

PRESS RELEASE

BRAIN AG reports growth for the first nine months of the 2017/18 financial year

-) **Total operating performance of BRAIN Group up 5.0% to € 20.5 million**
-) **Growth is largely driven by the successful acquisition of Biocatalysts Ltd.**

Zwingenberg, Germany
August 31, 2018

B.R.A.I.N. Biotechnology Research and Information Network AG today published its financial results for the first nine months of fiscal year 2017/18. Accordingly, BRAIN Group's total operating performance for the reporting period from October 1, 2017, to June 30, 2018, amounted to € 20.5 million compared to € 19.6 million in the previous year's period, representing a year-on-year growth of approximately 5.0%. Group revenues for the reporting period increased from € 17.9 million to € 18.1 million. Adjusted Group EBITDA was € -4.1 million compared to € -3.3 million in the previous year.

The product-related **BioIndustrial** segment recorded an increase in total operating performance of 73.5% to €5.7 million in the third quarter 2017/18 compared to the previous year's quarter. In the first nine months of fiscal year 2017/18, the BioIndustrial segment's total operating performance improved by 27.7% year-on-year to €12.5 million (previous year €9.8 million). Adjusted EBITDA of the BioIndustrial segment for the first nine months of fiscal year 2017/18 decreased from €0.4 million in the previous year to €0.2 million. The weaker EBITDA is mainly due to negative volume effects.

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The **BioScience** segment, which reflects industrial co-operations, again posted a year-on-year decline in total operating performance of -15.8% from €3.0 million to €2.5 million in the third quarter of 2017/18. Total operating performance in the BioScience segment in the first nine months of 2017/18 fell by -17.6% year-on-year to €8.1 million (previous year € 9.9 million). Adjusted EBITDA decreased in the first nine months of fiscal 2017/18 from €-3.6 million in the prior-year period to €-4.4 million. In the coming fiscal year 2018/19, the BioScience segment is expected to benefit from additional momentum generated by the business development activities launched in the United States in the current fiscal year.

Growth focus on proprietary products

“The acquisition of Biocatalysts Ltd. in March 2018 significantly strengthened our product-driven BioIndustrial segment. In the first nine months of fiscal year 2017/18, BRAIN posted significant double-digit growth in the product-related BioIndustrial segment, although this development was particularly acquisition-related. The weaker development in some areas within the BioIndustrial segment still had an impact in the quarter under review. We expect a stronger momentum for the remainder of the fiscal year there as well,” says Frank Goebel, CFO of BRAIN AG.

Dr Jürgen Eck, CEO of BRAIN AG, adds: “The focus of our growth strategy is on the BioIndustrial segment and thus on the product business of BRAIN Group. We have made some encouraging progress in this area in the current financial year so far. We want to continue this positive development in the future. To this end, we will continue to systematically expand our industry partnerships and our own development pipeline as well as our M&A strategy and the production and marketing of products via the BRAIN Group. We focus on our key development programs in market segments such as nutrition and health. It is our ambition to bring innovative products of the BRAIN Group to market as fast as possible. We expect the BRAIN Group to achieve double-digit growth in total income for the

2017/18 financial year as a whole, resulting from both organic and inorganic growth”.

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

(in € million)	9M 2017/18	9M 2016/17
Revenues	18.1	17.9
Total operating performance ¹	20.5	19.6
BioScience	8.1	9.9
BioIndustrial	12.5	9.8
Adjusted EBITDA	-4.1	-3.3
Share based employee compensation AnalytiCon Discovery GmbH	-0.2	-0.6
Post IPO Framework Agreement	0.0	-2.4
Acquisition and integration costs	-0.9	0.0
EBITDA	-5.2	-6.2
Operating cash flow	-6.2	-4.2
Cash & cash equivalents as of 30.06.	26.0	8.1

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 quarterly statement for the period ended June 30, 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 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.