



July – September in summary

- **Net sales** rose by 164 percent to SEK 24,279 (9,206) thousand.
- **Operating profit before depreciation and amortization (EBITDA)** totaled SEK 7,987 (1,747) thousand.
- **Comprehensive income for the period** improved by SEK 7,131 thousand to SEK 7,473 (342) thousand.
- **Comprehensive income per share**, basic and diluted, improved by SEK 0.11 to SEK 0.12 (0.01).
- Genovis delivered an order worth 13,5MSEK of SmartEnzymes™ for use in the manufacturing process for a biological drug. This is a new application for the company's products. The customer intends to use Genovis' enzyme for production of a drug candidate for a phase 1 clinical study.

Financial summary (SEK 000s)	July – September		January – September		full-year
	2019	2018	2019	2018	2018
Net sales	24,279	9,206	47,719	24,031	34,568
Gross profit	20,814	8,797	44,123	22,858	33,816
Operating profit/loss (EBIT)	7,019	418	10,589	-2,874	-960
Comprehensive income for the period	7,473	342	10,444	-2,846	-1,560
Comprehensive income per share* (SEK)	0.12	0.01	0.17	-0.05	-0.03
Cash flow from operating activities	7,448	928	10,302	-1,016	-1,250
Cash and cash equivalents at close of period	15,303	10,236	15,303	10,236	9,581

* Earnings per share is calculated by dividing comprehensive income by the weighted average number of shares during the year. There is no dilution effect.

January – September in brief

- **Net sales** rose by 99 percent to SEK 47,719 (24,031) thousand.
- **Gross profit** improved by SEK 21,265 thousand to SEK 44,123 (22,858) thousand.
- **Operating result** improved by SEK 13,463 thousand to SEK 10,589 (loss: 2,874) thousand.
- **Comprehensive income for the period** improved by SKE 13,290 thousand to 10,444 (loss: 2,846) thousand.
- **Comprehensive income per share** basic and diluted improved by SEK 0.22 to SEK 0.17 (-0.05).

Comments from Fredrik Olsson, Chief Executive Officer



The third quarter was our best quarter ever, in terms of both sales and earnings. Sales rose by 164 percent and adjusted for currency effects, growth was 147 percent. This strong growth was mainly driven by our single largest order for a bioprocess application and accounted for SEK 13.5 million of our sales. Adjusted for this order our growth in the third quarter was 17 percent and for the period it was 34 percent.

The quarter was characterized by intensive efforts to produce and deliver the large order of enzymes that will be used in the manufacturing process of a biological drug for a phase 1 study. I am both pleased and proud that as a result of the hard work of my colleagues we have successfully met challenging demands for both volume and quality standards, and that the order was delivered in its entirety, as requested,

during the third quarter. The order has temporarily required redistribution of lab resources for production, but we have now resumed operations in our development projects. The same applies to implementation of our plans for long-term investments in increased capacity for production of enzymes for analysis. These investments will be fully implemented during the fourth quarter and are expected to total approximately SEK 2 million, which is according to plan.

Operating profit totaled SEK 7.0 million and was adversely affected by an impairment loss of SEK 3.5 million. The impairment loss relates to a claim on our insurance company in conjunction with a legal dispute in 2016. However, we will continue to pursue the claim for compensation.

Expenses for the quarter rose compared with the previous year, mainly because of increased costs for raw materials and personnel costs related to the bioprocess order. We also expanded our premises during the quarter to permit continued growth, as we welcomed two more employees to our growing team.

We are entering the fourth quarter with a strong cash flow from the previous quarter and stronger liquidity. We are now generating a surplus, which we plan to initially invest in product development projects in order to increase the launch rate of new products in 2020.

I would like to conclude by sending a huge thank you to my co-workers, who did an amazing job of completing one of our most challenging projects during the quarter! This valuable experience has given us confidence that will contribute to our continued growth and expansion at Genovis.

Genovis Group in brief

Genovis will apply its knowledge and imagination to design and provide innovative tools for the development of the drugs of the future.



Genovis' enzymes are in a market that covers the entire life science and biotech supply industry. The Parent Company in Lund handles sales in the European market and the subsidiary, Genovis Inc., handles all sales in the North American market. In Asia Genovis works both with direct sales and with distributors who are familiar with the local market.

Genovis' business model has a long-term and sustainable focus based on two primary strategies that together are the drivers of the Company's success:

- Continue to launch unique new products, thereby growing the product portfolio.
- Deliberately work to encourage customers to use Genovis products in several stages further along on the drug development value chain.

The Company will therefore continue to be creative and develop unique new high-value products for its customers. New products are mainly aimed at customers who work in the discovery phase or in preclinical development. In this phase most of the Company's customers are both curious and willing to test new analytical methods to address the clear needs and challenges related to analyzing biological drugs. More and more of Genovis' customers in the biopharma industry are now using the products farther along in the value chain for biological drug development and have growing confidence in Genovis as a provider of high-quality, innovative products for the biopharma industry. Genovis will continue to launch innovative products as the brand grows stronger and in pace with the expansion and broadening of our customer base.



Performance

The Group's financial performance in summary

(SEK 000s)	July – September		January – September		full-year 2018
	2019	2018	2019	2018	
Net sales	24,279	9,206	47,719	24,031	34,568
Change in inventory, finished goods	-478	617	927	1,126	2529
Other operating income*	289	-160	677	53	81
Raw materials and consumables	-3,276	-866	-5,200	-2,352	-3,362
Gross profit	20,814	8,797	44,123	22,858	33,816
Comprehensive income for the period	7,473	342	10,444	-2,846	-1,560

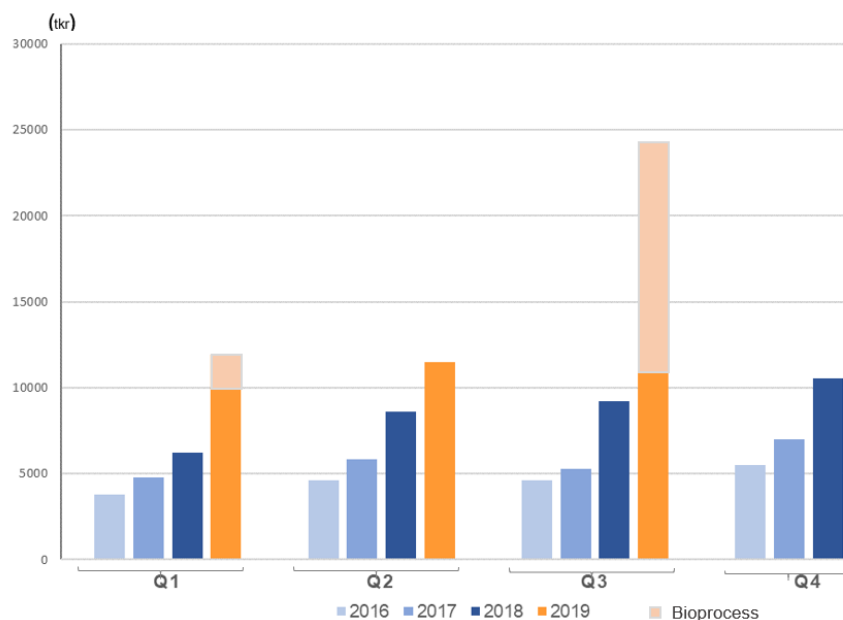
* Other operating income is attributable to exchange rate gains.

Net sales

Consolidated net sales for the period totaled SEK 47,719 (24,031) thousand, an increase in sales of 99 percent. Net sales include an order, which was recognized in the third quarter, from a global biopharma company for about SEK 13.5 million for production of a drug for a clinical study. Adjusted for currency effects, net sales for the period totaled SEK 44,421 thousand, corresponding to an increase in sales of 85 percent.

Net sales for the third quarter amounted to SEK 24,279 (9,206) thousand, corresponding to an increase in sales of 164 percent. Adjusted for currency effects, net sales for the third quarter totaled SEK 22,712 thousand, corresponding to an increase in sales of 147 percent.

Sales by quarter 2016-2019



Operating profit/loss before depreciation and amortization (EBITDA)

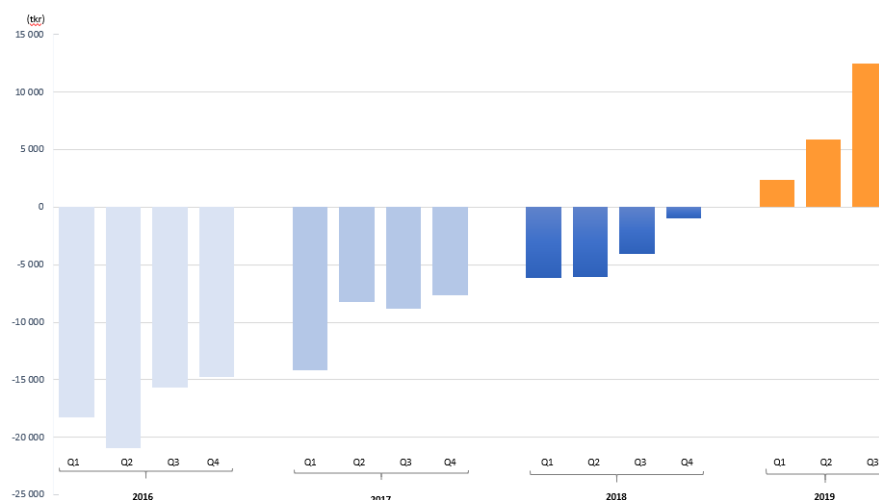
EBITDA for the period improved by SEK 11,937 thousand to SEK 13,072 (1,135) thousand.

The remaining recognized receivable, SEK 3,5 million, for the claim against the insurance company relating to the company's costs for the arbitration proceedings against Promega has now been written off in its entirety. For the third quarter, EBITDA totaled SEK 7,987 (1,747) thousand.

Operating profit/loss (EBIT)

EBIT for the period amounted to SEK 10,589 (loss: 2,874) thousand, which is an improvement of SEK 13,463. EBIT for the third quarter was SEK 7,019 (418) thousand, an improvement of SEK 6,601 thousand.

Operating profit/loss (EBIT) rolling 12 months



Comprehensive income

Comprehensive income for the period improved by SEK 13,290 thousand to SEK 10,444 (loss: 2,846) thousand. Earnings per share, based on a weighted average of the number of outstanding shares, improved by SEK 0.22 to SEK 0.17 (loss: -0.05). Comprehensive income for the third quarter improved by SEK 7,131 thousand to SEK 7,473 (342) thousand. Earnings per share, based on a weighted average of the number of outstanding shares, improved by SEK 0.11 to SEK 0.12 (0.01).

Costs

Consolidated expenses for the period increased by SEK 10,650 thousand to SEK 38,734 (28,084) thousand. Expenses are allocated as follows: raw materials and consumables, which increased by SEK 2,848 thousand to SEK 5,200 (2,352) thousand, personnel costs, which increased by SEK 3,930 thousand to SEK 15,640 (11,710) thousand, other external expenses, which increased by SEK 1,941 thousand to SEK 11,954 (10,013) thousand and other operating expenses increased by SEK

3,457 thousand to SEK 3,457 (0) thousand. Personnel costs increased because of new employees hired in the sales organization, as well as in administration. Depreciation, amortization and impairment for the period increased by SEK 1,526 thousand to SEK 2,483 (4,009) thousand. Expenses for the third quarter increased by SEK 4,369 thousand to SEK 13,614 (9,245) thousand. Expenses are allocated as follows: raw materials and consumables SEK 3,276 (866) thousand, personnel costs SEK 5,644 (3,651) thousand, other external expenses SEK 3,726 (3,399) thousand and other operating expenses SEK 3,457 (0) thousand. Other operating expenses consist of write off claims on insurance company. Depreciation, amortization and impairment for the third quarter totaled SEK 968 (1,329) thousand.

Investments

Consolidated capital expenditure for the period totaled SEK 2,760 (1,233) thousand, of which SEK 2,570 (622) thousand is attributable to property, plant, and equipment, primarily laboratory equipment and computers, and SEK 190 (571) thousand is attributable to investments in intangible assets. For the third quarter, net capital expenditure amounts to SEK 326 (309) thousand, including SEK 316 (276) thousand attributable to investments in property, plant, and equipment and SEK 10 (33) thousand attributable to investments in intangible assets.

Cash flow and financial position

Total shareholders' equity for the Group was SEK 36,515 (24,786) thousand after taking the result for the period into account. Equity per share based on the weighted average of the number of outstanding shares (basic and diluted) at the end of the period was SEK 0.58 (0.40). The Group's equity ratio at the end of the period was 67 (63) percent.

Consolidated cash and cash equivalents at the end of the period amounted to SEK 15,303 (10,236) thousand. The Board believes that the available working capital is sufficient to run the Company over the next twelve months.

Consolidated cash flow for the period was SEK 5,722 (5,318) thousand. Cash flow from financing activities was a loss of SEK 1,820 (7,567) thousand. Consolidated cash flow for the third quarter was SEK 6,382 (loss: 57) thousand and cash flow from financing activities was a loss of SEK 740 (loss: 626) thousand.

Only the Group has interest-bearing liabilities, where liabilities to credit institutions relate in their entirety to the present value of estimated future lease payments, which also includes rent for premises.

Liabilities to credit institutions (SEK 000s)

Noncurrent interest-bearing liabilities

Maturity between 1 and 4 years	4,681
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Current interest-bearing liabilities

Maturity within 1 year	740
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Taxes

The Group has a deferred tax asset that arises from the Parent Company, amounting to SEK 1,718k (1,718k) at the end of the period.

Employees

On Sept. 30, 2019, the Group had 23 employees, compared with the same period the previous year, when the Group had 22 employees. In all, 22 people are employed by the Parent Company in Lund and one person works for the subsidiary Genovis Inc. in the US.

Share capital and share performance

Share capital at the end of the period amounted to SEK 15,775,000 and the total number of shares amounted to 63,100,000 with a par value of SEK 0.25. Genovis' shares are traded on Nasdaq First North Stockholm under the ticker symbol GENO. First North is Nasdaq's European emerging market intended for small, growing businesses, with a less extensive rulebook than the main market. Erik Penser Bank is the Certified Advisor for Genovis, certifiedadviser@penser.se, tel: +46 (0)8-463 83 00.

Parent Company

Net sales and operating profit/loss in the Parent Company are attributable to the primary and only business area: product sales and/or outlicensing of research-based innovations. According to Genovis, the Company does not meet the definition of geographical areas under IFRS 8 and therefore no secondary segment information is provided.

Revenue

Revenue for the period, including change in inventory, finished goods, amounted to SEK 42,558 (20,614) of which SEK 40,953 (19,435) thousand was attributable to sales and SEK 677 (53) thousand to other revenue. Other revenue for the period is attributable to foreign exchange gains. Revenue for the third quarter was SEK 23,280 (7,638) thousand, including SEK 23,469 (7,181) thousand attributable to revenue from sales and SEK 289 (-160) to other revenue.

Costs

Operating expenses for the period totaled SEK 32,399 (23,422) thousand and expenses for the third quarter totaled SEK 15,082 (7,264) thousand.

Performance

Net profit for the period was SEK 10,157 (loss: 2,810) thousand and net profit for the third quarter was SEK 8,197 (374) thousand.

Investments

Net capital expenditure for the period totaled SEK 2,760 (1,233) thousand, of which SEK 2,570 (663) thousand is attributable to property, plant, and equipment, primarily laboratory equipment and computers, and SEK 190 (571) thousand is attributable to investments in intangible assets. For the third quarter net capital expenditure amounts to SEK 326 (309) thousand, including SEK 316 (33) thousand attributable to investments in property, plant, and equipment and SEK 10 (276) thousand attributable to investments in intangible assets.

Taxes

The Parent Company has a deferred tax asset and at the end of the quarter it was SEK 1,718 (1,718) thousand, corresponding to a loss carryforward of SEK 8,028 thousand. The Board believes that future taxable surpluses will be available against which the unutilized tax losses can be utilized. The Company's total tax loss amounts to SEK 171 (169) million.

Events after the end of the period

No other events were reported after the end of the period.

Subsidiary Genovis Inc.

The subsidiary Genovis Inc. handles all sales in the North American market.

Related party transactions

Genovis' board member and principal owner Mikael Lönn, who holds a 15.83 percent stake in Genovis, owns 12.24 percent of the shares in Redeye AB, for which Mikael Lönn is also a board member. Genovis has purchased analysis services from Redeye AB for a total of SEK 315 thousand during the period.

Nomination Committee

Nomination Committee prior to the 2020 Annual General Meeting:

Mikael Lönn

Aktia Placeringsfonder is represented by Markus Lindqvist, Director, Aktia Fondbolag AB

Core ny teknik is represented by Erik Sprinchorn, Portfolio manager

The Second AP Fund is represented by Johan Sjöström, Portfolio manager

Shareholders wishing to submit comments or proposals to the Nomination Committee should do so no later than March 1, 2020, by email to info@genovis.com or by letter to Genovis AB, Valberedningen, Box 790, SE-220 07 Lund, Sweden.

Outlook

Although the Life Science field is relatively independent of business cycles, periods of uncertainty can influence our customers' appetite to invest in new technology. With the majority of the development projects proceeding according to plan, Genovis is positioned to make additional advances with respect to both new products and sales.

Risk Factors

Genovis' general view of the financial risks that could affect operations has not changed since the description published in the most recent annual report. Genovis' business risks include the risk that anticipated revenue might not materialize since the Company is active in a market in which competing companies have substantially larger financial resources at their disposal. For a detailed overview of the Company's financial risks, please refer to page 57 in Genovis' 2018 Annual Report.

Future reporting dates

Year-end Report	January 1 – December, 31 2019	February 26, 2020
Interim Report	January 1 – March 31, 2020	May 7, 2020
Half-Yearly Report	January 1 – June 30, 2020	August 20, 2020
Interim Report	January 1 – September 30, 2020	November 10, 2020

Interim reports can be downloaded at Genovis website:

<https://investor.genovis.com/sv/finansiella-rapporter/#delarsrapporter>

Or ordered from the company by phone or post:

Genovis AB, Box 790, SE-220 07 Lund, Sweden

Phone: +46(0)46-10 12 30

Accounting policies

This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the relevant provisions of the Swedish Annual Accounts Act. The report for the Parent Company has been prepared in accordance with chapter 9 of the Swedish Annual Accounts Act, Interim Reports. The accounting policies applied for the Group and the Parent Company are consistent with the accounting policies used in the preparation of the most recent annual report.

Consolidated Statement of Comprehensive Income

(SEK 000s)	July – September		January – September		full-year
	2019	2018	2019	2018	2018
Net sales	24,279	9,206	47,719	24,031	34,568
Change in inventory, finished goods	-478	617	927	1,126	2,529
Other operating income	289	-160	677	53	81
Raw materials and consumables	-3,276	-866	-5,200	-2,352	-3,362
Gross profit	20,814	8,797	44,123	22,858	33,816
Personnel costs	-5,644	-3,651	-15,640	-11,710	-16,148
Other external expenses	-3,726	-3,399	-11,954	-10,013	-13,577
Other operating expenses	-3,457	0	-3,457	0	0
Operating profit/loss before depreciation and amortization (EBITDA)	7,987	1,747	13,072	1,135	4,091
Depreciation, amortization and impairment of plant, property, and equipment and intangible assets	-968	-1,329	-2,483	-4,009	-5,051
Operating profit/loss (EBIT)	7,019	418	10,589	-2,874	-960
Net financial items	-89	-46	-309	-146	-640
Profit/loss after financial items	6,930	372	10,280	-3,020	-1,600
Taxes	353	0	-79	0	-110
Profit/loss after tax for the period	7,283	372	10,201	-3,020	-1,710
Items that may be reclassified subsequently to profit or loss					
Translation of foreign subsidiary	190	-30	243	174	150
Comprehensive income for the period	7,473	342	10,444	-2,846	-1,560
-attributable to shareholders in Genovis AB	7,473	342	10,444	-2,846	-1,560

Earnings per share (SEK)*	July – September		January – September		full-year
	2019	2018	2019	2018	2018
Based on weighted average of the number of outstanding shares (basic and diluted)*.	0.12	0.01	0.17	-0.05	-0.03
Number of shares					
Weighted average for the period	63,100,000	63,100,000	63,100,000	61,545,837	61,935,460
Number of shares at beginning of period	63,100,000	63,100,000	63,100,000	60,294,162	60,294,162
Number of shares at end of period	63,100,000	63,100,000	63,100,000	63,100,000	63,100,000
Share price at end of period, SEK	25.60	7.06	25.60	7.06	6.92

Condensed Consolidated Balance Sheet

(SEK 000s)

	<u>Sept. 30</u>		<u>Dec. 31</u>
Assets	2019	2018	2018
<i>Noncurrent assets</i>			
Intangible assets	2,530	2,878	2,611
Property, plant and equipment	8,777	9,264	6,349
Financial assets	1,718	1,718	1,718
Current assets	26,283	15,107	17,567
Cash and cash equivalents	15,303	10,236	9,581
Total assets	54,611	39,203	37,826
Equity and liabilities			
Equity	36,515	24,786	26,071
Noncurrent liabilities	4,681	7,457	2,940
Current liabilities	13,415	6,960	8,815
Total equity and liabilities	54,611	39,203	37,826

Consolidated Statement of Changes in Equity

(SEK 000s)

	<u>Sept. 30</u>		<u>Dec. 31</u>
	2019	2018	2018
Amount at start of period	26,071	18,188	18,187
Rights issue	0	9,444	9,444
Exchange rate difference	243	174	150
Profit/loss for the period	10,201	-3,020	-1,710
Amount at end of period	36,515	24,786	26,071
Attributable to shareholders in Genovis AB	36,515	24,786	26,071

	<u>30Sep</u>		<u>Dec. 31</u>
Key financial figures	2019	2018	2018
Equity/assets ratio (%)	67	63	69
Equity per share at end of period* (SEK)	0.58	0.40	0.42

* Based on weighted average of the number of outstanding shares (basic and diluted).

Summary Consolidated Summary Statement of Cash Flows

(SEK 000s)	July – September		January – September		full- year
	2019	2018	2019	2018	2018
Cash flow from operations	7,019	418	10,589	-2,874	-960
Adjustment for items not affecting cash flow	4,425	1,329	5,940	4,009	5,051
Change in working capital	-3,907	-773	-5,918	-2,005	-4,701
Net financial items	-89	-46	-309	-146	-640
Cash flow from operating activities	7,448	928	10,302	-1,016	-1,250
Investing activities	-326	-309	-2,760	-1,233	-1,829
Cash flow after investing activities	7,122	619	7,542	-2,249	-3,079
Financing activities	-740	-626	-1,820	-1,878	-1,703
Rights issue	0	-50	0	9,445	9,445
Cash flow for the period	6,382	-57	5,722	5,318	4,663
Cash and cash equivalents at start of period	8,921	10,293	9,581	4,918	4,918
Cash and cash equivalents at close of period	15,303	10,236	15,303	10,236	9,581

Parent Company

Summary Income Statement

(SEK 000s)	July – September		January – September		full-year
	2019	2018	2019	2018	2018
Operating income incl. change in inventory, finished goods	23,280	7,638	42,558	20,614	29,863
Operating expenses	-15,082	-7,264	-32,399	-23,422	-31,563
Operating profit/loss	8,198	374	10,159	-2,808	-1,700
Net financial items	-1	0	-2	-2	0
Profit/loss for the period	8,197	374	10,157	-2,810	-1,700

Summary Balance Sheet

(SEK 000s)	Sept. 30		Dec. 31
	2019	2018	2018
Assets			
Noncurrent assets	7,848	5,823	5,719
Current assets	26,180	16,196	16,662
Cash and cash equivalents	13,337	7,843	8,597
Total assets	47,365	29,862	30,978

Equity and liabilities (SEK 000s)

	Sept. 30		Dec. 31
	2019	2018	2018
Equity			
Restricted equity	15,775	15,775	15,775
Unrestricted equity	19,818	8,551	9,661
Liabilities			
Current liabilities	11,772	5,536	5,542
Total equity and liabilities	47,365	29,862	30,978

Statement of Changes in Equity

(SEK 000s)	Sept. 30		Dec. 31
	2019	2018	2018
Amount at start of period	25,436	17,692	17,692
Rights issue	0	9,444	9,444
Profit/loss for the period	10,157	-2,810	-1,700
Amount at end of period	35,593	24,326	-25,436
Attributable to shareholders in Genovis AB	35,593	24,326	25,436

Summary Statement of Cash Flows (SEK 000s)	<u>July – September</u>		<u>January – September</u>		<u>full-year</u>
	2019	2018	2019	2018	2018
Cash flow from operations	8,198	374	10,159	-2,809	-1,700
Adjustment for items not affecting cash flow	3,693	696	4,088	2,112	2,812
Change in working capital	-5,302	-935	-6,745	-3,703	-4,163
Net financial items	-1	0	-2	-1	0
Cash flow from operating activities	6,588	135	7,500	-4,401	-3,051
Investing activities	-326	-309	-2,760	-1,233	-1,829
Cash flow after investing activities	6,262	-174	4,740	-5,634	-4,880
Financing activities	0	-50	0	9,445	9,445
Cash flow for the period	6,262	-224	4,740	3,811	4,565
Cash and cash equivalents at start of period	7,075	8,067	8,597	4,032	4,032
Cash and cash equivalents at close of period	13,337	7,843	13,337	7,843	8,597

Statement

The Board of Directors and the Chief Executive Officer certify that this interim report provides a true and fair overview of the development of the Parent Company's and the Group's business activities, financial position and results of operations as well as the significant risks and uncertainties to which the Parent Company and the companies included in the Group are exposed.

The Company's auditors have conducted a review of this report.

Lund November 21, 2019

Genovis AB (publ.)

On behalf of the Board of Directors Fredrik Olsson
President & CEO

For more information, please contact:

Fredrik Olsson, CEO

T: 046-10 12 33

This information is information that Genovis AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on November 21, 2019.



Auditor's report

Genovis AB (publ.) reg. no. 556574-5345

Introduction

We have reviewed the condensed interim financial information (interim report) of Genovis AB (publ.) as of 30 September 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, 21 November 2019
Öhrlings PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Neda Feher
Authorized Public Accountant
Authorized Public Accountant
Auditor in charge