

## PRESS RELEASE

### **BRAIN on growth track in the first half-year 2016/17**

- Revenue up 9% to € 12.1 million
- Increase of total operating performance from € 13.0 million to € 13.3 million
- BioScience segment grows 8%
- BioIndustrial segment with positive EBIT contribution
- Operating cash flow improved significantly

Zwingenberg, May 31, 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 half of fiscal year 2016/17. Accordingly, during the reporting period from October 1, 2016, to March 31, 2017, the BRAIN Group grew its total operating performance by 3 percent from € 13.0 million to € 13.3 million. This development was driven mainly by the strong growth of the BioScience segment in the second quarter. At the same time, revenues of BRAIN Group increased by 9 percent from € 11.2 million to € 12.1 million. The half-year EBIT was down from € -5.3 million to € -5.6 million mostly due to first quarter special items with no impact on liquidity. The BioIndustrial segment generated a positive EBIT contribution of € 0.2 million. The operating cash flow developed positively, amounting to € -2.3 million compared to € -4.6 million in the previous year period.

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## **Development of the first half-year 2016/17**

"Following a modest first quarter of 2016/17, our second quarter figures were strong. The development of the BioScience business is particularly pleasing with the achievement of many relevant milestone payments. Also, the strategic focus of the BioIndustrial segment on higher-margin products in the growing bioeconomy sector is progressing and increasingly paying off," said Dr Jürgen Eck, CEO of BRAIN AG.

The BioScience segment increased its total operating performance by 8 percent year-over-year to € 6.9 million. The rise reflects a growing cooperation business with globally operating industrial partners, especially from the specialty chemicals and food manufacturing industries, as well as the reaching of development milestones.

The BioIndustrial segment grew its revenues for the first six months of fiscal year 2016/17 to € 6.7 million compared to € 6.2 million in the previous year (an increase of 7 percent). Its total operating performance was stable at € 6.5 million compared to € 6.6 million in the previous year, mainly due to a strong reduction of inventories.

The Group operating result (EBIT) declined year-on-year from € -5.3 million to € -5.6 million reflecting adjustable special items such as personnel expenses from a share-based employee compensation scheme that have no impact on liquidity and/or equity. Eliminating these special items, the adjusted half-year Group EBIT improved from € -3.3 million to € -2.9 million, benefitting from a second quarter adjusted Group EBIT of € -0.6 million compared to € -2.4 million in the prior year quarter reflecting (see below).

The operating cash flow improved significantly from € -4.6 million to € -2.3 million, which is mainly due to the positive business development, including amongst others higher milestone payments. In the previous year, approximately € -1.1 million of one-off IPO costs were included in the operating cash flow.

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Cash and cash equivalents, including fixed term deposits, decreased from € 18.3 million as per September 30, 2016 to € 15.0 million as per March 31, 2017 (€ 23.5 million as per March 31, 2016). This includes € -0.5 million of scheduled repayments of financial debt.

## **Financial Highlights second quarter 2016/17**

The BioScience segment achieved a substantial improvement in total operating performance of 27 percent in the second quarter, growing from € 2.9 million to € 3.7 million. The total operating performance of the BioIndustrial segment remained stable at € 3.0 million. The BRAIN Group's total operating performance in the second quarter thus increased by 12% from € 6.0 million to € 6.7 million.

The Group's EBIT improved from € -3.2 million in the second quarter of 2015/16 to € -1.2 million in the second quarter of 2016/17. At the same time, the adjusted EBIT improved from € -2.4 million to € -0.6 million.

*“The development of the financials for the first half of the current financial year show that we are pursuing our path of sustainable growth consistently. Additional business volume is reflected in corresponding earnings improvements”,* commented Frank Goebel, appointed with the AGM on March 9, 2017 as CFO of BRAIN AG.

## Key financials (first half-year 2016/17)

(in € million)	6M 2016/17	6M 2015/16
Revenues	12.1	11.2
Total operating performance <sup>1</sup>	13.3	13.0
BioScience	6.9	6.4
BioIndustrial	6.5	6.6
Adjusted EBIT	-2.9	-3.3
IPO one-off costs	0	-1.1
Share based employee compensation AnalytiCon	-0.5	-0.9
Post IPO Framework Agreement	-2.3	0
EBIT	-5.6	-5.3
Operating cash flow <sup>2</sup>	-2.3	-4.6
Cash & cash equivalents <sup>3</sup> as per 03/31	15.0	23.5

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

2 Including IPO related one-off costs of € 1.126 million in the fiscal year 2015/16

3 Including fixed term deposits

More detailed information on the half-year financial results 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 half-year report for the period ending March 31, 2017.

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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

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