

BR

M

2015/16

INTERIM STATEMENT

three months period ending December 31, 2015

Significant Events · Interim Group Management Report · Consolidated Profit and Loss Statement · Consolidated Assets and Liabilities Situation (Balance Sheet) · Consolidated Statement of Cash Flows · Selected Group Data · Financial Calendar and Contact Details

B·R·A·I·N

ABOUT BRAIN

BRAIN AG is one of Europe's technological leaders in the field of bio economy, applying its key technologies in the area of the industrial or so-called "white" biotechnology, to still discover highly-performing enzymes, microbiological producer organisms or natural substances from complex biological systems in order to transform them into industrially usable applications. Innovative solutions and products developed from this "toolbox of nature" are already successfully in use in the chemical industry as well as in the cosmetics and food industry. BRAIN's business is based on two pillars: "BioScience" and "BioIndustrial". The "BioScience" pillar includes the company's collaboration business with industrial partners which is usually conducted on an exclusive basis. The second pillar, "BioIndustrial", deals with the development and marketing of BRAIN's proprietary products and active product components.

BRAIN AG is one of the leading players in the field of bio economy advancing the biologisation of the industry. The emergence of bio economy as a game-changing global megatrend has been asserted and reconfirmed by the Paris Climate Summit and the Berlin Bioeconomy Summit held in autumn 2015.

CONTENT

04/05 **Significant Events**

3M 2015/16

06/07 **Interim Group Management Report**

For the period from 1 October 2015 to 31 December 2015

08 **Consolidated Profit and Loss Statement**

For the period from 1 October 2015 to 31 December 2015

09 **Consolidated Assets and Liabilities Situation (Balance Sheet)**

For the period from 1 October 2015 to 31 December 2015

Consolidated Statement of Cash Flows

For the period from 1 October 2015 to 31 December 2015

10/11 **Selected Group Data**

For the period from 1 October 2015 to 31 December 2015

12 **Contact and Disclaimer**

13 **Financial Calendar**

SIGNIFICANT EVENTS

01 October 2015 – 31 December 2015

Preparations for the IPO

The first three months of BRAIN AG's 2015/2016 fiscal year were primarily characterised by the preparations for the IPO on the Regulated Market of the Frankfurt Stock Exchange (Prime Standard transparency level). In particular, the company focussed on meeting the formal requirements for the admission to be stock-listed. These actions also included changes in the Management Board as well as the resolutions approved by the general meetings, as detailed in the following paragraphs.

Changes in the Management Board

On 1 November 2015, Mr Henricus (Eric) Marks was appointed to the Management Board by the Supervisory Board and named Chief Operating Officer (COO) of the BRAIN Group. Within the BRAIN Group, Mr Marks is head of the 'BioIndustrial' business and in this function helps expanding BRAIN's proprietary product pipeline, thanks to his many years of industry experience gained at Genencor and AB Enzymes.

On 18 December 2015 with effective date 1 January 2016, Dr Georg Kellinghusen was appointed to the Management Board by the Supervisory Board and named Chief Financial Officer (CFO). Relying on many years of experience serving as CFO of publicly listed companies such as Varta AG, Escada AG, Zapf Creation AG and Alno AG, Dr Kellinghusen joined BRAIN in the light of the company's imminent IPO.

Capital Increase Resolution and Capital Increase

On 20 October 2015, the extraordinary general meeting of BRAIN AG resolved to increase the share capital by Euro 188,530.00, from Euro 12,725,818.00 to Euro 12,914,348.00 by issuing new registered shares against contributions in cash. The shares were subscribed against the payment of a total amount of Euro 188.530 while at the same time the subscriber assumed an obligation to contribute its claims against the company in the amount of Euro 1.8m arising from a shareholder loan agreement into the company's capital reserve. The capital increase was filed with the Commercial Register on 6 November 2015.

Annual General Meeting

The Annual General Meeting of BRAIN AG held on 18 December 2015 adopted the following resolutions:

- formal approval of the actions of the Management Board
- formal approval of the actions of the Supervisory Board
- election of Mr Siegfried L. Drueker to the Supervisory Board for another term of office
- election of Mr Christian Körfggen to the Supervisory Board with effect from 1 January 2016
- appointment of PriceWaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as auditors of the financial statements and consolidated financial statements for the fiscal year from 1 October 2015 to 30 September 2016.

On the occasion of the annual general meeting and against the background of his appointment to the Management Board of BRAIN AG with effect from 1 January 2016, Dr Kellinghusen resigned from the Supervisory Board with effect from 31 December 2015 and stepped back from all his positions he held at the MP Group on 31 December 2015.

INTERIM GROUP MANAGEMENT REPORT

01 October 2015 – 31 December 2015

1. Financial Performance

During the first three months of fiscal year 2015/16, the BRAIN Group increased its total operating performance (revenues, changes in inventory, other income) from Euro 6.3 m to Euro 7.0 m compared to the same quarter of the previous year.¹

The total operating performance of the **"BioScience"** segment amounted to Euro 3.5 m in the period under review. While revenues in this segment went up to Euro 2.9 m, grant revenues (Euro 0.6 m) in this segment totalled slightly below the value of the same period of the previous year (Euro 0.7 m). The operating result (EBIT²) of the BioScience segment decreased by Euro -0.5 m to Euro -1.9 m. The decrease mainly results from costs incurred by the planned stock market flotation of BRAIN AG (Euro 0.8 m), as well as from increased personnel expenses resulting from a share-based employee benefit obligation (Euro 0.4 m). Adjusted for these effects, the result for this segment (adjusted EBIT) is Euro -0.7 m.

In the **"BioIndustrial"** segment, dedicated to the development and marketing of proprietary products and active product components, the total first quarter total operating performance increased by 23 %, from Euro 2.9 m to Euro 3.5 m. The enzyme business through our WeissBioTech subsidiary made a significant contribution to this marked increase in revenues. As a result, the total operating performance share of the industrial product business increased to 50 %, compared to 46 % in the same quarter of the previous year. The operating result (EBIT) of this segment decreased from Euro -0.06 m in the same quarter of the previous year to Euro -0.2 m due to incurred integration costs and additional development expenses.

The unadjusted group operating result (EBIT) declined from Euro -0.5 m to Euro -2.1 m over the previous year. Adjusted for the one-off costs incurred by the planned IPO (Euro 0.8 m) and the personnel expenses resulting from a share-based employee benefit obligation (Euro 0.4 m), the adjusted group EBIT is Euro -0.9 m.

Finance income increased to Euro 9 k due to higher lendings to investments accounted for at-equity. The increase in finance costs from Euro 123 k to Euro 231 k results from an increased shareholder loan volume.

The first quarter's consolidated result was Euro -2.4 m, compared to Euro -0.8 m in the previous year. An essentially unchanged share of Euro -25 k is attributable to non-controlling interest. The basic and diluted earnings per share in the first three months of the fiscal amounted to Euro -0.18 compared to Euro -0.08 in the same period of the previous year.

¹ The financial figures of fiscal 2015/16 are comparable only to a limited extent to the values of the previous year, as for the first quarter of FY 2014/15 they only include the financial figures of the WeissBioTech organisations for the months of November and December 2014 due to the acquisition.

² EBIT: Earnings before Interest and Taxes

2. Assets and Liabilities

On 31 December 2015, non-current assets amounted to Euro 15.3m, remaining almost unchanged compared to 30 September 2015. At Euro 15.0m, current assets likewise remained on approximately the same level (Euro 15.1m). Equity amounted to Euro 5.3m as of 31 December 2015, compared to Euro 5.8m as of 30 September 2015.

In the current quarter, non-current liabilities increased from Euro 17.0m to Euro 17.4m, while current liabilities reduced from Euro 7.7m to Euro 7.6m.

3. Financial Situation

The consolidated gross cash flow (Euro -1.7m) decreased compared to the first three months of the 2014/15 fiscal year (Euro -0.3m). The decrease is essentially attributable to the lower result for the period. Cash flows from operating activities decreased from Euro -1.0m to Euro -2.3m.

Cash investments first and foremost include expenses for enhancing the organization's laboratory and technology infrastructure.

Cash flows from financing activities include taking out a shareholder loan. In accordance with contractual agreements, repayments of financial liabilities amounted to Euro -0.4m.

On 20 October 2015, the annual general meeting of BRAIN AG resolved to increase the share capital by Euro 0.2m to Euro 12.9m.

The capital increase was fully subscribed and filed with the Commercial Register on 6 November 2015.

Pursuant to an agreement of 13 November 2015, a part of the shareholder loan in the amount of Euro 1.8m was contributed into BRAIN AG's capital reserve. Consequently, the capital reserve increased to Euro 18.7m.

Furthermore, BRAIN AG took out a Euro 5.7m loan with a value date of 31 December 2015 under a Euro 10m line of credit which was provided by a shareholder and expires on 31 December 2017.

In the first three months of the fiscal year, the group's liquid funds dropped by Euro 0.8m, from Euro 3.2m to Euro 2.5m. The cash inflow from the IPO is not reflected here as the company went public after 31 December 2015.

CONSOLIDATED PROFIT AND LOSS STATEMENT

[UNAUDITED]

in €	3M 2015/16	3M 2014/15
Revenue	6 047 722	5 631 030
Grant revenue	565 974	668 836
Changes in inventories of finished and unfinished goods and unfinished services	-3 849	-180 788
Other income	362 035	145 863
Total operating performance	6 971 881	6 264 941
Cost of materials and services		
Cost of materials	-2 263 534	-1 768 750
Cost of purchased services	-719 783	-730 346
	-2 983 317	-2 499 096
Personnel expenses		
Salaries and wages (thereof share-based employee compensation schemes)	-2 806 169 (-449 730)	-1 988 073 (-6131)
Social security and post employment benefit costs	-499 412	-437 169
	-3 305 581	-2 425 243
Depreciation and amortisation	-363 689	-331 099
Other expenses (thereof IPO expenses)	-2 431 423 (-762 572)	-1 556 718 (0)
Earnings before interest and tax, EBIT	-2 112 129	-547 215
Adjusted earnings before interest and tax, EBIT ³	-899 827	-541 084
Finance income	8 739	1 743
Finance cost	-230 392	-122 573
	-221 653	-120 830
Loss for the period under review before taxes	-2 333 782	-668 046
Income tax expense/income		
a) Current tax expense/income	-46 085	-4 946
b) Deferred tax expense/income	-15 268	-112 247
	-61 353	-107 300
Loss for the period under review	-2 395 135	-775 346
Thereof attributable to:		
non-controlling interests	-25 409	-24 546
Consolidated result	-2 369 762	-750 800
Basic earnings per share	-0,18	-0,08
Number of shares used to calculate BEPS	12 861 068	12 725 818
Diluted earnings per share	-0,18	-0,08
Number of shares used to calculate DEPS	12 867 590	12 725 818

³ Adjusted for the cost of the IPO and expenses resulting from the share-based employee participation plans.

CONSOLIDATED ASSETS AND LIABILITIES SITUATION (BALANCE SHEET) [UNAUDITED]

in €	31 December 2015	30 September 2015
Non-current assets	15 336 259	15 804 723
Current assets	15 005 825	13 828 532
ASSETS	30 342 084	29 633 255
Total equity	5 322 453	11 250 742
Non-current liabilities	17 425 052	11 681 485
Current liabilities	7 594 579	6 701 029
LIABILITIES	30 342 084	29 633 255

CONSOLIDATED STATEMENT OF CASH FLOWS [UNAUDITED]

in €	3M 2015/16	3M 2014/15
Gross cash flow	-1 732 861	-298 937
Cash flows from operating ctivities	-2 288 848	-1 028 836
Cash flows from investing activities	-348 108	-165 693
Cash flows from financing activities	1 884 783	-767 932
Change in cash and cash equivalents	-752 173	-1 962 461
Cash and cash equivalents at the beginning of the period under review	3 247 352	4 458 926
Cash and cash equivalents at the end of the period under review	2 495 179	2 496 465

SELECTED GROUP DATA [UNAUDITED]

Segment Reporting

There are no changes in the segments compared to the consolidated financial statement as of 30 September 2015. The results per segment are shown in the following table, the explanatory notes on the figures may be found above.

in €	BioScience ⁴		BioIndustrial ³		Reconciliation 3M 2015/16	
	3M 2015/16	3M 2014/15	3M 2015/16	3M 2014/15	Consolidation	Group
Revenue	3 490 478	3 452 784	3 517 936	2 851 843	-36 533	6 971 881
Operating performance (adjusted EBIT) ^{2,5}	-721 673	-478 080	-178 154	-63 004	0	-899 827

Number of Employees (Group)⁶

On average during the current quarter	3M 2015/16	Fiscal Year FY 2014/15
Employees	218	215
thereof scholarship/grant holders	6	11
thereof temporary employees	11	13

Share-based Compensation

The group's share-based compensation scheme includes expenses resulting from share-based payments at AnalytiCon Discovery GmbH arising from a put/call agreement and an employee and management participation program (Euro 0.45 m).

Events after the end of the current quarter

IPO

BRAIN AG is being publically listed in the Prime Standard segment of the Frankfurt Stock Exchange as of 9 February 2016. The issuing price for the 3.5 m registered no-par value ordinary shares was Euro 9.00, resulting in gross IPO proceeds for the company of Euro 31.5 m. After the deduction of banking fees, net proceeds amounted to Euro 30.4 m.

⁴ after partial elimination within the segment

⁵ adjusted for the cost of the IPO and expenses resulting from the share-based employee participation plans

⁶ without the parent company's members of the board (2) and the subsidiaries' managing directors (7)

Furthermore, the bank managing the stock market flotation was offered a total of 0.525 m registered shares from the holdings of the selling shareholder MP Beteiligungs-GmbH in connection with a potential over-allotment (so-called "green shoe") and for stabilisation purposes. The granted over-allotment option may be exercised until and including 9 March 2016.

Despite unfavourable global capital market conditions with corresponding negative effects on the German DAX stock index, BRAIN AG share's performance has been relatively stable so far with its share price trading above the issuing price.

There have been no other significant events or developments of particular importance with potential impact on the financial and assets and liabilities situation nor the financial performance of the company after the reporting date of 31 December 2015.

Zwingenberg, 29 February 2016

Management Board



Dr Jürgen Eck



Dr Georg Kellinghusen



Henricus (Eric) Marks

CONTACT

For further information please contact:

Corporate Development & Investor Relations

Dr Martin Langer

Fon: +49-6251-9331-16

Disclaimer

This interim report may contain forward-looking statements. These statements reflect the current views, expectations and assumptions of the management of the BRAIN Group 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. The company does not undertake any obligation to update or revise any forward-looking statements. This interim report may contain various disclosures that are not required by the relevant reporting standards. These disclosures should be regarded as a supplement, rather than as a substitute for the information to be disclosed under IFRS. Due to rounding, individual numbers presented in this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures they relate to. This document is an English language translation of the German original. In case of discrepancies, the German language document is the sole authoritative and universally valid version.

FINANCIAL CALENDAR

29 February 2016

Release of the interim statement
for the period ending
31 December 2015 (3M)

31 May 2016

Release of the interim report
for the period ending
31 March 2016 (6M)

31 August 2016

Release of the interim statement
for the period ending
30 June 2016 (9M)

20 December 2016

Release of the annual report
for the period ending
30. September 2016 (12M)

Release Date: 29 February 2016

Published by:

B·R·A·I·N

Biotechnology Research And Information Network AG
Darmstädter Straße 34–36
64673 Zwingenberg · Germany

phone +49 (0) 62 51 / 9331-0
fax +49 (0) 62 51 / 9331-11
e-mail public@brain-biotech.de
web www.brain-biotech.de