

Sustained dynamic sales development and rising profitability

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BRAIN Biotech AG has now published its half-year figures for 6M 2021/22. After a dynamic start to the financial year, the Group has now continued its strong revenue momentum in the second quarter. Both business units contributed to a dynamic revenue development and a positive operating leverage effect. Taking into account the acquisition of Breatec B.V. and excluding the continued high investments in the proprietary CRISPR genome editing platform, management now expects sales of around €50 million and a slightly positive adjusted EBITDA for the fiscal year. CRISPR-related investments for the full year will remain at around €2.5 - 3.5 million.

"We are very pleased that we were able to maintain the positive operating momentum of the last two quarters despite increasing challenges in the global supply chain and rising material costs. The continued positive momentum is clearly noticeable in both business units and also makes us optimistic for the development in the further course of the fiscal year. Without supply chain constraints, we would have been able to grow even more dynamically, particularly in the BioIndustrial segment. The integration of our baking enzyme specialist Breatec is proceeding according to plan and we expect to leverage extensive synergies within our BioIndustrial businesses in the coming years."

- Adriaan Moelker, CEO

In the first six months of fiscal 2021/2022, the Group generated sales of €23.3 million compared to €18 million in the same period last year, an increase of 29.3%. Sales in the second quarter of 2021/22 amounted to €13.1 million. This corresponds to an increase of 31.9% compared with the second quarter of the previous year. On an organic basis, i.e. excluding the acquisition of Breatec, sales in the second quarter increased by 20.4% to €11.9 million.

Adjusted Group EBITDA increased significantly by €2.2 million in the first six months of fiscal 2021/22, from €-2.0 million in the previous year to €0.2 million. Adjusted EBITDA in the second quarter increased year-on-year from € -0.6 million to € 0.5 million. Following the payment of the purchase price for the acquisition of Breatec B.V., ongoing investments in the expansion of fermentation capacities at Biocatalysts Ltd. and a Series B financing at SolasCure Ltd. the cash position at the end of the quarter was a solid € 16.4 million.

Significant events

Genome Editing Toolbox: The company received an international search report and written opinion from the European Patent Office (EPO) in January 2022. The positive written opinion states that the engineered cas (BEC) nucleases for which patent protection is sought under the Patent Corporation Treaty (PCT) constitute an inventive step with respect to the BEC nuclease sequences and are industrially exploitable and not otherwise excluded from patent protection. The corresponding sequences of BEC nucleases are therefore considered patentable by the EPO. This is an important milestone in the regular patent

application process and confirms the view of the management and the scientific team that the proprietary BEC technology is a novel and clearly differentiated genome editing tool.

New Group member Breatec B.V.: In February, the Group entered into an agreement to acquire an initial 62% stake in Breatec B.V. from its current owners. In addition, an agreed call/put option allows BRAIN to acquire the entire company by the end of the first quarter of 2027. Breatec was founded in 2006 and is located in the south central region of the Netherlands near the Belgian and German borders, surrounded by many leading international companies in the food industry. In calendar year 2021, Breatec generated revenues of approximately €7 million with a positive EBITDA contribution. The acquisition will be fully consolidated by the company as of February 1, 2022.

Cooperation with Formo GmbH: BRAIN and Formo launched a strategic cooperation in February to further advance the production of animal-free milk proteins. Formo is a pioneering foodtech startup in the field of alternative milk proteins and will expand its production of bioidentical milk proteins with a genome editing technology; leveraging its expertise as well as the proprietary BEC platform. The strategic alliance aims to optimize microorganisms to further expand novel and sustainable protein production for commercial use through precision fermentation.