

PRESS RELEASE

BRAIN achieves notable top- and bottom-line improvements in the first nine months 2016/17

Zwingenberg
August 31, 2017

- Revenues up 8% to € 17.9 million
- Increase of Group total operating performance from € 19.0 million to € 19.6 million
- BioScience segment total operating performance grows 8%
- BioIndustrial segment still with positive EBIT contribution

Zwingenberg, August 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 nine months of fiscal year 2016/17. Accordingly, BRAIN Group increased its revenues by 8% from € 16.5 million to € 17.9 million. The total operating performance for reporting period from October 1, 2016, to June 30, 2017, grew by 3% year-on-year from € 19.0 million to €19.6 million. This development was driven mainly by the strong revenue growth in both the BioScience and BioIndustrial segment. The adjusted nine-month EBIT improved from € -5.2 million to € -4.4 million mostly due to good operational progress. The BioIndustrial segment generated a positive EBIT contribution of € 0.2 million again. The operating cash flow continued the positive trend of the first half-year and improved to € -4.2 million compared to € -6.9 million in the previous year's period.

B·R·A·I·N
Biotechnology Research
And Information Network AG
Darmstädter Str. 34-36
64673 Zwingenberg
Germany
www.brain-biotech.de

Contact Investor Relations
Dr. Martin Langer
Executive Vice President
Corporate Development
Tel.: +49-(0)-6251-9331-16
Fax: +49-(0)-6251-9331-11
E-Mail: ir@brain-biotech.de

Development of the first nine months 2016/17

“BRAIN continues on its growth path. In the third quarter of the fiscal year 2016/17, we increased our revenues again by more than 8 percent. In addition, we achieved an important milestone in the strategic cooperation with Diana Pet Food, which underlines the applicability of the BRAIN technology platforms and development competencies for new ingredients, here in the field of pet animal feed. These developments confirm our view that BRAIN is increasingly benefiting from the advancing biologization of different industries. This is also reflected in the high interest that we see in our developments of new biological sweeteners. Shortly after the end of the quarter, we have won a globally active US beverage group as a new member of the DOLCE program and signed a partnership agreement,” says Dr Jürgen Eck, CEO of BRAIN AG.

The BioScience segment increased its total operating performance by 8% year-on-year to € 9.9 million. This growth reflects a globally growing cooperation business with industrial partners, especially from the specialty chemicals and food manufacturing industries.

The BioIndustrial segment grew its revenues for the first nine months of the fiscal year to € 10.0 million, compared with € 9.3 million in the prior-year period, an increase of 8%. The stable total operating performance of € 9.8 million compared with € 10.0 million in the prior-year period is mainly due to means of reducing employed capital and a corresponding reduction in inventories. Operating activities still developed positively, as can be seen from increasing revenues.

The Group operating result (EBIT) improved year-on-year from EUR -7.7 million to EUR -7.3 million. This includes adjustable special items such as personnel expenses from a share-based compensation scheme with no effect on liquidity or equity. Eliminating these special items, the adjusted nine-month EBIT of BRAIN Group improved from € -5.2 million to € -4.4 million, mainly resulting from the achieved operational progress.

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The operating cash flow improved significantly from € -6.9 million to € -4.2 million, which is mainly due to the positive business development and reduced working capital. In the previous year, approximately € -1.1 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 € 13.5 million as per June 30, 2017. This includes € -0.5 million of scheduled repayments of financial debt.

Financial highlights third quarter 2016/17

The BioScience segment achieved a substantial year-on-year improvement in total operating performance of 10% in the third quarter, growing from € 2.7 million to € 3.0 million. The total operating performance of the BioIndustrial segment remained stable at € 3.3 million. The BRAIN Group's total operating performance in the third quarter thus increased by 4% from € 6.0 million to € 6.3 million.

The Group's EBIT improved from € -2.4 million in the third quarter of 2015/16 to € -1.7 million in the third quarter of 2016/17. At the same time, the adjusted EBIT improved from € -2.0 million to € -1.5 million.

“The operational progress in the third quarter is once again also reflected in significantly improved financials. The above-average profitability improvements, when compared to revenues and total operating performance, underline the scalability of our business model and continue to lead the way towards EBIT break-even”, comments Frank Goebel, CFO of BRAIN AG.

Key financials (first nine months of fiscal year)

(in € million)	9M 2016/17	9M 2015/16
Revenues	17.9	16.5
Total operating performance ¹	19.6	19.0
BioScience	9.9	9.1
BioIndustrial	9.8	10.0
Adjusted EBIT	-4.4	-5.2
IPO one-off costs	0	-1.1
Share based employee compensation AnalytiCon	-0.6	-1.3
Post IPO Framework Agreement	-2.4	0
EBIT ⁴	-7.3	-7.7
Operating cash flow ²	-4.2	-6.9
	30.06.2017	30.09.2016
Cash & cash equivalents ³	13.5	18.3

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

2 Including IPO related one-off costs of € 1.1 million in the fiscal year 2015/16

3 Including fixed term deposits

4 Summation differences are solely due to rounded figures

More detailed information on the financial results are available at www.brain-biotech.de/en/investor-relations/financial-publications as part of the quarterly statement.

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About BRAIN

B.R.A.I.N. Biotechnology Research and Information Network AG (BRAIN AG; ISIN DE0005203947 / WKN 520394) 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. BRAIN's business model is based on two pillars – BioScience and BioIndustrial. The BioScience comprises its frequently exclusive collaboration business with industrial partners. BioIndustrial comprises the development and commercialization of BRAIN's own products and active product components. Further information is available at 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.