

BRAIN Biotech AG: Ongoing Dynamic Sales Development and Rising Profitability, 6M Reporting

- **Very positive growth trend confirmed by 20% organic expansion in Q2**
- **Significant improvement in profitability, adjusted EBITDA positive**
- **Full fiscal year guidance now includes Breatec B.V.**

Zwingenberg, Germany, May 30th, 2022 – BRAIN Biotech AG today published its half year results, 6M 2021/22. After a very strong start of the financial year the group now also keeps up its strong sales momentum in the second quarter. Both divisions are contributing to dynamic sales development and positive operating leverage. Including the acquisition of Breatec B.V. and excluding ongoing strong investments into the proprietary CRISPR Genome-Editing platform the management now guides revenues for the financial year to be around € 50 million and to generate a slightly positive adjusted EBITDA. CRISPR related investments for the full year continue to be expected around € 2.5 – 3.5 million.

Adriaan Moelker, CEO at BRAIN Biotech AG, says: “We are very happy that we have managed to confirm the positive operating trend from the last two quarters despite increasing challenges in the global supply chain as well as rising input costs. The ongoing positive momentum can clearly be seen in both divisions and also makes us optimistic about the development for the remainder of our fiscal year. Without any supply chain restrictions we could have grown even more dynamic, especially in the BioIndustrial segment. The integration of our baking enzyme specialist Breatec is progressing as planned and we expect to harvest meaningful synergies in the coming years among our BioIndustrial operating units.”

In the first six months of the 2021/2022 financial year, the BRAIN Group generated revenue of € 23.3 million compared to € 18 million in the same period of the previous year, which represents an increase of 29.3 %. Revenues in the second quarter of 2021/22 amounted to € 13.1 million. This corresponds to an increase of 31.9 % compared to the second quarter of the previous year. On an organic basis, excluding the acquisition of Breatec, second-quarter revenue rose by 20.4 % to € 11.9 million.

Adjusted consolidated EBITDA increased considerably by € 2.2 million from € -2.0 million in the previous year to € 0.2 million in the first six months of the 2020/21 financial year. Adjusted EBITDA in the second quarter rose from -€ 0.6 million to € 0.5 million compared to the same quarter of the previous year. After the payment of the purchase price for the acquisition of Breatec B.V., ongoing investments in fermentation capacity expansion at Biocatalysts Ltd. and

a Series B financing at SolasCure Ltd., the cash position at the end of the quarter amounted to a solid € 16.4 million.

Important Events

Genome-Editing-Toolbox: BRAIN has received in January, 2022, an international search report and a written opinion from the European Patent Office (EPO). The favorable written opinion states that the BRAIN-Engineered-Cas (BEC) nucleases for which patent protection is sought under the Patent Corporation Treaty (PCT) are – with regard to the BEC nuclease sequences – inventive, are industrially applicable and are also not otherwise excluded from patent protection. Hence, the respective sequences of the BEC nucleases are considered patentable by the EPO. This is a strong milestone in the regular patent filing process confirming the view of BRAIN's management and scientific team that the proprietary BEC technology is a novel and clearly differentiated genome-editing tool.

New group member Breatec B.V.: BRAIN has concluded an agreement in February to initially purchase 62 % of the shares in Breatec B.V. from the current owners. In addition, an agreed call/put structure will allow BRAIN to acquire the entire business latest until the end of the first quarter 2027. Breatec has been founded in 2006 and is located in the central south region of the Netherlands close to the Belgium and German borders, surrounded by many leading international industrial food companies. In the calendar year 2021 Breatec generated around EUR 7 million of turnover with a positive EBITDA contribution. The acquisition is fully consolidated by BRAIN as of February 1st, 2022.

Cooperation with Formo GmbH: BRAIN and Formo have launched in February a strategic collaboration to further advance the production of animal-free milk proteins. Formo is a pioneering food-tech startup in the space of alternative milk protein and will scale up its bioidentical milk protein production with a genome editing technology, leveraging BRAIN Biotech's expertise and its proprietary BEC platform. The strategic alliance aims to optimize the microorganisms to further expand novel and sustainable protein production for commercial use through precision fermentation.

Development of segments

The **BioScience segment**, which includes the R&D business with industrial partners and the incubator business, generated revenues of € 5.8 million in the reporting period, up 23.4 % from the prior-year period. This increase is mainly due to a strong demand for BRAIN's Tailor-Made-Solutions services including the unique "We CRISPR for You" business which is based on BRAIN's proprietary BEC/BMC nucleases. In the second quarter, revenue continued to increase healthily from € 2.7 million to € 3.0 million compared to the previous year. Compared to the first quarter of the 2021/2022 financial year, an increase in revenue of € 0.2 million from € 2.8 million to € 3.0 million was achieved. Adjusted EBITDA strongly increased from € -3.4 million to

€ -2.4 million despite ongoing investments into BRAIN Biotech AG's CRISPR platform business of € 1.0 million in the reporting period.

The higher adjusted EBITDA is attributable to the strong sales increase, good cost control and the related positive operating leverage.

Revenues of the **BioIndustrial segment**, which covers the scalable product business, reported an increase of 30.7 % from € 13.4 million to € 17.5 million in the reporting period. In organic terms, excluding the acquisition of Breatec B.V., Q2 revenue increased by € 1.7 million or 23.2 %. Adjusted EBITDA increased from € 1.4 million to € 2.6 million. Within the segment, especially Biocatalysts Ltd. showed again a strong development at the level of turnover and EBITDA.

Lukas Linnig, CFO at BRAIN Biotech AG, states: "It makes me very proud to see BRAIN back on the growth path. Strong topline growth combined with the initiatives on costs and structure which we have implemented over the last years is now starting to clearly demonstrate our path to profitability. In January our genome engineering technology has been considered as a patentable technology by the European Patent Office. Last month our scientific team has reached yet another major milestone by demonstrating activity of our proprietary genome editing nucleases BEC and BMC in mammalian cell lines. This is opening up a significantly larger addressable market, especially in the highly profitable pharma segment, and I am happy to say, that the interest in our genome editing platform from partners has been further propelled by these announcements."

Key financials (first six months of the financial year 2021/22)

(in € million)	6M 2021/22	6M 2020/21
Revenues	23.3	18.0
BioScience	5.8	4.7
BioIndustrial	17.5	13.4
Total operating performance ¹	24.2	19.8
Adjusted EBITDA ²	0.2	-2.0
EBITDA	-0.7	-1.6
Operating cash flow	-1.1	-4.1
	31.03.2022	31.12.2021
Cash and cash equivalents	16.4	22.7

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

2 The reconciliation from adjusted to unadjusted EBITDA can be found in the 6M report for the period ended March 31st, 2022

Further information

BRAIN Biotech AG 6M Report 2021/22:

<https://www.brain-biotech.com/investors/financial-news>

About BRAIN

BRAIN Biotech AG ("BRAIN") is a leading European industrial biotechnology specialist with a focus on nutrition, health and the environment. As a technology and solutions provider the company supports the biologization of industries with bio-based products and processes. From contract R&D with industrial partners to advancing own disruptive incubator projects and customized enzyme products, BRAIN's broad cutting-edge biotech expertise and its agile teams are key to success.

BRAIN Biotech AG, Germany, is the parent company of the international BRAIN Group, distributing specialty B2B products like enzymes or bioactive natural products. The BRAIN Group has its own fermentation or production facilities in Continental Europe, UK and the US, which together with the associated biotechnological solution competency complete the value chain within the group.

As a Participant of the United Nations Global Compact, BRAIN Biotech AG is committed to aligning strategies and operations with universal principles on human rights, labour, environment and anti-corruption and to actively advance common societal goals. Our products and services target at least five of the UN SDGs directly.

Since its IPO in 2016, BRAIN Biotech AG is listed in the Prime Standard of the Frankfurt Stock Exchange (ISIN DE0005203947 / WKN 520394).

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