

BRAIN Biotech AG: On Track to Reach Financial Year 2021/22 Targets, 9M Reporting

- **Positive topline growth trend confirmed by 29% expansion in Q3**
- **9M Operating cash flow improved significantly from last year**
- **On track to reach full financial year 2021/22 guidance**

Zwingenberg, Germany, August 29th, 2022 – BRAIN Biotech AG today published its 9M 2021/22 results. After a very strong start to the financial year the group now also keeps up its strong sales momentum in the third quarter. Both divisions are contributing to positive sales development. Cash flow from operations improved significantly to € -1.0 million in the first 9 months compared to € -3.0 million last year. The management confirms its financial year guidance of revenues to be around € 50 million and to generate a slightly positive adjusted EBITDA. This guidance, as before, excludes the ongoing strong investments into the proprietary CRISPR Genome-Editing platform.

Adriaan Moelker, CEO at BRAIN Biotech AG, states: “It makes me very proud that our team has been able to proactively steer the BRAIN Group to good growth and improving profitability despite the general business environment which remains full of geopolitical, inflationary and supply chain challenges. We will continue developing our group portfolio and improving our operations on the way to solid profitability.”

In the first nine months of the 2021/2022 financial year, the BRAIN Group generated revenues of € 36.0 million compared to € 27.8 million in the same period of the previous year, which represents an increase of 29.2 %. Revenues in the third quarter of 2021/22 amounted to € 12.7 million. This corresponds to an increase of 29.1 % compared to the third quarter of the previous year. On an organic basis, excluding the acquisition of Breatec, third-quarter revenue rose by 6.2 % to € 10.5 million.

Adjusted consolidated EBITDA increased considerably by € 2.0 million from € -2.2 million in the previous year to € -0.2 million in the first nine months of the 2021/22 financial year. Adjusted EBITDA in the third quarter slightly declined from € -0.2 million to € -0.4 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 9M period amounted to a still solid € 13.3 million. Additional credit facilities remain available.

Important Events

Successful genome editing in mammalian cells using BRAIN-Metagenome-Cas (BMC) and BRAIN-Engineered Cas (BEC): BRAIN has reached a major milestone by successfully performing genome editing in mammalian cell lines using its proprietary CRISPR-Cas genome editing nucleases, BRAIN-Metagenome-Cas (BMC) and BRAIN-Engineered-Cas (BEC). This is expected to pave the way for the potential launch of BRAIN's genome editing technology in very large addressable markets such as livestock breeding, cell lines, pharmacology and therapeutic applications.

The company will continue to develop this technology with partners for a variety of end markets and applications. These BRAIN-developed genome editing nucleases are already being deployed successfully in customer projects in the BioScience area, and are used to optimize highly efficient microbial producer strains that drive biological production in so-called microbial cell factories. Together with partners, these proprietary genome editing nucleases are currently being further developed for applications in agriculture, pharmaceutical cell lines, marine applications and industrial producer strains.

Inaugural ESG and Sustainability Report published: BRAIN Biotech AG has published its first ESG and sustainability report. BRAIN sees the accelerated development towards sustainable business conduct as a clear opportunity for the company's further development. The BRAIN Group companies develop innovative products and services based on enzymes, microorganisms and bioactive natural compounds that help drive the economic transformation towards a sustainable circular economy. In addition to a detailed presentation of the company's sustainability strategy, the sustainability report also contains numerous examples of developments, products and cooperations from the BRAIN Group that are already helping industrial partners to achieve their own sustainability goals more quickly, or will do so in the future.

With breakthrough innovations from its own incubator, the BRAIN Group can also make a significant contribution to sustainability in society. Material ESG issues are of central importance for the business model and also the long-term financial success of BRAIN Biotech. They form an integral part of the company's risk assessment and planning. BRAIN has set itself ambitious targets for sustainable corporate development. In addition to environmental, social and governance issues, the strategy for sustainable value enhancement also includes economic and impact targets.

Directors' Dealing: Adriaan Moelker, BRAIN Biotech CEO, has privately acquired an additional 5,000 shares of BRAIN Biotech AG at € 8.70 / share. Lukas Linnig, CFO BRAIN Biotech, has privately acquired an additional 5,000 shares of BRAIN Biotech AG at € 8.895 / share. Both transactions were executed on April 7th, 2022.

Change in the supervisory board of BRAIN Biotech AG: Professor Dr. Bernhard Hauer had informed the Chairman of the Supervisory Board of BRAIN Biotech AG that he wishes to resign from his position as a member of the Supervisory Board of BRAIN Biotech AG. The Supervisory Board has regretfully complied with this request and Prof. Dr. Hauer has resigned from the Board as per his wishes as of May 31, 2022. The search for a successor to Prof. Hauer has been initiated by the Supervisory Board and it is intended to present a suitable candidate to the shareholders for election at the Annual General Meeting for the current fiscal year 2021/22.

Development of segments

The **BioScience segment**, which includes the R&D business with industrial partners and the incubator activities, generated revenues of € 8.5 million in the reporting period, up 15.2 % from the prior-year period. This increase is driven by 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 third quarter, revenue continued to increase moderately from € 2.7 million to € 2.8 million compared to the previous year. Compared to the second 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 increased from € -4.6 million to € - 3.8 million despite ongoing high investments into BRAIN Biotech AG's CRISPR platform business of € 1.4 million in the reporting period.

The higher adjusted EBITDA is attributable to the strong sales increase and good cost control.

Revenues of the **BioIndustrial segment**, which covers the scalable product business, reported an increase of 33.9 % from € 20.6 million to € 27.5 million in the reporting period. In organic terms, excluding the acquisition of Biosun Inc. and Breatec B.V., revenues increased in the first nine months by € 7.0 million or 14.4 %. Adjusted EBITDA increased from € 2.4 million to € 3.7 million. Within the segment, especially Biocatalysts Ltd. again showed a strong development at the level of turnover and EBITDA.

Lukas Linnig, CFO at BRAIN Biotech AG, says: "Due to some typical seasonal effects, ongoing supply chain restraints and the planned new fermenter commissioning, organic growth in the third quarter has been lower than in the previous quarters. We expect an acceleration of organic growth in Q4 and see ourselves well positioned for additional organic growth in the coming years with the capacity expansion projects which have been finalized and initiated. BRAIN is fully on track to reach its fiscal year targets of strong growth and improved profitability."

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

(in € million)	9M 2021/22	9M 2020/21
Revenues	36.0	27.8
BioScience	8.5	7.4
BioIndustrial	27.5	20.6
Total operating performance ¹	37.2	30.0
Adjusted EBITDA ²	-0.2	-2.2
EBITDA	-1.4	-2.1
Operating cash flow	-1.0	-3.0
	30.06.2022	30.09.2021
Cash and cash equivalents	13.3	24.5

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

2 The reconciliation from adjusted to unadjusted EBITDA can be found in the 9M report for the period ended June 30th, 2022

Further information

BRAIN Biotech AG 9M Report 2021/22:

<https://www.brain-biotech.com/investors/financial-publications/2021-22>

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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BRAIN Biotech AG does not undertake any obligation to update or revise any forward-looking statements.