

PRESS RELEASE

BRAIN AG expects double-digit revenue growth in fiscal year 2017/18 despite weak first half year

- **BioIndustrial segment posts year-on-year growth of +4.4% in the first half of 2017/18, BioScience segment declines by -18.4%**
- **Total operating performance of BRAIN Group in the second quarter 2017/18 improved by +4.7% compared to the previous quarter, BioIndustrial segment grows by +17.2% quarter-on-quarter**
- **M&A transaction of Biocatalysts Ltd. only partially reconciled in BRAIN Group's results**

Zwingenberg, Germany
May 30, 2018

B.R.A.I.N. Biotechnology Research and Information Network AG today published its financial results for the first half of fiscal year 2017/18. Accordingly, BRAIN Group's total operating performance for the reporting period from October 1, 2017, to March 31, 2018, amounted to € 12.3 million compared to € 13.3 million in the previous year's period, representing a year-on-year shortfall of approximately 7.2%. Group revenues were down 11.7% from € 12.1 million to € 10.7 million. Adjusted Group EBIT was € -3.6 million compared to € -2.9 million.

In the BioScience segment unexpected delays in the signing of new and follow-up cooperation projects, already reported in the first quarter, led to a year-on-year drop in total operating performance to € 5.6 million (previous year € 6.9 million), which is a decrease of 18.4%. The EBIT of the BioScience segment improved from € -5.7 million in the prior-year period to € -4.2 million. The adjusted EBIT

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showed a year-on-year decrease to € -3.4 million (previous year € -3.0 million).

After a weak first quarter, the product-related BioIndustrial segment saw growth in the cosmetics business in the second quarter 2017/18. Taking also into account the contribution of Biocatalysts Ltd. since March 17, 2018, this resulted in a 4.4% year-on-year improvement in total operating performance in the first half of 2017/18 to € 6.8 million (previous year € 6.5 million).

"After a weak first quarter, we see some growth momentum in the second quarter of fiscal year 2017/18, particularly in the product-related BioIndustrial segment. In the second quarter 2017/18, the BioIndustrial segment grew by 17.2%. At Euro 6.3 million, the BRAIN Group's total operating performance in the second quarter was 4.7% above the first quarter. Thus, we continue to expect double-digit revenue growth for the BRAIN Group in the 2017/18 fiscal year as a whole, resulting from combined organic and inorganic growth," says Dr. Jürgen Eck, CEO of BRAIN AG.

M&A transaction, assets and equity

Non-current assets almost doubled to € 27.8 million as of March 31, 2018 compared to September 30, 2017 (€ 14.9 million). Current assets decreased by € 9.2 million compared to September 30, 2017 to € 44.4 million as of March 31, 2018. Total shareholders' equity amounted to € 32.2 million as of March 31, 2018, compared to € 47.4 million as of September 30, 2017. These changes in assets and shareholders' equity mainly reflect the effects of the acquisition of a majority stake in Biocatalysts Ltd. The transaction was completed on March 17, 2018 and therefore only consolidated in the half-year results of the BRAIN Group starting from this date, i.e. only for about two weeks. The purchase price for the Biocatalysts shares was € 13.4 million. The company, which is based in Cardiff, Great Britain and is active in the field of special enzymes, generated revenues of GBP 9.55 million (approx. € 10.9 million), EBITDA of GBP 1.37

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million (approx. € 1.56 million) and EBIT of GBP 1.04 million (approx. € 1.19 million) in fiscal year 2016/17 (end of 30 September 2017).

"The acquisition of Biocatalysts Ltd. marks another milestone in the development of our product-driven BioIndustrial business segment. With Biocatalysts we can expand BRAIN Group's revenue potential for special enzymes in the future market of bioeconomy. Together with WeissBioTech GmbH, already integrated into the Group, we are now excellently positioned along the entire value chain for special enzymes," says Frank Goebel, CFO of BRAIN AG.

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

(in € million)	6M 2017/18	6M 2016/17
Revenues	10.7	12.1
Total operating performance ¹	12.3	13.3
BioScience	5.6	6.9
BioIndustrial	6.8	6.5
Adjusted EBIT	-3.6	-2.9
Share based employee compensation AnalytiCon	-0.1	-0.5
Post IPO Framework Agreement	0	-2.3
Acquisition and integration costs	-0.8	0
EBIT	-4.5	-5.6
Operating cash flow	-2.8	-2.3
Cash & cash equivalents as of 31.03.	24.7	11.0

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

More detailed information on the financial results are available at www.brain-biotech.de/en/investor-relations/financial-publications as part of the half-yearly report for the period ended March 31, 2018.

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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 segment 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.