

PRESS RELEASE

BRAIN AG publishes preliminary results for the financial year 2018/19

Zwingenberg, Germany
12 December 2019

- **Positive business development continued also in the fourth quarter**
- **Revenues up 42.5 percent year-on-year**
- **EBITDA improved by 61.1 percent year-on-year**

According to its preliminary results published today, B.R.A.I.N. Biotechnology Research and Information Network AG ("BRAIN AG") can look back on a successful 2018/19 financial year. After a strong fourth quarter, the BRAIN Group generated consolidated revenues of EUR 38.6 million in the past financial year. This is an increase of 42.5 percent over the previous year (EUR 27.1 million). Both organic growth and the acquisition of the Biocatalysts Group in March 2018 contributed to this development. Adjusted to exclude the acquisition, organic revenue growth amounted to approximately 21.5 percent compared with the previous year.

Total operating performance, i.e. revenues plus subsidies, other income and changes in inventories, rose by around 35.3 percent from EUR 30.5 million to EUR 41.2 million in the reporting period. All regional markets and business units (Nutrition & Health, Skin Care and Industrial BioSolutions) developed positively and contributed to this growth.

"We have impressively achieved our growth targets for the past financial year - not only through acquisitions, but also organically. With the

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increasing expansion of product sales in the high-growth BioIndustrial segment, we have laid the foundation for further profitable growth and a successful future for the BRAIN Group. We have set the course," commented CEO Dr Jürgen Eck, who will leave the company at the end of the year.

Growth in all business segments

The product related **BioIndustrial** segment impressed above all with significant organic growth in the enzymes and cosmetics business. At EUR 26.4 million, the profitable segment accounted for 68.5 percent of total group revenues in the past financial year. The segment's total operating performance rose by 40.8 percent year-on-year to EUR 27.4 million. With an adjusted EBITDA of EUR 2.8 million (previous year: EUR 0.9 million), the segment made a major contribution to the significant improvement in consolidated earnings.

The research-related **BioScience** segment, which includes industrial co-operations, also performed well. Revenues in this segment increased by 46.7 percent year-on-year to EUR 12.2 million. This was due to both the new contracts signed in the Tailor-Made Solutions business unit and to the follow-up projects under strategic product development partnerships. Adjusted EBITDA in the BioScience segment, which also includes research and development expenses for the new product pipeline, also made good progress compared with the previous year (EUR -6.3 million) at EUR -5.0 million.

Substantially improved operating result

In addition to the dynamic increase in sales volume, the BRAIN Group was also able to achieve a significantly better operating result, which amongst others is due to a lower cost of materials ratio. Adjusted Group EBITDA was still negative at EUR -2.3 million due to the constantly high R&D expenses in the innovation pipeline, but this represents a strong improvement of 58.0 percent over the previous year (EUR -5.4 million). Due to the amortization of goodwill in the course of the sale of Monteil Cosmetics International

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GmbH, depreciation and amortization costs were significantly higher and led to an EBIT of EUR -7.3 million compared to the previous year's result of EUR -9.7 million. In addition non-cash accounting effects in the net financial results led to a negative end year result amounting to EUR -10.6 million

"The direction is right," says CFO Manfred Bender. "We have achieved or even exceeded our sales and earnings targets and are now aiming to continue this positive development. With the acquisition of Biocatalysts in March 2018 and the sale of Monteil Cosmetics GmbH in the past financial year, we have taken important steps towards strengthening our B2B product business."

CBO Ludger Roedder adds: "Now we are consistently pushing ahead with the profitable commercialisation. And of course, we will not lose sight of the progress of the development projects. Innovations are an essential cornerstone for future growth and research and development activities remain an integral part of our BRAIN DNA."

Key financials

(preliminary results for the financial year 2018/19)

(in EUR million)	FY 2018/19	FY 2017/18	Change %
Revenues	38.6	27.1	+42.5%
BioScience	12.2	8.3	+46.7%
BioIndustrial	26.4	18.8	+40.7%
Total operating performance ¹	41.2	30.5	+35.3%
Adjusted EBITDA ²	-2.3	-5.4	+58.0%
EBITDA	-2.6	-6.7	+61.1%
EBIT	-7.3	-9.7	+24.7%
Net result	-10.6	-8.3	-27.8%
Operating cash flow	-3.4	-5.4	+37.6%
	30.09.2019	30.09.2018	
Cash & cash equivalents	15.2	25.5	-40.6%

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- 1 Revenues + change in inventories + other income including R&D grants
- 2 The reconciliation from adjusted to unadjusted EBITDA will be found in the consolidated balance sheet as of 30 September 2019.

More detailed information on the results can be found in BRAIN AG's Annual Report, which will be published as planned on 14 January 2020 and can be downloaded from <https://www.brain-biotech.com/investors/financial-publications>. Already now, further information is available in a presentation at www.brain-biotech.com/investors/financial-publications/2018-19.

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. The BioScience segment comprises mainly of the research and development business with industrial partners (the "Tailor-Made Solutions" cooperation business), and the company's own research and development. The BioIndustrial segment consists mainly of the industrially scalable products business. Further information is available at www.brain-biotech.com.

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.