

## PRESS RELEASE

### **BRAIN announces preliminary financials for fiscal year 2015/16**

- Slight increase of total operating performance to € 26.1 million in 2015/16; revenues grew by 8% to € 22.8 million
- Growth contribution from both segments, BioScience and BioIndustrial
- BioIndustrial outweighs previous decline in demand for bioethanol enzymes in Q4
- Strong increase of total operating performance during Q4 2015/16, growing 18% versus Q3 2015/16
- Fiscal year results affected by one-off and related costs (IPO) and other factors
- Publication of audited financials scheduled for January 16, 2017
- Guidance for FY 2016/17: Double-digit growth of total operating performance and strong improvement of EBIT

Zwingenberg, December 19, 2019: B.R.A.I.N. Biotechnology Research and Information Network AG ("BRAIN AG"; ISIN DE0005203947 / WKN 520394) today announces its financial results for the fiscal year 2015/16. Accordingly, during the reporting period from October 1, 2015 to September 30, 2016, the BRAIN Group slightly increased its total operating performance to € 26.1 million from € 25.7 million in the previous year. Both Group segments "BioIndustrial" and "BioScience"

Contact:

**B·R·A·I·N**  
Biotechnology Research  
And Information Network AG  
Dr. Martin Langer  
Executive Vice President  
Corporate Development  
Darmstädter Str. 34-36  
64673 Zwingenberg, Germany

Tel.: +49-6251-9331-16  
Fax: +49-6251-9331-11  
E-Mail: [ir@brain-biotech.de](mailto:ir@brain-biotech.de)  
[www.brain-biotech.de](http://www.brain-biotech.de)

**contributed to this growth. The "BioIndustrial" segment benefited from a strong fourth quarter compensating for the previous oil-price related drawbacks in the field of bioethanol enzymes. In Q4 2015/16, the total operating performance of the Group increased by 18% compared to Q3 2015/16. BRAIN intends to publish the audited results for the fiscal year 2015/16 on January 16, 2017. For the fiscal year 2016/17, the Management Board expects a double-digit growth of total operating performance as well as a strong improvement of EBIT.**

The fiscal year 2015/16 was significantly influenced by the IPO in February 2016 with its related costs and one-off effects as well as partly difficult market developments in the bioethanol-related business. Investments into the future growth of the Group, such as the product development pipeline, were continued as planned. Through the implementation of the DOLCE programme for the development of novel biological sweeteners in August 2016, a solid foundation for the expected growth in the coming years was laid. The Management Board sees the DOLCE program as a blueprint also for other industries and fields. Overall, the Management Board is satisfied with the development in fiscal year 2015/16 and expects a clearly positive momentum for the current financial year 2016/17.

In the "BioScience" segment, the collaboration business with globally active partners especially from the specialty chemicals as well as the food and nutrition industries was further expanded over the fiscal year 2015/16. Supported by several achieved development milestones, the total operating performance increased slightly from € 12.3 million in the previous year to € 12.4 million, representing 47 percent of the Group's total operating performance. Total operating performance is € 0.5 million lower, as - due to temporary delays during intermediate evaluations - grants were granted with a slight delay.

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The total operating performance of the industrial product business, concentrated in the “BioIndustrial” segment, also improved slightly during FY 2015/16 to € 13.9 million from € 13.5 million in the previous year, representing a 53 percent share of the total operating performance of the BRAIN Group. A strong fourth quarter compensated for the decline in demand experienced during the prior three quarters in the field of bioethanol enzymes. Concurrent initiatives to expand the higher-margin special enzymes business, such as enzymes to process wine and fruit juice beverages, also showed positive effects.

The FY 2015/16 Group operating result (EBIT) was significantly influenced by one-off costs and other factors resulting from the IPO, and declined year-on-year from € -4.6 million to € -13.8 million. Adjusted for one-off IPO-costs of € 1.0 million, and personnel expenses with no impact on liquidity resulting from a share-based employee compensation programme at the subsidiary AnalytiCon of € 1.4 million, as well as a non-recurring compensation scheme in connection with the IPO accounting for € 3.9 million, equally having no impact on liquidity nor on equity („Post IPO Framework Agreement“), the adjusted Group EBIT amounted to € -7.6 million in FY 2015/16 compared to € -4.4 million the year before. The adjusted Group EBIT figure reflects, amongst others, € 4.7 million of costs relating to investments into own development projects, € 1.2 million of non-adjustable costs connected with the first year of being public, and € 1.2 million of additional personnel expenses to account for the new BRAIN AG employee bonus programme.

The Post IPO Framework Agreement, which was stated in the IPO prospectus, relates to an arrangement between the existing shareholders and certain members of the management concerning the one-off transfer of shares from the existing shareholders to recognize the managers’ contribution to the value enhancement of the company culminating in the IPO. The agreement was finalised in Q4 2015/16 and thus did not affect the previous interim financials.

According to IFRS, this one-time reward from existing shareholders to employees is considered a share-based compensation and must be booked as such. This is offset by a corresponding increase in the capital reserve so that the transaction is neutral from both a liquidity and equity perspective.

Due to the additional accounting efforts in the first year as a listed company, the audit process takes longer than expected so that the full audited financial statements will not be published as originally planned on December 20, 2016, but only on January 16, 2017.

## Key financials (preliminary, unaudited)

(in € million) <sup>1</sup>	Fiscal Year 2015/16	Fiscal Year 2014/15
Revenues	22.8	21.1
Total operating performance <sup>2</sup>	26.1	25.7
BioScience	12.4	12.3
BioIndustrial	13.9	13.5
Adjustments (consolidation effects)	-0.1	-0.2
Adjusted EBIT	-7.6	-4.4
IPO one-off costs	-1.0	-0.5
Share based employee compensation AnalytiCon	-1.4	-0.2
Post IPO Framework Agreement	-3.9	0.0
EBIT	-13.8	-4.6
Cash & cash equivalents (30.09.)	18.3	3.2

1) The financial figures of the FY 2015/16 are comparable only to a limited extent to the values of the previous year, as for FY 2014/15 they include the financial figures of the WeissBioTech organisations only since November 2014 due to the acquisition

2) Revenues + change in inventories + other income including R&D grants, only comparable to a limited extent



## **About BRAIN**

BRAIN is one of Europe's leading technology companies in the field of industrial biotechnology, the core discipline of Bioeconomy. As such, BRAIN identifies previously untapped, efficient enzymes, microbial producer organisms or natural substances from complex biological systems that can be put to industrial use. The innovative solutions and products developed by help of this "Toolbox of Nature" are successfully applied in the chemistry, the cosmetics and the food industries. Today, BRAIN's business model is based on two pillars – "BioScience" and "BioIndustrial". The first pillar, "BioScience", comprises its – frequently exclusive – collaboration business with industrial partners. The second pillar "BioIndustrial" comprises the development and commercialisation of BRAIN's own products and active product components. Further information is available at [www.brain-biotech.de/en](http://www.brain-biotech.de/en)

## **Disclaimer**

This press release contains forward-looking statements. These statements reflect the current views, expectations, and assumptions of the management of BRAIN AG and are based on information currently available to the management. Forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. There are numerous factors which could influence the future performance by and future developments at BRAIN AG and the BRAIN group of companies. Such factors include, but are not limited to, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, and other factors. BRAIN AG does not undertake any obligation to update or revise any forward-looking statements.