

PRESS RELEASE

BRAIN AG starts the financial year 2017/18 with a weak first quarter; initiated acceleration of growth in the BioIndustrial segment

- **Declining revenues in the first quarter of 2017/18, but improved EBIT and positive cash flow**
- **Still expects double-digit revenue growth in the current fiscal year**
- **Aiming at accelerated marketing of product and process innovations**
- **M&A transactions planned for improved market access**

Zwingenberg
February 15, 2018

In the course of the current preparation of key figures for the first quarter of fiscal year 2017/2018 (October 1, 2017 to December 31, 2017) it turned out that the expected increase in revenues compared to the same quarter of the previous year cannot be achieved. Accordingly, Group revenues of BRAIN AG in the first quarter of 2017/18 are expected to reach a total of € 5.3 million and thus will be 13.1% below the previous year's figure (€ 6.1 million). Total operating performance in the first quarter of 2017/18 is expected to be € 6.0 million, down 8.7% year-on-year.

In the first quarter of 2017/18, the Group's adjusted EBIT improved by an estimated € 0.6 million to € -1.7 million and generated a positive net cash flow. In the BioScience segment, however, delays in the signing of new and follow-up cooperation projects led to an unexpected drop in sales compared with the prior-year quarter. In the BioIndustrial segment, the shortfall of anticipated follow-up orders

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

Contact Media
Thomas Deichmann
Head of Public Relations
Tel.: +49-(0)-6251-9331-72
Fax: +49-(0)-6251-9331-11
E-Mail: td@brain-biotech.de

Follow us on Twitter
<https://twitter.com/BRAINbiotech>

from a major customer in the cosmetics segment and the fact that this customer had not yet implemented new sales channels in the first quarter of 2017/18 led to a decline in sales volume compared with the previous year.

The effects of this revenue development on the Group's revenue and earnings expectations for the full financial year 2017/18 are currently being reviewed. At the time being, the Management Board still expects to achieve double-digit revenue growth in the 2017/18 financial year, although this will be below previous expectations. Concurrently, it now appears unlikely that the EBIT break-even target will be reached in the course of the 2017/18 financial year, even though a significant improvement in adjusted EBIT compared with the previous year's figure is still envisaged.

Strengthening of the BioIndustrial segment

In the light of the strategic importance of the BioIndustrial segment for the Group's growth strategy, the Management Board has initiated a series of measures to strengthen this segment since the beginning of the current financial year 2017/18. In doing so, the company aims at accelerating organic and inorganic growth at Group level as well as promoting the development of revenues and earnings.

Dr. Jürgen Eck, CEO of BRAIN AG, says: "We still experience a high level of optimism for the bioeconomy and see that our development programs are bringing groundbreaking innovations for the biologisation of industrial processes and products. In order to be able to increasingly realize the revenue potential of these innovations, we have initiated a series of measures for the consistent strengthening of our BioIndustrial segment. The BioScience segment still remains the second pillar of BRAIN."

Among other things, the forward-looking measures to strengthen the BioIndustrial business segment include:

B•R•A•I•N

- **M&A strategy:** With the aim of improving the Group's market access and achieving faster growth with scalable product revenues, the focus lies on small and medium-sized acquisitions.
- **Internationalisation and expansion of global marketing:** The establishment of BRAIN's US-based subsidiary BRAIN US LLC, near Washington DC, facilitates wider access to the important North American market and improved contact with existing and new US business partners. In addition, the global sales force for sustainable cosmetics innovations within the BRAIN Group will be strengthened.
- **New product-specific spin-offs:** At present, new forms of partnership are being evaluated through the spin-off of highly advanced BRAIN development programs into independent subsidiaries of BRAIN AG. This includes also the participation of external investors and industry experts with the aim of value-creating commercialisation. At the time being, BRAIN plans to implement its first spin-off of this kind in the current financial year.

All together, these measures are intended to increase the focus on growth and, in particular, the company's proprietary development lines in the areas of improved food, special enzymes, green & urban mining and biological CO2 binding.

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

B·R·A·I·N

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.