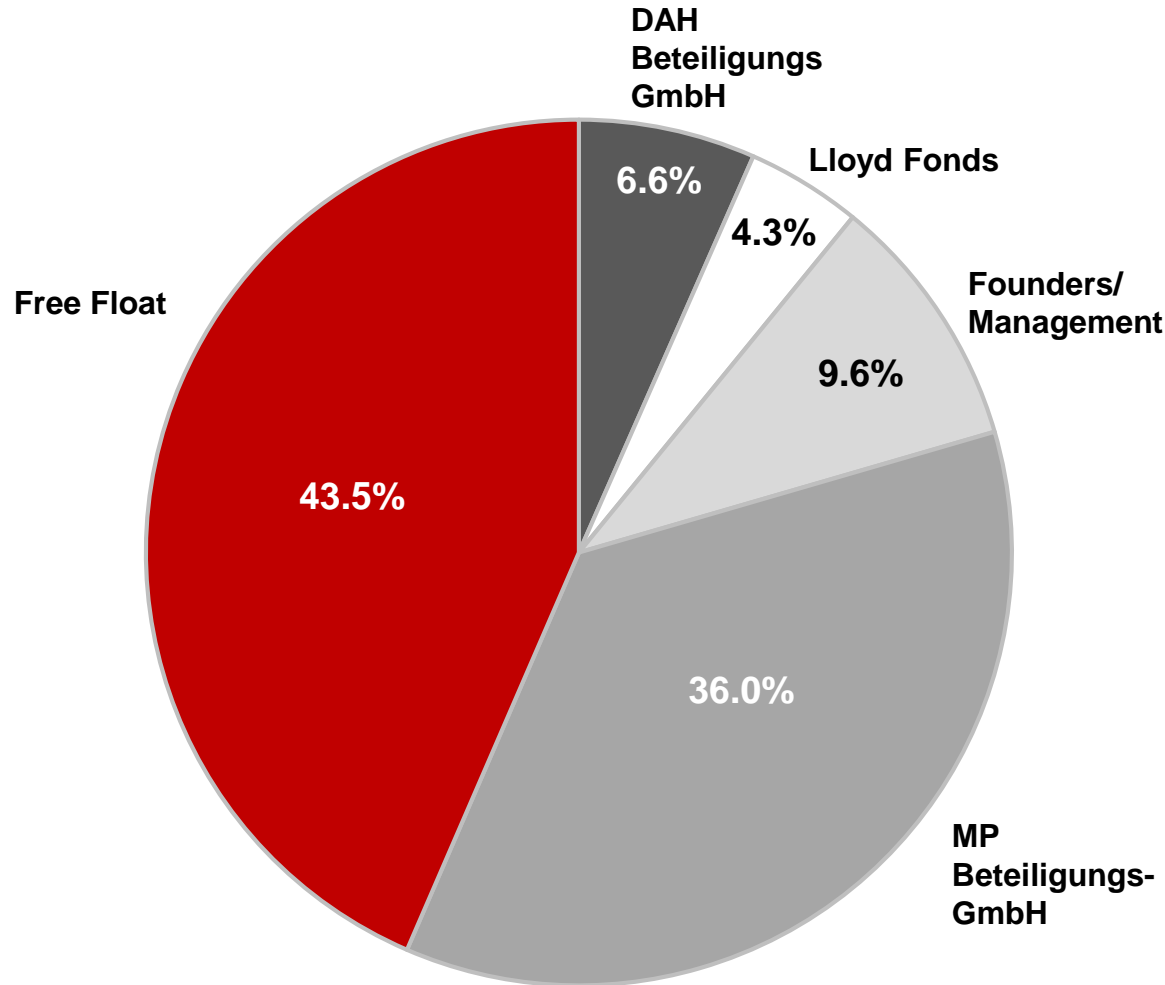
This FY

- **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
 - as stated at our CMD: overall organic growth likely to be below the mid-term average (high base BioScience, solid BioIndustrial expected despite addressed challenges at WeissBioTech)
 - On enzyme products, where sales volumes are negatively affected by Covid-19: we focus on margin protection
- **Quantitative guidance:**
 - Will be issued latest with the Q2 results due to today's uncertainties related of the Covid-19 pandemic

Mid-Term, Unchanged (4-5 years)

- **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 ~ 45%
- Strong long-term investor base
- ~ 8,000 shareholders
- WKN 520394 / ISIN DE0005203947
- Symbol BNN
- Prime Standard; Frankfurt/M

*September 30th, 2020



Financial Calendar



QUARTERLY STATEMENT

Publication of the quarterly statement as of December 31st, 2020 (3M)

February 26th, 2021



ANNUAL GENERAL MEETING

Annual General Meeting (FY 2019/20)

March 10th, 2021



QUARTERLY STATEMENT

Publication of the quarterly statement as of March 31st, 2021 (6M)

May 28th, 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

