

PRESS RELEASE

BRAIN AG starts the financial year 2017/18 with a weak first quarter

B.R.A.I.N. Biotechnology Research and Information Network AG today published its financial results for the first three months of fiscal year 2017/18. Accordingly, BRAIN Group's total operating performance for the reporting period from October 1, 2017, to December 31, 2017, amounted to € 6.0 million compared to € 6.6 million in the previous year's period, representing a year-on-year decrease of approximately 8.7%. Group revenues were down 13.1% from € 6.1 million to € 5.3 million. Adjusted Group EBIT improved significantly by € 0.6 million to € -1.7 million. The operating cash flow increased strongly to € 1.4 million (previous year's period: € -0.1 million) due to a significant improvement of working capital in the form of receivables.

In the BioScience segment delays in the signing of new and follow-up cooperation projects led to an unexpected year-on-year drop in total operating performance to € 2.9 million (previous year: € 3.2 million), which is a decrease of 8.5%. Through the optimization of cost structures, the adjusted EBIT of the BioScience segment improved from € -2.3 million in the prior-year quarter to € -1.5 million.

In the product-related BioIndustrial segment, the shortfall of anticipated follow-up orders from a major customer in the cosmetics segment and the lagging implementation of new sales channels by this customer led to a decline in total operating performance by 9.4% year-on-year to € 3.1 million compared to € 3.4 million in the first quarter of 2017/18. Due to the unexpected decline in revenues, the adjusted EBIT of the BioIndustrial segment decreased year-on-year

Zwingenberg, Germany
February 28, 2018

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from € 0.0 million to € -0.2 million in the first quarter of fiscal year 2017/18.

Adjusted Group EBIT, which best represents the company's operating business, improved over all segments from € -2.3 million in the previous year to € -1.7 million.

Non-current assets remained virtually unchanged at € 14.9 million as of December 31, 2017 compared to September 30, 2017. Current assets decreased by € 2.2 million to € 51.4 million. Total shareholders' equity amounted to € 45.0 million as of December 31, 2017, compared with € 47.4 million as of September 30, 2017. Both these declines mainly reflect the net result for the period. Non-current liabilities remained at the same level as on December 31, 2017 at € 12.7 million as on September 30, 2017, while current liabilities increased slightly from € 8.4 million to € 8.5 million.

“In order to be able to increasingly realize the revenue potential of BRAIN innovations in the bioeconomy future markets we initiated a series of strategic measures since the beginning of the current financial year 2017/18. These include, for example, the intensification of our M&A strategy, the growing internationalization of BRAIN's business activities and the execution of product-specific spin-offs. Thus, we aim at an accelerated marketing of our product and process innovations in the BioIndustrial segment. Concurrently, the BioScience segment remains the undisputed second pillar of BRAIN,” says Dr Jürgen Eck, CEO of BRAIN AG.

“In spite of the unexpected decrease in revenues in the first quarter of the financial year 2017/18, we still forecast double-digit growth of BRAIN's Group revenues for the full financial year, resulting from combined organic and inorganic growth,” adds Frank Goebel, CFO of BRAIN AG.

Key financials (first three months of fiscal year 2017/18)

(in € million)	3M 2017/18	3M 2016/17
Revenues	5.3	6.1
Total operating performance ¹	6.0	6.6
BioScience	2.9	3.2
BioIndustrial	3.1	3.4
Adjusted EBIT	-1.7	-2.3
Share based employee compensation AnalytiCon	-0.1	-0.4
Post IPO Framework Agreement	0	-1.8
Acquisition and integration costs	-0.3	0
EBIT	-2.1	-4.4
Operating cash flow	1.4	-0.1
Cash & cash equivalents ² as of 31.12.	39.5	17.5

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

2 Including fixed term deposits

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 for the period ended December 31, 2017.

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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.