

## PRESS RELEASE

### **BRAIN shows stable start into fiscal year 2016/17**

- Revenue development in the first three months on previous year level
- BioScience segment with reduced total operating performance based on deferred contract signings
- BioIndustrial segment fairly stable
- Adjusted EBIT strained by special factors
- Improved operating cash flow

**Zwingenberg, February 28, 2017: B.R.A.I.N. Biotechnology Research and Information Network AG („BRAIN AG“; ISIN DE0005203947 / WKN 520394) today published its financial results for the first three months of fiscal year 2016/17. Accordingly, during the reporting period from October 1, 2016, to December 31, 2016, the BRAIN Group generated a total operating performance of € 6.6 million compared to € 7.0 million in the previous year. At the same time, revenues increased slightly from € 6.0 million to € 6.1 million. While the collaboration business with globally active industrial partners in the „BioScience“ segment was slightly halted due to deferred contract signings, the product related business of the „BioIndustrial“ segment was fairly stable. Due to special factors, the adjusted EBIT declined from € -0.9 million to € -2.3 million. The operating cash flow improved significantly from € -2.3 million to € -0.1 million.**

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Despite reaching important development milestones with international partners in the „BioScience“ segment, the total operating performance decreased year-over-year from € 3.5 million to € 3.2 million. In addition to a € 0.2 million higher decline in inventories of finished goods, expired cooperation projects could not be fully compensated, partly due to delays in the initiation of follow-up projects. The segment's share in the total operating performance of BRAIN Group was 48 percent compared to 50 percent in the first quarter 2015/16.

The total operating performance of the „BioIndustrial“ segment in the first three months of 2016/17 remained virtually unchanged at € 3.4 million compared to € 3.5 million in the previous year. The development was dampened by accrued revenues (€ 0.3 million), which for risk transfer reasons can only be reported in the second quarter of the fiscal year. Within this segment, the strategic focus of the enzyme business is being placed increasingly on the field of special enzymes, which is less volume-dependent and has higher margin potential.

As a result, the share of the „BioIndustrial“ segment in BRAIN Group's total operating performance increased from 50 percent to 52 percent year-on-year.

*„BRAIN continued its successful development in the first quarter of 2016/17. We reached several important milestones with our industrial partners, and pushed ahead with the commercialization of our own products. However, the quarterly financials do not fully reflect this development, which is partly due to timing effects. We are convinced that the BRAIN Group is well-positioned to continue successfully on the implementation of our strategy and to grow further during the 2016/17 fiscal year. In addition, we still expect to achieve the Group EBIT break-even during the fiscal year 2017/18,“ comments Dr Juergen Eck, CEO of BRAIN AG.*

The Group operating result (EBIT) declined year-on-year from € -2.1 million to € -4.4 million. The major part of this development is

attributable to special items such as personnel expenses from share-based employee compensation schemes that have no impact on liquidity and/or equity. Eliminating these special items, the adjusted Group EBIT amounted to € -2.3 million in the first three months of fiscal year 2016/17 compared with € -0.9 million in the prior year quarter. These € -2.3 million are attributable to the „BioScience” segment, while “BioIndustrial” reached an almost balanced result.

The operating cash flow improved significantly from € -2.3 million to € -0.1 million, which is – amongst others – due to larger milestone payments from development projects. In the previous year, approximately € -0.8 million of one-off IPO costs were included in the operating cash flow.

Cash and cash equivalents, including fixed term deposits, decreased from € 18.3 million as per September 30, 2016 to € 17.5 million as per December 31, 2016 (€ 2.5 million as per December 31, 2015). This includes € -0.5 million of scheduled repayments of financial debt.

## Key financials (first three months of fiscal year 2016/17)

(in € million)	3M 2016/17	3M 2015/16
Revenues	6.1	6.0
Total operating performance <sup>1</sup>	6.6	7.0
BioScience	3.2	3.5
BioIndustrial	3.4	3.5
Adjusted EBIT	-2.3	-0.9
IPO one-off costs	0	-0.8
Share based employee compensation AnalytiCon	-0.4	-0.5
Post IPO Framework Agreement	-1.8	0
EBIT	-4.4	-2.1
Operating cash flow <sup>2</sup>	-0.1	-2.3
Cash & cash equivalents <sup>3</sup> as per 12/31	17.5	2.5

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

2 Including IPO related one-off costs of € 0.8 million in the fiscal year 2015/16 (Q1)

3 Including fixed term deposits



More detailed information on the first quarter financial results and financial tables are available at [www.brain-biotech.de/en/investor-relations/financial-publications](http://www.brain-biotech.de/en/investor-relations/financial-publications) as part of the quarterly statement for the period ending December 31, 2016.

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### **About BRAIN**

BRAIN AG 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. 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.