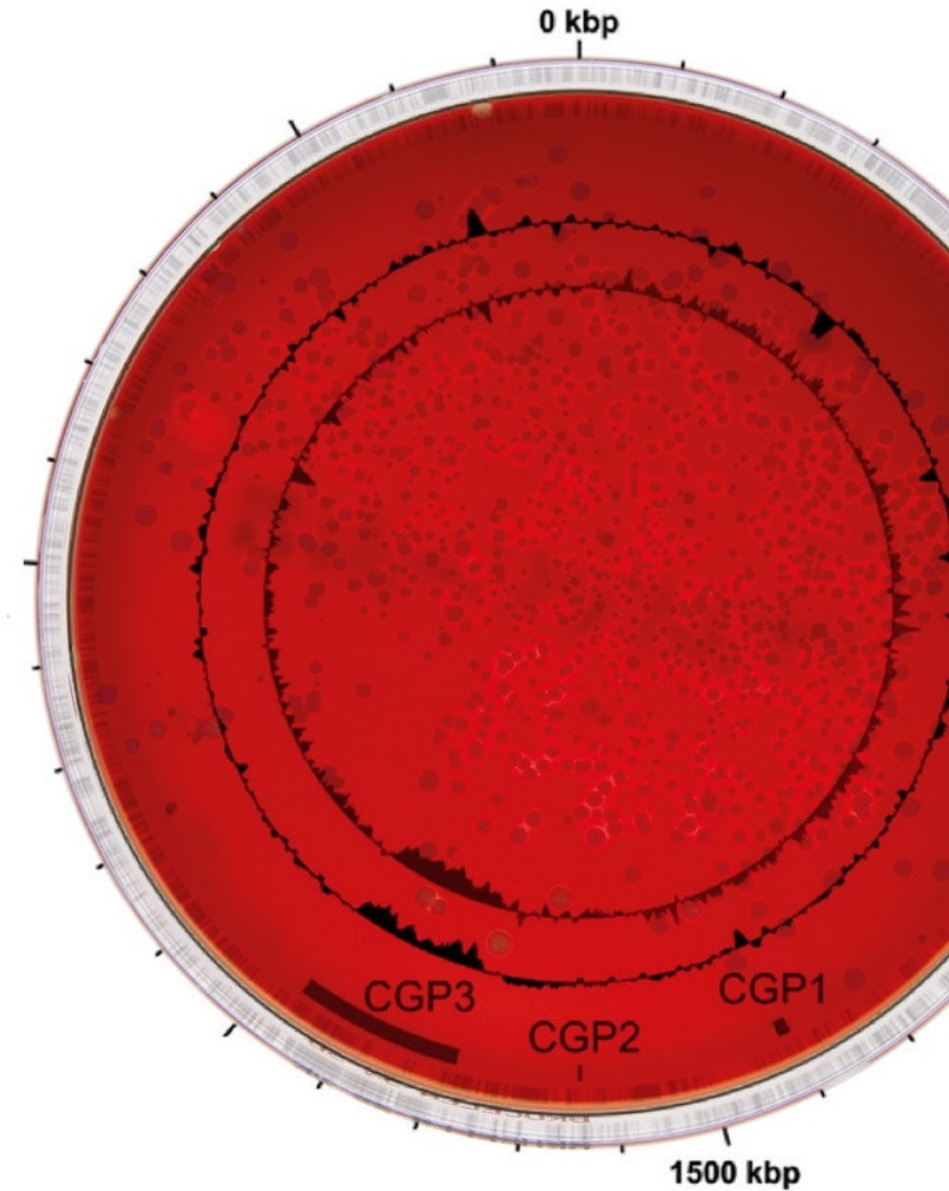


BRAIN Group

Capital Markets Day

Lukas Linnig, CFO (Oct. 1st):
Financial Framework & Targets,
M&A Criteria

Zwingenberg, September 15th, 2020



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My CFO Action Agenda



Finance

- Project controlling
- NBD pipeline evaluation & controlling
- Systematic performance management
- Cost Structure & Overheads



Organization

- Form a BRAIN Group
- Institutionalize interaction with subsidiaries
- Centralize functions
- Harvest group synergies
- Clear target setting & accountability



M&A

- Build M&A pipeline
- Prepare organization for smooth integration
- Evaluate the current portfolio



Communication

- Active investor communication
- Align internal and external communication
- Manage expectations and deliver on targets



Financial Highlights at a Glance



	9M	9M	Growth	Organic Growth	Q3	Q3	Growth	Organic Growth	Comment
(in € thousand)	2019/20	2018/19			2019/20	2018/19			
Revenues	29,554	27,934	5.8%	12.2%	9,625	9,415	2.2%	8.4%	
BioScience	10,476	7,620	37.5%	37.5%	3,642	2,440	49.3%	49.3%	9M Milestones €581K (PY:€792K)
BioIndustrial	19,127	20,321	-5.9%	2.1%	6,025	6,977	-13.6%	-6.5%	
Total operating performance (1)	30,310	29,705	2.0%	8.1%	10,121	9,889	2.3%	9.3%	
Adjusted EBITDA (2)	-553	-2,071	73.3%	71.9%	161	-398	140.5%	147.0%	€354K share-based comp
EBITDA	-907	-2,263	59.9%	58.0%	-38	-507	92.5%	91.5%	
EBIT	-3,511	-6,205	43.4%	42.3%	-902	-3,000	69.9%	69.3%	
Net Result	-6,108	-7,968	23.3%	21.9%	-1,555	-3,905	60.2%	59.5%	
Operating Cash Flow	-5,734	-4,893	-17.2%	-16.8%	-1,593	-2,012	20.9%	19.3%	
	30.06.2020	30.09.2019							

Cash	18,787	15,160	23.9%	22.9%
Number of Employees	275	283	-2.8%	1.5%
Material Expense Ratio	40.4%	42.3%	- 1.9% Pt.	- 2.2% Pt.
Adj. Personnel Expense Ratio	44.4%	43.6%	0.8% Pt.	0.5% Pt.

Major Events Q3:

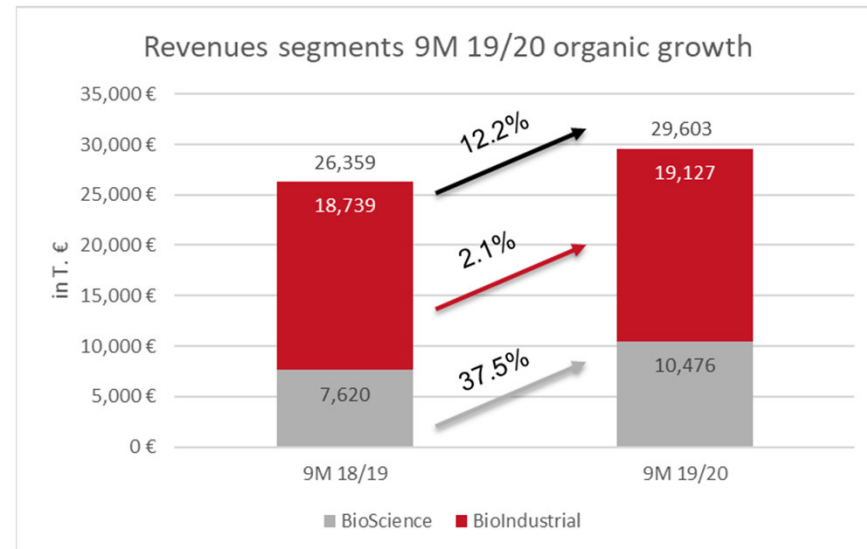
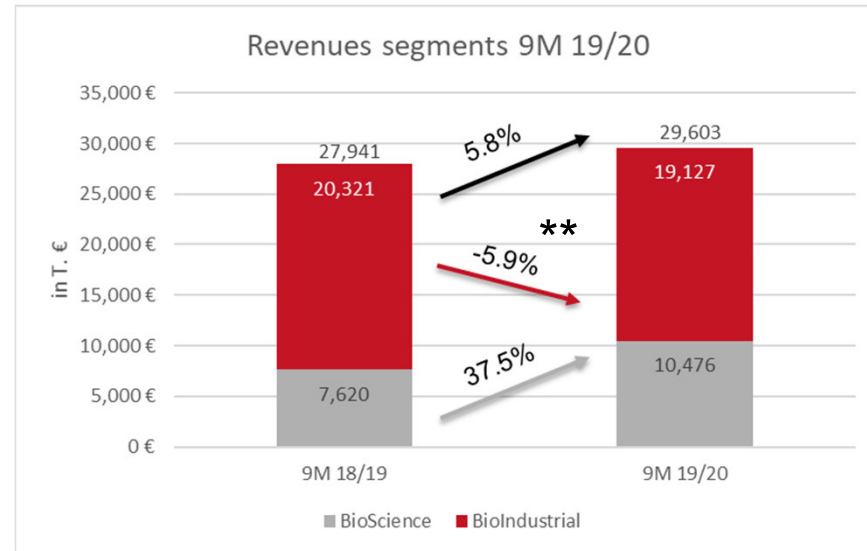
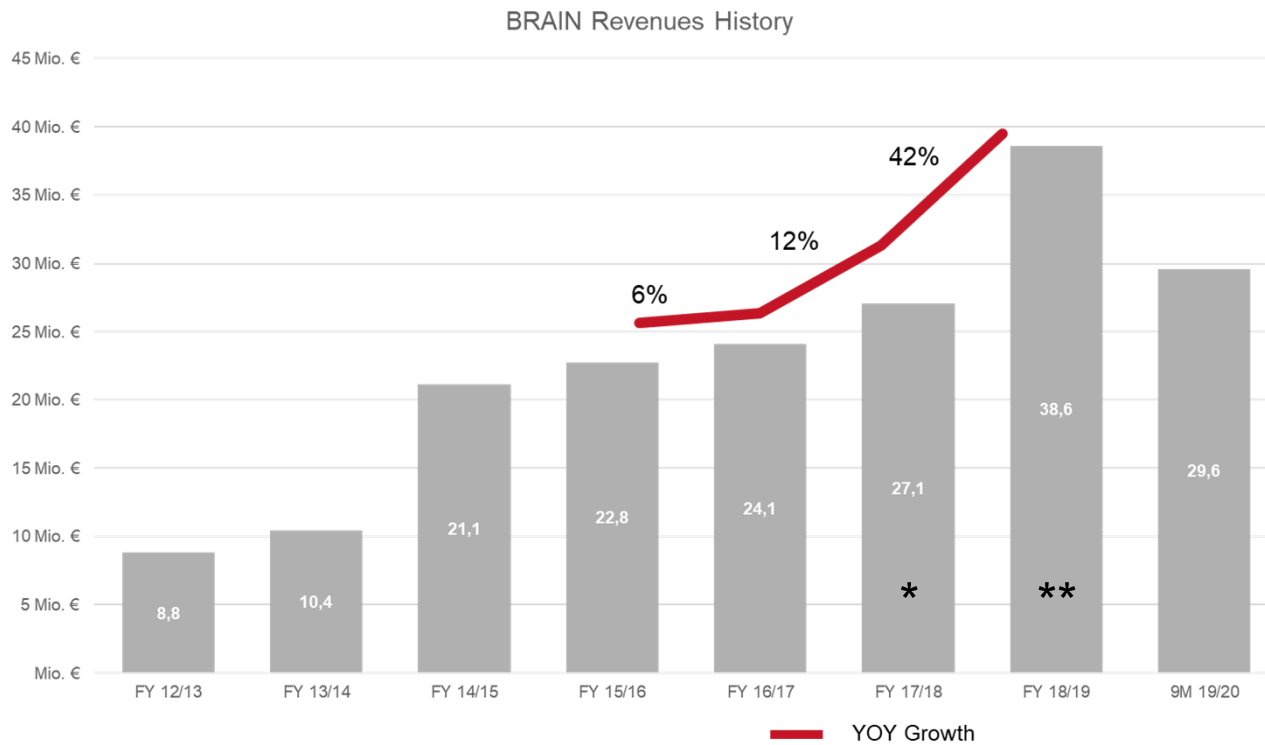
- Group: so far no major negative Covid-19 effects materialized
- Very dynamic BioScience business
- BioIndustrial 9M EBITDA margin rising to 13.3% (PY:11.5%), despite low organic sales growth
- Significantly reduced net loss
- Successful cash capital increase, approximately: 1.8mio shares and proceeds of EUR15mio
- Minority buy-out of WeissBioTech generates potential to accelerate synergies (signed June 30th, closing July 1st 2020)
- Manfred Bender, CFO, will leave BRAIN end of September
- Lukas Linnig new CFO from October 1st

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

(2) The reconciliation from adjusted to unadjusted EBITDA can be found on slide 44, Investor Presentation



Growth Trajectory, Revenues



*purchase BioCatalysts Ltd. **divesture Monteil Cosmetics



Covid-19 Situation



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

Disruptions: Solascure is facing 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

Summary:

BRAIN Group: so far no major negative Covid-19 effects materialized

Travel restrictions and physical distancing make it more challenging to visit customers for new projects

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



Management & Employee Incentives



Since the IPO Brain AG's board as well as management compensation has been closely linked and aligned with shareholder interests

Executive Board

- fixed salary
- variable component based on individual quantitative & qualitative targets
- stock component, see ESOP

ESOP, Employee Stock Ownership Program

- Since June 2018
- Board, managers and employees
- Incentive and retainer
- Details: see appendix, Investor Presentation

CoPerBo, Corporate Performance Bonus

- Since FY 2015/16
- Applied for employees at Brain AG
- Partially share prices based
- Details: see appendix, Investor Presentation

Specific Incentives at Daughter Companies

- See appendix, Investor Presentation



M&A Criteria & History



Qualitative mid-term M&A criteria

- B2B only
- Clearly focused on the product business
- Niche applications and producers
- Europe focused, US might be an option

Quantitative mid-term M&A criteria




- Bolt-on character
- Profitable or at least break-even
- Value accretive within 1-2 years post synergies
- Realize economies of scale



Our Targets



This FY

- **Significant organic growth despite Covid-19**
- **Improvement of our EBITDA**
- Prepare the organization for future growth and profitability 
- Strengthen financial flexibility 
- Present new strategy and pipeline update to the capital market on Sept. 15th 

Next FY

- BioIndustrial planned to grow
- BioScience on a very high base in '19/'20; some larger contracts end this FY
- Overall organic growth likely to be below the mid-term average

Mid-Term (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% (+/- 5%)**
 - 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



Thank you for your attention.

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