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PRESS RELEASE

BRAIN AG announces Intention to Float

- **First German company from the field of Bioeconomy plans an Initial Public Offering on the Frankfurt stock exchange with admission to the Prime Standard**
- **BRAIN develops bio-industrial product solutions for globally active industrial partners and for its own commercialisation**
- **BRAIN promotes as key enabler the “Biologisation of Industries”**
- **Planned IPO will allow BRAIN to accelerate the commercialisation of its own product pipeline and to promote its successfully initiated industrialisation strategy**
- **Special subscription programme for retail investors**

Zwingenberg, January 05, 2016: B.R.A.I.N. Biotechnology Research and Information Network AG (“BRAIN AG“, “the Company” and together with its subsidiaries “BRAIN” or “the Group”) is preparing an initial public offering (“IPO“ or “the Offer”) in the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange.

BRAIN AG is one of Europe’s leading technology companies in the field of industrial biotechnology, the core discipline of the Bioeconomy. Using proprietary technology platforms, the Company identifies previously untapped, efficient enzymes, microbial producer organisms or bioactive natural substances from all that biodiversity has to

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offer to put them into industrial or rather bioeconomical use. The innovative product solutions developed by the help of this “Toolbox of Nature” are successfully applied in the chemical industry as well as in the consumer goods, cosmetics, animal feed, and food industries. To secure its technologies and product candidates, BRAIN AG holds more than 350 patents and patent applications divided in 48 patent families.

Clearly focussed business model

BRAIN’s business is based on two pillars - “BioScience“ and “BioIndustrial“.

The “BioScience“ pillar comprises the Company’s – frequently exclusive - collaboration business with selected globally active industrial partners. Since its foundation, BRAIN AG has successfully entered into more than 100 of such long-lasting industrial partnerships. Basically, these involve BRAIN providing research and development services aimed at sustainably improving processes or at identifying new products and technical solutions harnessing the methods of industrial biotechnology. To this end, the Company receives a combination of running research and development fees, milestone payments, performance payments and license fees from the respective industrial partner. Among these collaboration partners are companies such as BASF, Bayer, Clariant, DSM Nutritional Products, Evonik, Fuchs Europe, Henkel, Nutrinova, RWE, Südzucker, or Symrise.

The second pillar of BRAIN’s business, “BioIndustrial“, comprises the development and commercialisation of its own products and active product components. In order to promote the underlying industrialisation strategy, BRAIN AG targets rapidly growing market segments such as enzymes, food, wound care, or BioSubstitutes (biological substituents for chemical ingredients) as well as cosmetics and care products within the consumer goods market. For these target markets, the Company has built an extensive product pipeline intended to contribute significantly to its future sales growth.

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These products and active product components are either marketed by granting licenses to third parties or by acquiring companies which are already active in the relevant markets. In this pillar of the business, BRAIN thus participates in the market through own product sales, or by license payments and royalty payments linked to the licensee's final product sales.

In fiscal year 2014/15, the Company has acquired a majority interest in a well-established manufacturing and sales company – Weiss BioTech – for the enzyme and food target markets. In earlier years, BRAIN AG had already acquired two other industrial enterprises providing both the required manufacturing capacities and market access to end consumers (B2B, B2C) within the market for cosmetics and care products.

Consistent growth strategy

More than 20 years of experience in the industrial collaboration business have paved the way for BRAIN AG's consistent expansion over the past few years. During the same time period, BRAIN has established robust contacts to the industry, the scientific and academic community and political bodies in order to be accepted and act as a key enabler in the change towards a bio-based economy.

After the adoption of its industrialisation strategy in 2008, the Company had a special focus on investing into and scaling up its own product pipeline. In addition, the Company was sustainably strengthened through selective corporate acquisitions which were successfully integrated into the value chain and well positioned in attractive markets.

BRAIN's strong growth path is also reflected in the Company's financial development. The Group's operating performance (sales revenues + changes in finished goods and work in progress + other income including R&D grants) increased by a compound annual growth rate of 59 per cent, from EUR 10.2m to EUR 25.7m, between the 2012/13 and the 2014/15 fiscal years. A significant portion of this

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growth is attributable to the “BioIndustrial“ division, where the operating performance increased by an average of 68 per cent per annum from EUR 4.8m to EUR 13.5m, over the same period. Consequently, already today, this business pillar accounts for more than half (53 per cent in fiscal year 2014/15) of the Group’s operating performance. The Group’s EBIT remained almost stable in absolute numbers, with EUR -4.4m in 2012/13 and EUR -4.6m in 2014/15, while margins improved over time. The different relations between the absolute revenue and earnings developments is due to the significant increase of Research & Development capabilities on the one hand, and the initial consolidation of WeissBioTech on the other hand, which does not yet include the expected earnings potential from the use of BRAIN’s product pipeline.

BRAIN AG sees future growth opportunities mainly in the expansion of its BioArchive, the so-called “Toolbox of Nature”. This is how the Company intends to secure additional rights to use and exploit biotechnology solutions. In addition, the Company continues to pursue its “multi-product opportunity“ approach, which is based on the fact that one innovative solution developed by BRAIN may often be used and monetised in different market segments in parallel.

Finally, BRAIN AG plans to further expand its business activities in the “BioScience“ division with its collaboration partnerships. It also aims to extend its “BioIndustrial“ activities on a more global scale, i.e. beyond the German-speaking countries and Europe.

To be prepared for this next level of growth especially in view of the additional tasks in the product business, the BRAIN management team has been strengthened and equipped with more responsibilities during the last year. The Management Board, led by its Chairman Dr Jürgen Eck, who belongs to the group of BRAIN shareholders since 1994, was complemented by Henricus Marks (COO), who has more than 25 years of industry experience, in particular in global sales operations and key account management particularly in the enzyme business. In addition, Dr Georg Kellinghusen, former member of the

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BRAIN Supervisory Board, was appointed CFO with effect from January 01, 2016. The experienced management team, now consisting of ten people, is highly motivated to make a significant contribution for BRAIN and the biological transformation of the target industries.

Offer for institutional and private investors

The planned offer primarily consists of newly issued shares from a capital increase; meaning, the Company will receive all the proceeds from these primary shares. Besides, one existing shareholder is planning to provide shares to be used in an over-allotment option.

ODDO Seydler Bank AG is acting as Sole Global Coordinator and Bookrunner in the transaction. Blaettchen Financial Advisory GmbH is supporting the Company as IPO consultant.

Some 51 per cent of BRAIN AG's current equity capital is held by the family office of MP Beteiligungs GmbH and around 20 per cent is owned by MIG, a group of venture capital funds. The remaining around 29 per cent are primarily in the possession of the Company's founders and senior management. These existing shareholders will continue to hold a significant equity portion after the planned IPO.

The Offer will consist of initial public offerings in Germany and Austria as well as private placements in certain jurisdictions outside of these countries and outside the United States of America. With the aim to adequately target retail investors, BRAIN wants to reserve some 10 per cent of the offered shares for this group of investors. Plans are being made to provide dedicated subscription channels – also via the Company itself - for this particular purpose.

“Over the past few years, we have built up an excellent reputation within the research community, political bodies and the relevant industry players, and have realised successful collaboration projects. We have also made good progress with our industrialisation strategy - thanks to successfully integrated acquisitions on the one hand and the expansion of our product pipeline on the other hand. Now we are

ready to increase our independence on the financing side, in order to properly benefit from the tailwinds in our industry. The planned IPO will bring the expansion of our Company an important step forward”, says Dr Jürgen Eck, Chief Executive Officer of the Management Board (CEO) of BRAIN AG.

The Company intends to use the proceeds from the IPO primarily to fund the research and development of new products, to continuously improve and upgrade existing products and technologies, and to enhance the marketing of its own product pipeline. Some portion may also be dedicated to finance further acquisitions or to increase stakes in certain subsidiary companies, if this supports the implementation of the Company’s industrialisation strategy. Finally, a small portion of the proceeds shall be used for working capital requirements and the repayment of shareholder loans granted for operational purposes.

Increased sustainability through Bioeconomy

Bioeconomy involves using resources from nature such as microorganisms, enzymes or individual biomolecules in industrial production processes amongst others, to achieve significant improvements compared to conventional processes or products. This results in, for instance, more resource-friendly, energy-efficient and sustainable processes in the chemical, mining and consumer goods industries, or more natural products in the food, animal feed and cosmetics industries. How such a bio-based economy needs to be built, was recently discussed in Berlin on the “Global Bioeconomy Summit”. This international event, initiated by the bioeconomy council of the German government, attracted more than 700 participants from 82 states at the end of November 2015. Shortly after, on 30 November 2015, negotiations started on legally binding universal targets for sustainability and resource efficiency within the scope of COP21, also known as the 2015 Paris climate conference.

Industrial biotechnology as harnessed by BRAIN is considered a key technology in the transition from an economy that is frequently based on fossil fuels into a sustainable and biology-based economy. In poli-

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tics and industry, the term often used for this is “the biologisation of industries”.

Against this backdrop, BRAIN AG perceives the global population growth, scarcity of resources, climate change as well as consumers’ needs for natural solutions in food and cosmetics products as major growth engines for products based on biotechnological processes and solutions. Another key driver identified by the Company is the increasing cost of healthcare, which can be reduced through the development of healthy foods.

“BRAIN is rethinking biology. The technological use of biological processes in an industrial environment reflects the Company’s core competence and philosophy. Inspired by the vision of a bio-based economy or so called Bioeconomy that is geared to natural material cycles, BRAIN is one of the creative players in this global transformation process“, explains Dr Jürgen Eck when asked about his long-term view of the industry and BRAIN’s role in it.

The Company aims to facilitate and expand the use of biotechnology solutions and biological products, and intends to service both the industrial and the end consumer markets. A particular growth potential is seen in large parts of the chemical industry. Here, BRAIN AG focuses on the specialty chemicals and the consumer chemicals divisions, with an emphasis on nutrition, cosmetics and wound care. According to a scientific publication from the Journal of Commercial Biotechnology (Festel et al., 2012), experts expect the share of biotechnology products and procedures in the chemical industry to grow from approximately 12 per cent today to up to 20 per cent by 2020. In this environment, the two aforementioned market divisions BRAIN focuses on are expected to grow at an annual rate of 15.5 per cent. According to CEFIC, the European Chemical Industry Council, total sales in the chemical industry in 2013 already amounted to some EUR 3,156 bn worldwide, with a growth forecast of approximately 4 per cent per annum.

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About BRAIN

BRAIN 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. Today, BRAIN's business model is based on two pillars – "BioScience" and "BioIndustrial". The first pillar, "BioScience", comprises its – frequently exclusive – collaboration business with industrial partners. The second pillar "BioIndustrial" comprises the development and commercialisation of BRAIN's own products and active product components. Further information is available at www.brain-biotech.de/en

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