GENOVIS

ANNUAL REPORT
2019

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Contents

FINANCIAL INFORMATION

The Genovis Group 2019

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

Global focus on sales

Genovis' enzymes are in a market that covers the entire global life science and biotech supply industry. The Company markets a total of 13 enzymes in different product formats called SmartEnzymes™, as well as GlyCLICK®, a product for specific labeling of antibodies.

In addition to handling sales in the European market, the Parent Company in Lund is also responsible for development, production, application & support, as well as sales, marketing and administration. The North American market is managed by Genovis Inc., with a warehouse and logistics center in San Diego, and sales handled in part by a sales representative in California and in part by the sales team in Boston. In Asia, sales are managed by distributors with a good understanding of the local market.

Sales

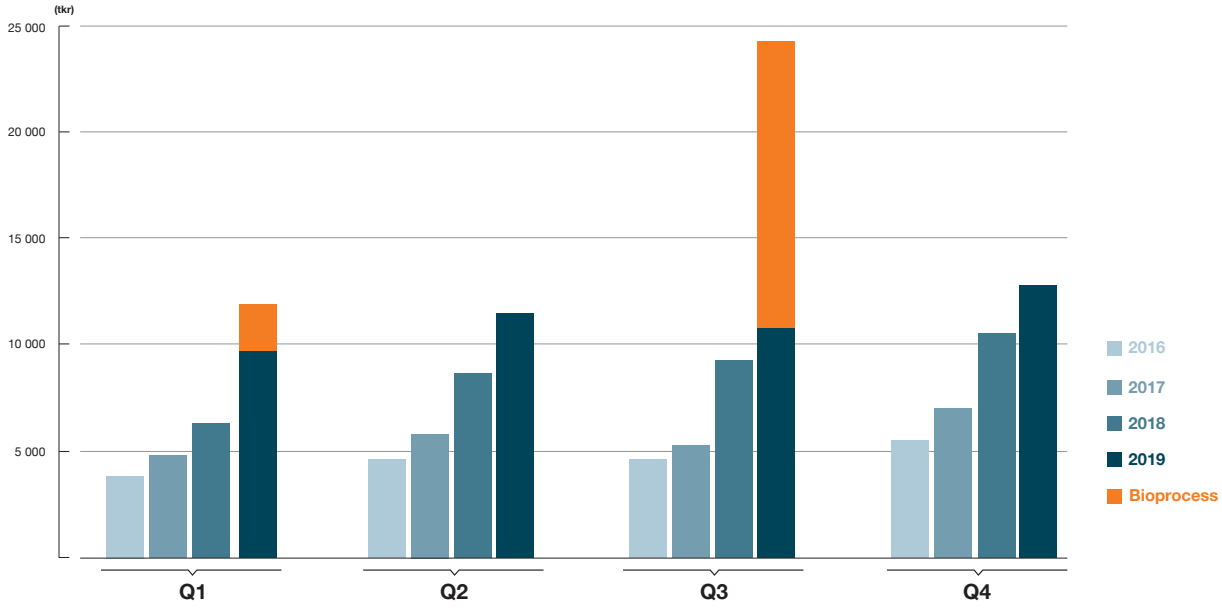
In 2019 sales increased by 75 percent to SEK 60,549k. Adjusted for currency effects, net sales for the full year totaled SEK 56,564k, an increase in sales of about 64 percent. Sales were driven by increased demand in the entire industry where there is a need for better, faster and more reliable analytical methods regarding both choice of antibody and the entire process leading to a new drug. To meet market needs, in 2019 Genovis launched SialEXO®23 and Immobilized SialEXO®, both of which focus on glycans within protein analysis.

Sales increased in all main geographic markets – North America, Europe and Asia – and the percentage increase in sales is broadly distributed across the entire product portfolio. The revenue stream consisted of both new customers and repeat orders from established customers who have now begun to use protein analysis products from Genovis in different parts of the clinical phases.

Product launches

In 2019 Genovis launched SialEXO®23 and Immobilized SialEXO®. SialEXO®23 is an enzyme with high specificity to certain types of sugar structures and is aimed at the glycan analysis market. Immobilized SialEXO is a product that facilitates biochemical analysis through a simplified technique for quick removal of certain types of glycans.

Sales by quarter 2016-2019



Bioprocess

In 2019 Genovis enzymes were assessed and used for the first time as a tool within the manufacturing process of a biological drug candidate. At the beginning of the year an order for evaluation was received from a global biopharma company. The outcome of this evaluation study was successful, and a follow-up order, intended for production of a drug candidate for phase 1, was received in August with final delivery in the third quarter.

Employees

Genovis hired Johny Humaloja to serve as CFO. Johny has many years of experience in financial control and management, primarily in global life science companies. He has previously worked as chief financial officer in both commercial and manufacturing companies at Biogen, and he has also held the position of Nordic Controller at Boston Scientific and Zambon Pharma. In 2019 personnel were also added to research and development, production, and the sales and marketing organization.

Five Year Summary	2019	2018	2017	2016	2015
Net sales (SEK thousand)	60,549	34,568	22,867	18,542	13,268
Operating income (SEK thousand)	10,067	-960	-7,835	-14,770	-19,994
Equity/assets ratio (%)	73	69	69	71	52
Acid test ratio (%)	227	243	237	224	124
Equity (SEK thousand)	35,621	26,071	18,187	15,545	8,822
Equity per share (Swedish kronor)	0.56	0.42	0.31	0.28	0.29
Number of employees at yearend	24	20	17	14	13
Dividend per share (SEK)	0	0	0	0	0
Number of shares at year-end	63,100,000	60,294,162	55,294,162	36,862,775	21,845,652

2019 – a transformative year

I can proudly look back at a year during which Genovis, thanks to the efforts of my employees and the support of our customers, made great progress. It is particularly gratifying that for the first time we are able to report a breakthrough in which the company reported a profit for the entire financial year. This achievement is the result of years of dedicated hard work by many individuals who together remained strongly focused on the business and customer value. During the year we have grown in several key parameters, driven by an influx of new customers, new applications for our products and customers who are doing an increasing amount of business with Genovis. Continuing to develop our agile organization while constantly prioritizing the customer are key components for the future development of the company.

An expanding organization

We see several business opportunities in the market moving forward and to be able to act on them we are constantly expanding different parts of our organization to facilitate continued growth over time.

In particular, we see opportunities to streamline and improve workflows for our customers by offering more products to automate analytical processes. Other focus areas are glycochemistry linked to analysis of biological drugs and expansion of our GlyCLICK® antibody labeling technology.

In 2019, we continued the expansion of our sales and marketing organization by bringing in new sales support staff and another sales representative. During the year we were involved in more conferences and trade fairs than previously, while maintaining a high pace with many customer visits. In addition, we expanded our geographic presence through our collaboration with Fujifilm for the markets in Japan, Singapore and Taiwan. We also formalized our collaboration with Yair Technologies for our products in the Israeli market.

During the year, our application group, which is an important part of our sales organization, delivered more technical marketing material for conferences and customer meetings than in previous years, at the same time that they have done a fantastic job supporting our sales representatives. The application group is strategically crucial for taking products from research and development of early product candidates all the way to market. We added staff to the production team and, along with investments made during the year, we now have both the resources to broaden the product portfolio and the continued ability to quickly respond to market needs. At the end of the year we also added staff to our R&D team to strengthen the group so it can run more development projects. During the year, the group identified several new product candidates that can solve problems that customers have reported to us. In our administration, we strengthened the organization with the addition of a CFO to develop the financial side of our business to keep pace with growth.

Building capacity for the future

During the year, we made substantial investments in production capacity. We began the year by expanding our premises and building a brand-new production lab, which provides us with a dedicated infrastructure where we can produce all of our products in-house. As a result, we now have better control over quality throughout the chain, and can be even more agile and responsive to meet the needs of our customers. These investments have increased our in-house capacity about twentyfold, which will future-proof our production and our high ambitions. In-house production also sends a reassuring message when we communicate with our customers. For those customers who use our enzymes for biochemical analysis in clinical development phases, we can guarantee quality, capacity and availability for many years to come.

Bioprocess

At the beginning of the year we received an order for one of our enzyme products for evaluation in a new area of application. One of our global biopharma customers placed the order, worth over SEK 2 million, for a product to be used in an evaluation study. The outcome from the study was successful and the customer subsequently placed a follow-up order for material to be used in the production of a drug candidate for a phase 1 clinical study. The follow-up order was an inspirational challenge for the entire organization, especially the production team. Despite the substantial volume and short lead times, a massive effort by the production team resulted in successful on-time delivery. At the same time, the project provided valuable knowledge and experience for the organization, which will be of great benefit in the future.

Product and applications development

We launched two new products and broadened our GlyCLICK® antibody labeling technology. At the end of the year, we began several new parallel product development projects that we want to pursue to a launch in 2020. The projects cover all product areas in which we currently have products, but they will primarily focus on the automation and glycan markets where we see important business opportunities moving forward.

We initiated a collaboration with Thermo Fisher Scientific during the year that includes a number of development projects, mainly in automation and simplified biochemical analysis of biological drugs. We developed scientific marketing materials together with Thermo Fisher Scientific and participated in various customer events arranged by Thermo to market our common results.

Many indicators suggest that automated analytical methods will be a key component for our customers in the long term. Automation is driven by several underlying factors related to biological drug development. First, researchers want to be able to carry out analyses closer to the process development of drug candidates, as an increasing number of biopharmaceutical projects are being initiated. According to current forecasts, as the need for development and product capacity increases, there will be a shortage of analytical chemists, which will increase the demand for automation in the biopharmaceutical industry.

I would like to close by thanking the Board of Directors and shareholders for this extremely successful year at Genovis. At the same time, I would like to warmly thank my employees, who have done a fantastic job of building value for our customers, which enabled us to make great progress on our growth journey.

Fredrik Olsson
Chief Executive Officer

This is Genovis

Genovis is an international biotech company focused on enzymes used in quality tests by global pharmaceutical companies. As an integrated company, our extensive capabilities span the entire value chain, from discovery, development and production of enzymes, to supplying and supporting our customers. Our plan is to continue to create a focused portfolio of products for research and development of biological drugs that contribute to new and better treatments for patients.

Nature offers a vast source of enzymes, perfected through evolution to perform defined reactions. At Genovis, we believe that enzymes with unique properties can be used as biological tools to support the research and development of complex biopharmaceuticals to help bring safe and effective medicines to patients in need. Our task is to identiy new enzymes and give them names. We call them SmartEnzymes.™

Genovis markets and sells a portfolio of SmartEnzymes™ that are currently used in development and quality testing of biological drugs by global pharmaceutical companies. Development of biological drugs and research for more effective treatment of serious diseases require new tools. Genovis continues to launch new enzymes and product formats to meet the needs of the pharmaceutical companies and to contribute to safer and faster development of new medications. In close dialogue with researchers at pharmaceutical companies, new needs for enzymes are discovered and Genovis intends to continue to deliver solutions to the problems faced by drug developers.

Genovis' customers

Genovis customers largely comprise biotech and pharmaceutical companies that develop and produce biological drugs. Customers use Genovis products in analysis and testing of biological drugs throughout the value chain, from early research, through development and on to production and release of the final drug for clinical use. When enzymes from Genovis are included in an analysis package of, for example, an antibody, the enzyme follows the drug project through process development and clinical development, which takes many years. The clinical trial results determine whether the drug will be produced on a commercial scale; if so, the analysis package from development is included, along with the Genovis enzymes. During the process, Genovis enzymes are used in applications such as:

- Screening processes for clone selection to produce a drug
- Sample preparation for analysis of antibody binding capacity
- Monitoring and development of the manufacturing process of a biological drug
- Quality control during commercial production of drugs

Trends and driving forces

In recent years development of biological drugs, especially antibodies, has led to new medications that help a growing number of patients. In December 2019, about 570 antibodies were in clinical development, while 79 antibodies were already on the market and approved for clinical use by the US Food and Drug Administration[1]. Biological drugs account for eight of the world's ten best-selling drugs. This class of pharmaceuticals accounted for sales of USD 115 billion in 2018 and forecasts indicate that in 2025 sales will be about USD 300 billion[1]. As a complement to traditional monoclonal antibody development, bio-

1. Lu, R.-M. et al., 2020. Development of therapeutic antibodies for the treatment of diseases. Journal of biomedical science, 27(1), pp.1–30.

2. Kaplon, H. et al., 2020. Antibodies to watch in 2020. mAbs, 12(1), p.1703531.

pharmaceutical companies are exploring new formats in which "antibody drug conjugates" (ADCs) have received considerable attention over the past year. ADCs use the specificity of the antibody to deliver a cytotoxin locally to the tumor, which results in more effective treatment. In 2019, three new ADCs were approved and several new ADC candidates have entered clinical development[2].

Regulatory authorities have a major impact on drug development since drug regulatory authorities put patient safety first and want the industry to improve their processes and better understand what process parameters give rise to or affect the properties of biological drugs. This also creates incentives to study quality at an early stage to ensure that drug projects succeed through development and into clinical applications.

Below is a summary of trends within the field of biopharmaceuticals in which enzymes from Genovis are used.

- New biological drugs and advanced formats create a need for reagents for rapid and specific analysis of both proteins and glycans
- Limited availability of skilled personnel creates growing need for automated analyses of biological drugs to ensure consistency; reduce variation in analysis results due to operator handling
- Demand for more analyses in less time
- Increased need for quality analyses earlier in the development of biological drugs

Competitive advantages

Outstanding products, expanded production capacity, robust patents and a patent strategy that goes hand in hand with the Company's business strategy provide a strong competitive edge where the ability to rapidly transform customer needs into specific products that are in demand from customers is of great significance. Genovis places great emphasis on maintaining good relationships with key customers and frequent collaboration allows for insight into new trends and an understanding of customer needs.

Yet another competitive advantage is that Genovis always provides customers with knowledge and support, where specialists at Genovis assist customers with efficiently interpreting and evaluating research findings to best analyze the quality of biological drugs using Genovis' enzymes. Genovis' products also have several application-specific competitive advantages:

- high yield with better precision
- the technology saves substantial time compared with competing technology
- the technology makes it possible to carry out completely new applications in a new market

Competitors

In the US, Genovis has competition from Promega and its product IdeS Protease, but since 2016 there is a licensing agreement under which Genovis receives royalties for sales. However, other products compete to some extent with older technology and Genovis believes they are mainly marketed by companies within the Fisher Scientific Group, GE Healthcare, BioRAD, Prozyme and New England Biolabs, which are among the major players in the market today. From Genovis' perspective, these companies are not just competitors – several could be excellent partners for continued commercialization of Genovis' products.

The Genovis organization

Genovis is an innovative, knowledge-based company whose successes depend on the expertise, dedication and creativity of its employees in order to meet customer needs for unique enzymes and products that solve their challenges and problems. In recent years Genovis has gradually strengthened its organization, especially in applications development & support, as well as in sales & business development, in order to take advantage of opportunities that arise in cooperation with customers, which in the long run could result in new additions to the product portfolio. To meet the challenges of growing demand and larger volumes, Genovis has also recruited several employees to its production team. The Company has been certified to ISO 9001 since 2018.

RESEARCH & DEVELOPMENT

R&D primarily identifies and develops new enzymes/proteins for analysis, characterization and/or production of biopharmaceuticals.

Input for new enzymes and products is achieved by continuously monitoring new research, in collaboration with universities and research groups, as well as feedback regarding customer needs through the Genovis support service and its sales staff.

Number of employees: 2
Responsible: VP Research & Development

PRODUCTION

The production team is responsible for the entire production process, from culture of bacteria using Genovis SmartEnzymes™ to products that are ready for delivery. All products are tested to ensure that each product meets Genovis' quality standards before they are ready to be shipped to the customer.

Close cooperation with other functions within the Company contributes to efficient product development and ensures that new products reach the market faster. The production team can also offer customized products based on specific customer requests.

Number of employees: 6
Responsible: VP Production

APPLICATION DEVELOPMENT & SUPPORT

The application group focuses on developing new products and learning more about existing products. The new products are adapted by making them user-friendly and robust for the market, while "application notes" describe how the product can be used.

Genovis provides support through LiveChat and its website. This is an important tool for strengthening customer relationships, gaining insight into their needs and increasing knowledge about existing products.

Number of employees: 5
Responsible: VP, Application Development & Support

Genovis employees in numbers as of December 31, 2019:
Number of employees: 24 (20)

Important sales tools include participation at conferences and exposure in scientific publications, especially those published by Genovis customers.

SALES & BUSINESS DEVELOPMENT

Extensive technical expertise in the sales team is required in order to be able to offer the right knowledge, the right product and professional support to customers. The aspiration is to work as closely to our customers as possible, for which reason Genovis has dedicated sales teams in its priority markets: Europe, the US and Asia. In Asia, Genovis also works with distributors who have a good understanding of the local market.

Number of employees: 8
Responsible: VP, Sales and & Business Development

CENTRAL FUNCTIONS

Key functions, comprising the CEO, CFO and General Counsel, bear centralized administrative responsibility and provide support to the rest of the business. This work is divided into overarching Group Management and operational governance, financial administration, controls and analyses, HR, IT and legal matters. Since Genovis has a US subsidiary and operates in a global market, extensive coordination of several different regulatory frameworks is required. One important task is to ensure that the company complies with the requirements set by Nasdaq First North Stockholm for public listed companies.

Number of employees: 3
Responsible: CEO

EUROPE Genovis HQ in Lund **US** Genovis Inc. in Boston and San Diego (there is also a warehouse and logistics center here) **ASIA** (via distributors in each market). **Japan, Taiwan, Singapore:** FUJIFILM Wako Pure Chemical.n **South Korea:** Chayon Laboratories Inc. **India:** Allianz Bioinnovation, **China:** Beijing Zhongyuan Ltd., Shanghai Titan Scientific Co. **Israel:** Yair Technologies.

Marketing & sales

Join us on a customer journey from first contact at a scientific conference to becoming a regular user of Genovis SmartEnzymes to analyze biological drugs.

20

Number of conferences

75%

Percentage of Genovis employees who interacted with customers

231

Scientific publications with SmartEnzymes

60.5 SEK m

Total sales 2019

+75%

Increase in sales

”Do you work with antibodies or biological drugs?”

This is usually the first question Genovis asks prospective customers, aimed both at new groups at existing accounts as well as at completely new companies. Participation at scientific conferences is an important networking opportunity for meeting new customers. Researchers and companies gather at these events to discuss new findings and technologies. Scientific posters and lectures about Genovis enzymes fill a key function at the conference, after which they can be downloaded from the Genovis website.

In 2019, Genovis participated in 20 conferences globally and almost all Genovis employees interacted with customers over the course of the year. Contact with customers is important, not just for marketing purposes, but also to gain a common picture of the problems and needs we solve now and in the future.

“What is your biggest challenge for new biological drugs?”

The researchers who use Genovis enzymes in their daily work are usually highly educated with extensive experience of analytical chemistry and are employed at global pharmaceutical companies. This customer group places high demands on both products and communication.

A high level of education and in-depth knowledge among sales team members are essential for establishing trust between sales representatives and customers and a crucial aspect for Genovis’ success. Genovis visits both established and new customers and holds scientific seminars at which Genovis enzymes are presented. Great emphasis is placed on discussing current and unresolved problems; such discussions are an important starting point for future product development at Genovis. As a result of increased interaction with customers during the year, Genovis received important feedback that our research team has analyzed, at the same time that sales achieved new record levels.

“Your order of SmartEnzymes will be delivered tomorrow”

Developing tomorrow’s drugs is demanding and requires considerable resources and time, for which reason delivery time for tools and reagents should not become an obstacle for development. Genovis offers fast and efficient deliveries using existing distribution chains. As a result, products are usually delivered to the customer one day after Genovis receives their order. Given our focus on product formulation and stability testing, Genovis has generated data showing that most products can be shipped at room temperature without any effect on product function. Less temperature-sensitive products are associated with several advantages: they facilitate the packing process, are environmentally

friendly (smaller polystyrene boxes and less refrigerants) and have a significant competitive advantage. In 2019, additional stability and quality tests were carried out and Genovis now has data on more products that can be delivered without special requirements for cooling.

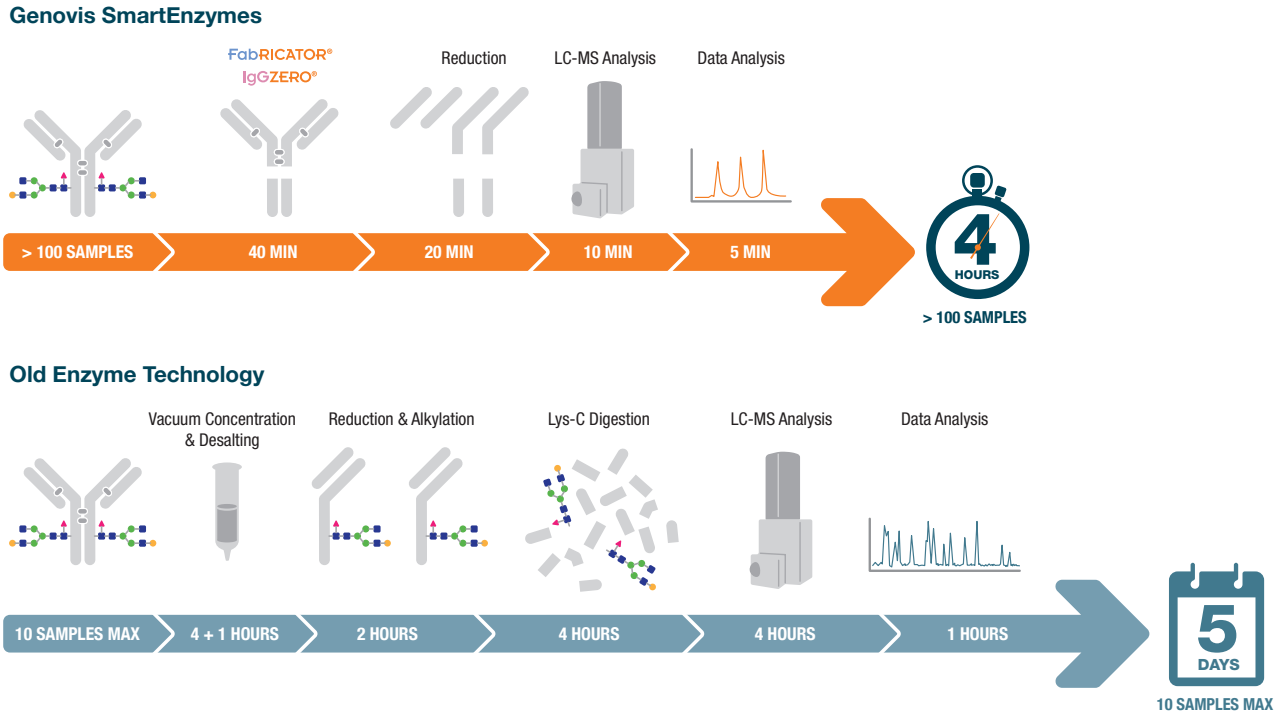
"Quick results that are easy to interpret"

Once in the hands of the customer, FabRICATOR as an example is used in sample preparation of antibodies for analysis of important quality parameters. In contrast to traditional methods, analysis takes less time, is easier to interpret and more samples can be analyzed simultaneously. The example below is taken from a scientific article in which FabRICATOR® and IgGZERO® were used to analyze the oxidation level of an antibody. This method is intended to be used for quality control purposes in commercial production of an antibody-based drug. Scientific publications like this are not only an acknowledgement that Genovis enzymes have a value for customers, but are also an important marketing source for Genovis. In 2019, the number of new publications increased and there are now a total of more than 200 scientific articles describing research in which Genovis enzymes have been used.

The Genovis offering includes not only unique reagents, but also technical support and service, as well as consulting services. Our dedicated support teams help clients solve problems related to biological drug analysis.

"What do you think about Genovis?"

During 2019, Genovis initiated customer satisifaction measurements following each order. Genovis measured customer satisfaction following each order with a simple push of a button. The 2019 results show customer satisfaction is at 92%. The survey is an important quality assessment tool for Genovis, especially for revealing problems at an early stage.



Products

Genovis offers 13 enzymes in various product formats that can be divided into proteases and glycosidases, as well as technology for labeling antibodies. All products can be ordered from a standard range and are available in Europe, the US and through distributors in Asia. The choice of enzyme and format depends on customer needs and analytical method, as well as the quantity of the sample to be processed.

Proteases

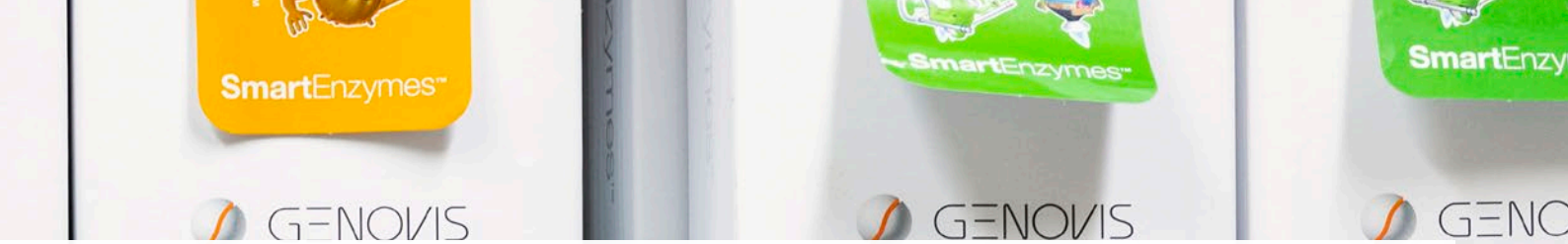
Genovis proteases competein a market[3] valued at approximately 120 million USD, spannig, spanning the entire life science and biotech supply industry. Proteases are a group of enzymes that catalyze the breakdown of proteins into smaller fragments by cleaving the bonds between amino acids in proteins. Genovis enzymes are specific and are used as tools in areas such as research and development of antibodies and other biological drugs.

FabRICATOR® is a unique enzyme that cleaves an antibody into two parts: a $F(ab')_2$ fragment and an Fc fragment, with extremely high precision.

FabRICATOR®Z differs from FabRICATOR in that the enzyme also cleaves a certain type of antibody from mice.

FabULOUS® is an enzyme that cleaves an antibody into three parts. The product is a complement to FabRICATOR.

GingisKHAN® is an enzyme that cleaves human antibodies into three parts. The product complements FabRICATOR and FabULOUS, but can also be used in studies of the different parts of the antibody separately, which makes it unique for its kind.



GingisREX® differs from the other enzymes in the product portfolio since the enzyme cleaves proteins in general.

FabALACTICA® is an enzyme with specific activity affecting human IgG1 antibodies. Unlike other similar enzymes on the market, FabALACTICA does not require additives, thereby simplifying analysis and interpretation of data.

Glycosidases

Glycosidases are a group of enzymes that cleave off sugar structures by hydrolyzing glycosidic bonds. The global market for glycosidases and the field of glycomics amounts to about USD 380 million[3]. Genovis has glycosidase both for antibodies and O-glycans and the enzymes can be used to either analyze or to remove sugar structures on the biological drug.

GlycINATOR® an enzyme that specifically hydrolyzes all sugar structures on antibodies. The enzyme is also included in the first step of the GlyCLICK® technology.

IgGZERO® is an enzyme that specifically cleaves sugar molecules that are naturally occur on antibodies, but differs from GlycINATOR because it leaves certain sugar structures untouched.

Enzyme for analysis of O-glycans

New biological drugs are complex and often composed of different parts of existing proteins. It is common for O-glycosylation to occur, which is particularly challenging to analyze due to the lack of good enzymatic tools that are able to cleave and process the samples. Consequently, Genovis launched a portfolio of enzymes with properties that make it possible to analyze O-glycans in biological drugs.

OpeRATOR® is a unique protease that cleaves proteins where there are O-glycans.

OglyZOR® is a glycosidase that effectively hydrolyzes O-glycans.

SialEXO® is a sialidase that has broad activity and is superior to currently available enzymes in the market.

GlycOCATCH™ is a tool for fast, simple and specific purification of O-glycosylated proteins and peptides.

Antibody labeling

Genovis offers a platform for labeling antibodies, GlyCLICK®. The antibody labeling market is large and the portion relating to reagents for preclinical imaging accounts for a total of USD 500 million, with an annual growth rate of about 6–8 percent[3]. GlyCLICK enables controlled and quantitative conjugation of antibodies with markers for use in both preclinical research and in method development of medical imaging and analysis, as well as for clinical preparation of "antibody-drug conjugates" (ADCs). GlyCLICK is compatible with a large range of markers that are either commercially available or produced by the customer. This flexibility makes the product suitable for applications in both current and future medical and biotechnology research.

GlyCLICK® is a unique technology for specific labeling of antibodies through enzymatic means.

3. MarketsAndMarkets 2015.

Goal and strategy

Overarching goals

- Increase knowledge about biological processes that enable new and effective treatment methods and medicines.
- Establish Genovis products from early discovery to production of tomorrow's medications.
- Create long-term value for Genovis shareholders through results that generate both dividends for shareholders and funding for continued innovation-driven development of the Company.

Targets 2020-2021

Financial targets

- Positive EBITDA on a quarterly basis.
- Annual organic sales growth of at least 25 percent

Operational goals

- At least three product launches annually.
- Establish Genovis products as tools throughout the customer's value chain from discovery to production of pharmaceuticals.

Operational strategy

- Offer customer-driven innovation combined with superior quality by working close to the frontlines of research and by seeking new technologies through the acquisition of intellectual property or companies to be able to offer unique high-value solutions to our customers.
- Work closely with customers to implement the products into analytical procedures and work flows from early phase drug development, through clinical trials to production of the customer's drug candidate, throughout the entire product lifespan.
- Be an innovative company and an attractive workplace that takes advantage of staff expertise and offers all employees the chance to influence their work situation and professional development.

Patents and trademarks

Genovis prioritizes creating a strong global brand that stands for high-quality, innovative and customer-friendly products and is dependent on patents to protect the Company's unique products. The Company continually evaluates the commercial value of the patents and only maintains those that strengthen the Company's business model and have a commercial value.

Patents

	Title	GlycINATOR (EndoS2)	FabRICATOR (IdeS)	FabALACTICA (IgdE)	OpeRATOR	OglyZOR	SialEXO	GlycOCATCH
PCT/ EP2012/067841	Endoclycosidase from streptococcus pyogenes and methods using it.	●						
PCT/ EP2017/052463	New streptococcal proteases			●				
PCT/ EP2018/063832	I PCT/EP2018/063832 Protease and binding polypeptide for o-glycoprotein				●		●	●
PCT/ EP2018/063833	Tools for glycan analysis					●	●	

License

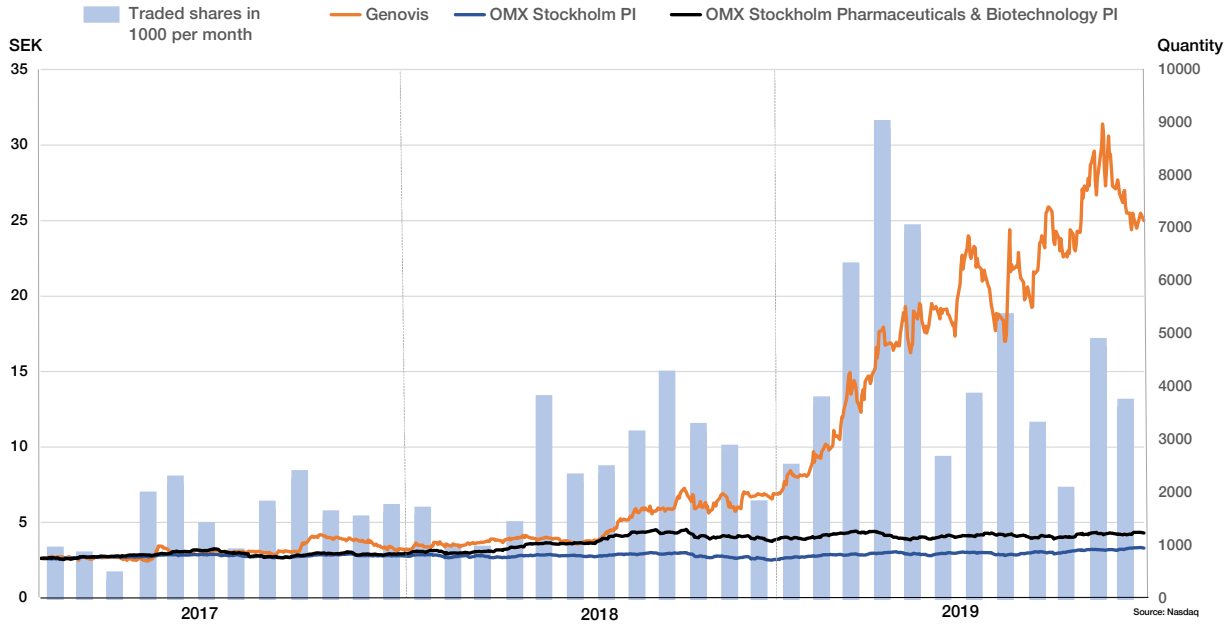
PCT/EP2002/14427	Exclusive license to use IdeS for biotechnical industrial applications.		●

Trademarks

FabRICATOR, IgGZERO, FabULOUS, GlycINATOR, GingisKHAN, GingisREX, GlyCLICK, FabALACTICA OpeRATOR, OglyZOR, GlycOCATCH and SialEXO are registered trademarks.

Genovis share

Genovis shares have been traded since September 14, 2006, on NASDAQ First North Growth Market under the ticker symbol GENO. First North Growth Market is a market for small and medium-sized growth companies with a less extensive rulebook than the main market. Erik Penser Bank is the Certified Advisor for Genovis. During the year the share price rose 261%. At year-end the Genovis share price was SEK 25 (6.92) and the market value was SEK 1,578 million.



Shareholder value

Genovis' management works continuously to develop and improve financial information about Genovis in order to provide both current and future shareholders with the information necessary to evaluate the company as fairly as possible. This effort includes actively participating at meetings with analysts, investors and the media.

In 2019 Genovis purchased analyses from Redeye AB, and also purchased services from BioStock, a news and analysis agency that presents listed Nordic Life Science companies.

Shareholder information

Financial information about Genovis is available on the Company's website and can be ordered from the Company.

URL: www.genovis.com
Email: info@genovis.com
Phone: +46 (0)46 10 12 30

Shareholding by size December 31, 2019

Holdings	Number of shareholders	Number of shares	Holdings (%)	Market value (SEK thousand)
1 - 5,000	6,428	5,254,210	8.33	131,355
5,001 - 20,000	582	5,869,637	9.30	146,741
20,001 - 100,000	212	8,156,061	12.93	203,902
100,001 - 500,000	43	9,476,790	15.02	236,920
500,001 -	16	34,349,291	54.44	858,732
Total	**7,282**	**63,100,000**	**100**	**1,577,500**

Source: Euroclear Sweden AB

Major shareholders as of December 31, 2019

Name	Number of shares	Votes (%)
Mikael Lönn	9,990,653	15.83
Försäkringsaktiebolaget Avanza Pension	7,262,121	11.51
Nordnet Pensionsförsäkring AB	3,352,352	5.31
Core ny teknik	1,709,679	2.71
Second AP Fund	1,700,000	2.69
Other	39,085,195	61.95
Total	63,100,000	100

Source: Euroclear Sweden AB

Share capital

On December 31, 2019 share capital was SEK 15,775,000 and the number of shares was 63,100,000. The par value is SEK 0.25.

Dividend policy

One of the most important goals for Genovis is to create long-term shareholder value, which can be accomplished both by increasing the value of the shares and through share dividends. When the Genovis Board of Directors evaluates future share dividends, it does so based on a number of factors, including:

- the company's sustained profit trend
- the company's expansion potential and access to capital
- the company's operating risk
- the effect of dividends on cash and cash equivalents
- the company's equity-to-asset ratio target

The Board of Directors proposes that no dividend be distributed for 2019. In the short term, the Company intends to use any profits that arise to finance continued business development and expansion.

Administration Report

OPERATIONS AND STRUCTURE

Genovis develops, produces and markets enzymes in different product formats known as SmartEnzymes™, as well as GlyCLICK®, a product for specific labeling of antibodies. In addition to products, Genovis also provides customers with knowledge and support, where specialists at Genovis assist customers with interpreting and evaluating research findings to best analyze the quality of biological drugs using Genovis' enzymes. In 2019, Genovis enzyme were also used as a tool in production of a biological drug candidate.

The Company works globally and its primary customers are pharmaceutical companies and biotech companies, as well as contract research companies and contract manufacturing companies. The majority of these customers develop and produce new biopharmaceuticals.

In 2019 the organization comprised Genovis AB and the wholly owned subsidiaries Genovis Inc. and GeccoDots AB*. Genovis Inc. handles all sales and marketing of enzyme products on the North American market and Genovis AB handles sales and marketing in Europe. In the Asian markets, sales are handled by distributors. Genovis AB handles all administration for the Group.

**GeccoDots AB has not had any business activities since September 30, 2015.*

FINANCIAL OVERVIEW

Revenue

Consolidated net sales rose to SEK 60,549 (34,568) thousand, an increase in sales of 75%. Adjusted for currency effects, net sales totaled SEK 56,564 thousand, an increase in sales of about 64 percent. Other operating income for the full year was SEK 53 (81) thousand and relates to exchange rate gains and recovered bad debt losses. The US is still the Group's largest market, followed by the European market.

Costs

Consolidated costs including depreciation and amortization increased by SEK 14,815 thousand to a loss of SEK 52,953 (loss: 38,138) thousand. Operating expenses are allocated as follows: raw materials and consumables SEK 6,832 (3,362) thousand, personnel costs SEK 22,081 (16,148) thousand and other external expenses SEK 16,996 (13,577) thousand. Personnel costs increased because of new employees hired during the six-month period to strengthen the administration and the sales organization.

Depreciation and amortization for the full year declined by SEK 1,554 thousand to SEK 3,497 (5,051) thousand.

Operating profit before depreciation and amortization (EBITDA)

Operating profit before depreciation and amortization totaled SEK 13,563 (4,091) thousand. During the year an impairment charge of SEK 3.5 million was recorded for the claim against the insurance company for costs relating to the arbitration proceedings against Promega.

Operating profit/loss (EBIT)

The operating profit/loss after depreciation/amortization was SEK 10,066 (loss: 960) thousand, corresponding to an improvement of SEK 11,026 thousand.

Comprehensive income

Comprehensive income improved by SEK 11,109 thousand to SEK 9,549 (loss: 1,560) thousand. Earnings per share, based on a weighted average of the number of outstanding shares, improved by SEK 0.18 to SEK 0.15 (-0.03). Earnings per share is calculated by dividing comprehensive income by the weighted average number of shares during the year.

Net financial items

Net financial items amounted to SEK -399 (-640) thousand.

Taxes

The Parent Company Genovis AB reports no tax liability since it has unutilized deficits from previous years. The Group has a deferred tax asset arising from the Parent Company. The deferred tax asset at year-end was SEK 1,718 (1,718) thousand, equivalent to a loss carryforward of about SEK 8 million. It is the

Board's assessment 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 162 (171) million.

Investments

Consolidated capital expenditure totaled SEK 5,154 (1,829) thousand, of which SEK 4,179 (937) thousand is attributable to property, plant, and equipment, primarily laboratory equipment and computers, and SEK 975 (892) thousand is attributable to investments in intangible assets.

Cash flow and financial position

Consolidated cash flow totaled SEK 5,410 (4,636) thousand. Cash flow from financing activities totaled SEK -2,560 (7,742) thousand.

Consolidated cash and cash equivalents amounted to SEK 14,992 (9,581) thousand. Taking expected revenue into account, the Board believes that the existing working capital is sufficient to run the Company over the next twelve months.

Total shareholders' equity for the Group was SEK 35,620 (26,071) 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) was SEK 0.56 (0.42) and the Group's equity ratio was 73 (69) percent.

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 5 years	2,134
Current interest-bearing liabilities	
Maturity within 1 year	2,547

Share capital and share performance

For information on trading of shares in the Company, number of shares and class of shares, as well as the rights in the Company associated with these shares, please refer to the section on the Genovis share on pages 18–19.

PRODUCTS

Genovis develops unique enzymes that are marketed under a common brand, SmartEnzymes™. The Company currently has 13 different enzyme products for use in the development and analysis of biopharmaceuticals, as well as GlyCLICK®, a product for specific labeling of antibodies. In 2019, Genovis launched SialEXO® 23 for improved glycan analysis and Immobilized SialEXO adapted for analysis using capillary electrophoresis (CE). All products provide faster analyses with higher quality than competing products can offer. The products can be ordered from a standard range or as custom-made products.

GlyCLICK® is a registered trademark. The product is a kit consisting of GlycINATOR® and Life Technologies' SiteClick™ technology. Life Technologies is a wholly owned subsidiary of Thermo Fisher Scientific. The SiteClick™ brand belongs to Life Technologies Corporation.

KEY EVENTS DURING THE YEAR

The Extraordinary General Meeting on December 20, 2019, elected Sarah Fredriksson to serve as new chairperson of the board for Genovis. Sarah is the founder of Genovis and was the Company's CEO until 2015, after which she was chairperson of the board until 2016. Sarah is the CEO of Aqilion AB, a Swedish life science company that starts, develops and sells pharmaceutical projects at an early phase in the drug discovery process.

Genovis received an order worth about SEK 13 million for SmartEnzymes™. The product will be used in the manufacturing process for a biological drug. This is a new application for the company's products. The order is the result of the positive outcome of an evaluation study conducted at a global biopharma company in early 2019. The customer intends to use Genovis' enzyme for production of a drug candidate for a phase 1 clinical study.

Genovis signed a collaboration agreement with Thermo Fisher for the development of new methods for automatic sample handling and analysis of biopharmaceuticals based on chromatographic and mass spectrometric analytical methods (LC-MS). The purpose of the collaboration is to develop advanced work flows from start to finish for complex biological drug molecules in order to meet the growing need for effective, fast and simplified quality analyses.

Genovis signed a distribution agreement with FUJIFILM Wako Pure Chemical for the markets in Japan, Singapore and Taiwan. The agreement includes distribution of current and future SmartEnzymes™ and will enable Genovis to market and sell products to more researchers and drug developers in the region.

Genovis hired a CFO, Johny Humaloja, who is responsible for financial management and ongoing financial reporting at Genovis. Johny has extensive experience in financial control and management, primarily in bioengineering. He has previously worked as chief financial officer at international pharmaceutical companies such as Biogen and Boston Scientific.

Genovis continued to expand the product portfolio of SmartEnzymes within the field of glycobiology and launched SialEXO 23 for improved glycan analysis and Immobilized SialEXO adapted for analysis using capillary electrophoresis (CE). SialEXO 23 is a specific enzyme that completely cleaves away α2-3 linked sialic acids and can be used to study glycan profiles in biological drugs. Immobilized SialEXO can be used in spectrometry, but is also adapted for analysis using capillary electrophoresis (CE). Charge variants of proteins are often analyzed using CE and the technology is well established for protein analysis and quality control.

PRODUCTION

In 2018, Genovis was certified to ISO 9001:2015. Quality certification means that the management system meets the requirements imposed by International Standard ISO 9001:2015. The certification covers product development, production and sales. In 2019, extensive investments were made in both premises and equipment in order to be ready for increased demands for production capacity. As a result of these investments, Genovis can take care of the entire production chain in Lund, which increases delivery reliability and ensures quality and traceability of products. This increased capacity will make it possible to meet the demands of a growing product portfolio and increasing volumes in the coming years. An additional expansion of the premises is planned for 2020 to provide room to culture bacteria other than those used today, which will also broaden the opportunities for the R&D group to find potential new SmartEnzymes™. In the longer term, investments will also be made to secure the required production capacity to be prepared for new orders in the field of bioprocessing.

INNOVATION AND PRODUCT DEVELOPMENT

Product development is important to strengthen the customer offering and thereby ensure future organic growth. By launching new products and new formats of existing products, Genovis strives to deliver products and provide services that offer customers both promising results and financial benefit.

PERSONNEL

On Dec. 31, 2019, the Group had 24 employees, compared with the same period the 2018, when the Group had 20 employees. In all, 23 people was employed by the Parent Company in Lund and one person works for the subsidiary Genovis Inc. in the US. For information on guidelines for remuneration of senior executives adopted at the 2019 AGM, please refer to the Corporate Governance Report on page 26. The Chief Executive Officer is the only senior executive. Please see note 7 regarding remuneration paid to senior executives in 2019.

ENVIRONMENTAL IMPACT

The Group's environmental policy is the starting point of Genovis' environmental management program. Genovis AB engages in activities that are subject to notification or require a permit under the Environmental Code. The Company has the necessary permits. Environmental impact consists mainly of emissions to water, air emissions and the environmental effects of energy use and waste production. These activities were conducted during the year in accordance with applicable permits and conditions.

PARENT COMPANY

Net sales and operating profit/loss in the Parent Company are attributable to the primary and only business area: product sales of products and/or of research-based innovations. According to Genovis, the Company does not meet the definition of geographical areas under IAS 14 and therefore no secondary segment information is provided.

Key figures Parent Company	2019	2018	2017	2016	2015
Net sales	50,861	27,253	18,182	14,196	10,720
Operating profit/loss	9,219	-1,701	-8,240	-15,180	-17,166
Equity/assets ratio (%)	82	82	77	73	55
Acid test ratio (%)	308	352	248	233	125
Dividend per share SEK	0	0	0	0	0

Definition of key figures	
Equity ratio	Adjusted equity as a percentage of total assets
Acid test ratio	Current assets excluding inventory as a percentage of current liabilities.

RISK MANAGEMENT

Research and development

Genovis' future growth is dependent on the Company's ability to successfully develop new product formats from existing products as well as to develop new products that meet customer needs. Development of new products is expensive and it is impossible to guarantee that newly developed products will be commercially successful. In order to maximize the return on its development efforts, Genovis has a planning process to give priority to the right choices regarding, for example, future product launches.

Product liability and liability for damages

Genovis cannot rule out the possibility that the Company could be subject to claims for product liability and other legal issues. Such claims could involve large amounts and considerable legal costs. Genovis cannot give assurance that its activities will not be subject to compensation claims. The Company has a comprehensive insurance policy to cover the property and liability risks (e.g. product liability) to which it is exposed.

Protection of intellectual property

To ensure a return on its investments, Genovis actively claims its rights and closely monitors the activities of its competitors. The Company protects its intellectual property rights through legal processes if necessary. Genovis has an insurance program that covers the Company's intellectual property rights.

FINANCIAL RISK MANAGEMENT

Financial risks primarily refer to currency and interest rate risks, as well as credit risk. Group Management has ultimate responsibility for managing the Group's financial risks, as well as for developing financial risk management methods and principles. The most significant financial risk to which the Group is exposed is currency risk.

Currency risk

The majority of the Group's expenses are denominated in SEK. The Group's revenue, however, is largely dependent on other currencies, primarily the USD and the EUR. The effects of exchange rate fluctuations on profit and equity are calculated based on known volumes and results denominated in the foreign currency. The calculation below is an assumption of the impact of a 5 percent change in the exchange rate on sales, which the Company experienced in 2019.

Currency estimated exchange rate, 2019	Net volume 2019, SEK 000s	Impact on earnings/ equity in SEK 000s with a 5% currency fluctuation
USD: 9.53	42,299	+/- 2,115
EUR: 10.60	16,855	+/- 843

Sensitivity analysis

Genovis' financial performance is affected by a number of external factors. The table below shows how changes in some of the factors that are important for Genovis could have affected the Group's net income for 2019.

Change in profit/loss before tax		SEK
Price change	+/- 3%	1,816
Cost of goods sold	+/- 3%	205
Payroll expenses	+/- 3%	662
Interest	+/- 2%	94

Capital risk

Capital risk is the risk that the Group's capital structure is inefficient, or the risk that the Group must terminate its operations. The Group's goal regarding capital structure is to secure Genovis' ability to continue to conduct its operations so that it can generate a return for shareholders and value for other stakeholders, as well as to maintain an optimal capital structure so that the cost of capital can be reduced. To optimize the capital structure, the Group can – with shareholder approval – issue new shares, buy back shares, or increase/decrease loans. The capital structure is regularly revised. On December 31, 2019 consolidated shareholders' equity was SEK 35,621 (26,071) thousand and Genovis AB's shareholders' equity was SEK 34,653 (25,436) thousand.

Liquidity risk

Liquidity risk consists of the risk that the Group cannot obtain funds to meet its obligations. Consolidated cash and cash equivalents including short-term investments at the end of the twelve-month period amounted to SEK 14,992 (9,581) thousand. Taking expected revenue into account, the Board believes that the existing working capital is sufficient to run the Company over the next twelve months. Should the conditions change, measures to raise additional capital may be considered.

Interest-bearing liabilities to credit institutions are shown below.

Maturity analysis

Interest-bearing liabilities, SEK 000s	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Maturity date up to 1 year from the balance sheet date	2,547	2,231	-	-
Maturity date between 1 and 5 years from the balance sheet date	2,134	2,940	-	-

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

Genovis signed a Memorandum of Understanding for the acquisition of all shares in the privately held company QED Bioscience Inc, based in San Diego, California. The acquisition is expected to be completed during the second quarter of 2020 and is subject to the customary terms and conditions for possession. Genovis intends to make a cash payment for the acquisition of about SEK 20 million, including transaction costs. Genovis' Board of Directors has simultaneously approved a rights issue for Core Ny teknik, Coeli SICAV II – Absolute European Equity, Islet 2 AB, Second AP fund and Aktia Asset Management Ltd which will raise about SEK 50 million for the company. For more information please see note 27 post-balance sheet events.

OUTLOOK

During the first quarter of 2020, the COVID-19 outbreak occurred and Genovis has taken a number of measures to protect the Company's business and curb the spread of the virus. For example, all business trips have been postponed and employees are encouraged to work from home. In the current situation, it is impossible to assess the extent to which this may affect the company's operations in the short term, but the Company is carefully monitoring and assessing developments. Otherwise, the Genovis organization continues to function as usual and with all development projects proceeding according to plan, Genovis is well positioned to make additional advances with respect to both new products and sales.

Corporate Governance Report

INTRODUCTION

The Group consists of Genovis AB and the wholly owned subsidiaries, Genovis Inc. and GeccoDots AB*. The Group had 24 employees on December 31, 2019. Genovis AB, which is responsible for centrally coordinating business and finance functions, employed 23 people, and one person was employed in the US within the sales organization. The projects in the Group are mainly conducted in-house, but also as external collaborations with companies in the industry.

EXTERNAL AND INTERNAL REGULATION

Genovis AB is a Swedish public limited company in which governance, management and control are divided among the shareholders, the Board of Directors, the chief executive officer and senior management. Governance of the Company is based on Genovis' articles of association, the Swedish Companies Act, the rules and recommendations resulting from the Company's listing on NASDAQ First North Stockholm, and other applicable laws and regulations. The Swedish Code of Corporate Governance ("the Code") is not mandatory for Genovis, but the Board will closely follow the practices developed for the Code and intends to apply the Code in those parts that may be deemed relevant to the Company and its shareholders.

SHAREHOLDERS AND SHARE CAPITAL

At year-end 2019 Genovis had 7,282 shareholders according to Euroclear Sweden AB. Share capital at year-end was SEK 15,775,000 and the total number of shares was 63,100,000. Genovis' market capitalization amounted to SEK 1,578 million at December 31, 2019. The Company's largest shareholder is Mikael Lönn, who represents 15.83 percent of the total number of shares and votes in the company. Genovis' shareholder structure, share performance, etc., are presented on pages 18-19.

**GeccoDots has not had any business activities since September 30, 2015.*

SHAREHOLDERS' MEETING

The General Meeting of Shareholders is the highest decision-making body. At the General Meeting, shareholders exercise their voting rights in accordance with Swedish corporate legislation and Genovis' Articles of Association. The General Meeting elects the Company's Board of Directors and auditor. The tasks of the General Meeting also include adopting the Company's balance sheets and income statements, deciding on the allocations of earnings in the Company and deciding on discharging the members of the Board and the CEO from liability. The General Meeting also decides on remuneration to the Board of Directors, auditors fees' and guidelines for remuneration of senior executives.

2019 Annual General Meeting
The Annual General Meeting for Genovis was held on May 23, 2019, in Lund where 26.6 percent of the number of shares and voting rights were represented. Board members Mårten Winge, Lena Söderström and Peter Hein were present. The CEO and the company's auditors were also present.

Resolutions

- Adoption of the balance sheet and income statement for Parent Company and the Group.
- The Board and the Chief Executive Officer were discharged from liability.
- The Board shall consist until the next AGM of five ordinary members without deputies.
- Re-election of ordinary members Kenth Petersson, Mikael Lönn, Lena Söderström, Peter Hein and Mårten Winge. New election of Lotta Ljungqvist and Håkan Wickholm. Mårten Winge was elected Chairman of the Board.
- The AGM resolved to approve remuneration to the Board of Directors in the amount of SEK 100,000 to Board members and SEK 200,000 to the Chairman of the Board.
- The AGM approved the Board's proposed guidelines for remuneration of senior executives.
- The Meeting resolved to approve authorization to issue shares with or without preferential rights for existing shareholders. As a result of this resolution, share capital could increase by a maximum of SEK 1,575,000 through the issuance of a maximum of 6,300,000 new shares.

2020 Annual General Meeting
The Annual General Meeting will be held on Tuesday May 5, 2020 at Scheelevägen 2 (Medicon Village, Lund).

Extraordinary General Meeting
Genovis held and Extraordinary General Meeting on December 20, 2019, in Lund where 22.8 percent of the number of shares and voting rights were represented. The Meeting resolved in accordance with the principal owner's recommendation to dismiss Mårten Winge, who is leaving the Board at his own request for personal reasons, as well as to elect Sarah Fredriksson to serve as a new director and as Board Chair.

REMUNERATION OF SENIOR EXECUTIVES

The 2019 Annual General Meeting adopted guidelines for remuneration of senior executives that essentially entail the following.

The fixed remuneration paid to the Chief Executive Officer should be competitive and based on the complexity of the business and the performance of the Chief Executive Officer. Incentive-based remuneration will be limited and linked to predetermined measurable criteria designed to promote long-term value creation for the Company. Incentive-based remuneration may not exceed a maximum of 25% percent of the fixed salary and will be set per financial year. The Board will consider on a yearly basis whether to propose a share-related or market value-related incentive program to the Annual General Meeting. The Annual General Meeting makes the decisions regarding such incentive programs. The Chief Executive Officer is entitled to a defined-contribution pension.

For the Chief Executive Officer the notice period is 6 months for the Company and 6 months for the individual. In addition, the CEO may receive severance pay corresponding to a maximum of 12 months of salary including benefits.

The Board of Directors may depart from these guidelines if there are particular reasons in an individual case.

In 2019, remuneration totaled SEK 2,780 thousand, see note 7 for additional information.

The Board of Directors proposes that the Annual General Meeting on May 5, 2020 should adopt the following guidelines for remuneration of senior executives.

These guidelines concern remuneration and other terms of employment for the Chief Executive Officer and senior executives. The guidelines are forward-looking and applicable to remuneration already agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2020 Annual General Meeting. These guidelines do not apply to any remuneration decided or approved by the general meeting.

Promotion of the company's business strategy, long-term interests and sustainability

A prerequisite for the successful implementation of the Genovis Group's business strategy and M safeguarding of its long-term interests, including its sustainability, is that the company is M able to recruit and retain qualified personnel. These guidelines enable Genovis to offer senior executives a competitive total remuneration package. For more information about the company's business strategy: https://investor.genovis.com/en/company-overview/

Types of remuneration

The Genovis Group's remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The Annual General Meeting may also – regardless of these guidelines – adopt remuneration based on, for example, share and share-price-related incentive schemes.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one or several years. The variable cash remuneration shall be capped at a maximum of 25 per cent of the annual fixed cash salary.

Further variable remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining senior executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks.
Such remuneration may not exceed an amount corresponding to 35 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board.

For the CEO, pension benefits, including health insurance (Sw: sjukförsäkring), shall be defined-contribution schemes. Variable cash remuneration shall be pensionable. The pension premiums to defined-contribution schemes shall amount to not more than 35 percent of the fixed annual cash salary. Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring), and company cars. Such benefits may amount to not more than 10 percent of the fixed annual cash salary.

For other senior executives, pension M benefits, including health insurance, shall be defined-contribution schemes, to the extent that the executive is not covered by a defined benefit pension under compulsory collective contract provisions. Variable cash remuneration shall be

pensionable. The pension premiums to defined-contribution schemes shall amount to not more than 30 percent of the fixed annual cash salary. Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring), and company cars. Such benefits may amount to not more than 15 percent of the fixed annual cash salary.

For employments governed by rules other than Swedish rules, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Termination of employment

For notice of termination served by the company, the maximum notice period is twelve months. Fixed cash salary during the notice period and severance pay may together not exceed an amount corresponding to fixed cash salary for eighteen months for the Chief Executive Officer and one year for other members of senior executives. For notice of termination served by the executive, the maximum notice period is six months, without right to severance pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall only be paid to compensate for loss of income in so far as the previously employed Group Management member is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment, amount to not more than 60 percent of the M monthly income at the time of termination of employment and be paid during the time the noncompete undertaking applies, however not for more than nine months following termination of M employment

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to promote the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promoting the long-term development of the executive.

The extent to which the criteria for awarding variable cash remuneration have been satisfied shall be determined when the measurement period has ended. The Board is responsible for the evaluation so far as it concerns variable remuneration to the Chief Executive Officer. The Chief Executive Officer is responsible for evaluation regarding variable cash remuneration to other senior executives. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Salary and terms of employment for employees

In preparation of the Board's proposal for these remuneration guidelines, salaries and terms of employment for the company's employees were taken into account in that information about employees' total remuneration, the remuneration components, the increase in remuneration and the rate of the increase over time formed a part of the decision basis used by the Board to evaluate whether the guidelines and the limitations set out herein were reasonable.

Decision-making process to determine, review and implement the guidelines

The Board of Directors shall prepare proposals for new guidelines at least every four years and submit the proposal to the Annual General Meeting for resolution. The guidelines shall be in force until new M guidelines are adopted by the general meeting. The Board shall also monitor and evaluate programs for variable remuneration for the senior executives, the application of the guidelines for senior executive remuneration, as well as the current remuneration structures and compensation levels in the company. The Chief Executive Officer and other members of the senior executives do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are M affected by such matters.

Derogation from the guidelines

The Board of Directors may resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the long-term interests of the company, including its sustainability, or to ensure the financial viability of the company.

Due to new legislation passed in 2019, the proposed guidelines for executive remuneration submitted to the M 2020 annual general meeting are more detailed than before.

To date, the Board has never departed from the guidelines adopted by the general meeting of shareholders.

NOMINATION COMMITTEE

The Nomination Committee conducts an evaluation of the Board and its work. As a basis for its proposals for the 2020 Annual General Meeting, the Nomination Committee has assessed whether the current Board is appropriately composed and fulfills the demands made on the Board by the Company's current and future position in the market. Board members have responded to a questionnaire and personally introduced themselves to the members of the Nomination Committee, who have had the opportunity to ask questions of everyone on the Board. The Nomination Committee for the 2020 Annual General Meeting consists of the following representatives of the largest shareholders:

- **Mikael Lönn**
- **Core ny teknik** is represented by Erik Sprinchorn, Portfolio manager
- **Aktia Placeringsfonder** is represented by Markus Lindqvist, Director, Aktia Fondbolag AB
- **Second AP Fund** is represented by Johan Sjöström, Portfolio manager

Mikael Lönn was appointed to serve as Chairman of the Nomination Committee for the 2020 AGM. The task of the Nomination Committee is to put forward proposals regarding the election of Chairman of the Annual General Meeting, election of the Chairman and other members of the Board, appointment of auditors and fees paid to the Directors and the Auditors. The 2019 Annual General Meeting resolved that the Nomination Committee for the 2020 AGM will consist of representatives of the four largest shareholders as of September 30, 2019. The Nomination Committee shall appoint a chairman from among its members. It is incumbent upon the Chairman of the Board to convene the Nomination Committee. Should a shareholder decline to participate in the committee the right to appoint a representative shall be transferred to the next largest shareholder not represented in the committee. If deemed appropriate as a result of ownership changes, the Nomination Committee shall invite additional shareholders to join the Nomination Committee, though the total number of members may not exceed five. In the event a member of the Nomination Committee leaves the Committee before its work is completed, the Chairman of the Board, if the Nomination Committee deems necessary, shall invite the same shareholder or, if the latter is no longer one of the major shareholders, the shareholder next entitled, in terms of size of shareholding, to appoint a replacement. Such a change shall be announced on the Company's website.

REMUNERATION AND AUDIT COMMITTEE

Genovis does not have a Remuneration Committee or an Audit Committee, since these issues are ultimately decided by the entire Board of Directors.

EXTERNAL AUDITORS

The audit firm PricewaterhouseCoopers AB is the auditor for Genovis, with authorized auditor Sofia Götmar-Blomstedt as principal auditor. The auditors were represented at one board meeting during the year. The Company must have one auditor with or without a deputy auditor, or one registered public accounting firm. The appointment as auditor shall apply until the close of the Annual General Meeting, which is held during the fourth financial year after the election of the auditor. Where the same auditor is reappointed, the Meeting may determine that the appointment shall apply until the close of the Annual General Meeting held during the third financial year after the appointment of the auditor. The 2016 Annual General Meeting appointed the auditing company Öhrlings PricewaterhouseCoopers AB to serve as Genovis' auditors for the period until the close of the 2020 Annual General Meeting.

FEES TO AUDITORS

PricewaterhouseCoopers AB is the Company's auditor. "Audit assignments" refer to the audit of the annual report and accounting records, as well as the administration of the Company by the Board of Directors and the Chief Executive Officer, other tasks incumbent on the Company's auditor and advice or other assistance resulting from observations made during audits or the performance of such tasks. Other assignments mainly refer to consultancy services related to auditing and taxation issues. Fees for auditing assignments in 2019 amounted to SEK 305 (255) thousand and fees for other assignments totaled SEK 72 (60) thousand. Please see note 5 for additional information.

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 420 thousand during the full year.

INTERNAL CONTROL AND RISK MANAGEMENT IN FINANCIAL REPORTING

Internal control

Internal control of financial reporting is an integral part of corporate governance within the Genovis Group. It comprises procedures to safeguard the Group's assets and ensure the accuracy of the financial reporting, thereby protecting the shareholders' investment in the Company.

The Genovis Group's organization is designed to quickly respond to changes in the market. Operational decisions are thus made at the company level, while decisions on strategy, focus, acquisitions and overall financial issues are made by Genovis' Board of Directors. The CEO regularly reports to the Board to increase awareness, transparency and control of the Company's accounting, financial reporting and risk management. The CFO of Genovis is responsible for ensuring that internal control is maintained in accordance with the resolution of the Board. Monitoring is carried out throughout the Group, on various levels.

Risk assessment

Risk assessment is based on the Group's financial objectives. The overarching financial risks are defined and are largely industry-specific. By conducting risk analyses based on the consolidated balance sheet and income statement, Genovis identifies the key risks that may threaten the achievement of business and financial objectives.

BOARD OF DIRECTORS

The Board of Directors is the Company's highest administrative body under the General Meeting. The Board of Directors is charged with the organization of the Company and management of its operations. It is also the Board's duty to ensure that the organization in charge of accounting and the management of assets is subject to satisfactory control. Under the Articles of Association, Genovis' Board of Directors is to consist of a minimum of three and a maximum of ten Directors, with a maximum of five deputies. Directors are elected annually at the Annual General Meeting for a one-year term up until the close of the following AGM. The AGM also appoints the Chairman of the Board.

The guidelines for the work of the Board of Directors are based on the rules of procedure, which also regulate the allocation of work between the Board of Directors, the Chairman of the Board and the CEO.

The Board monitors the quality of financial reporting by issuing instructions to the CEO and by establishing requirements for the contents of the reports on financial conditions that are regularly submitted to the Board. The Board considers, and ensures the quality of financial reporting, such as interim reports and the annual accounts, and has delegated to senior management the task of ensuring the quality of press releases

Sarah Fredriksson (b. 1968)

Member of the board since: 2019
Education: MS, PhD
Other directorships and positions: Chairperson of the board of Edvince AB and BumleFish AB, as well as Board member for Sweden Bio, Respiratorius AB, SwedenNanoTech AB and LU Holding AB.
Relevant professional experience: Sarah Fredriksson is the CEO of Aqilion AB, a Swedish life science company that starts, develops and sells pharmaceutical projects at an early phase in the drug discovery process. Sarah is the founder of Genovis and was the Company's CEO until 2015, after which she was chairperson of the board until 2016. She has authored several patent applications and has extensive experience in laboratory work, commercialization and strategic business development in the sector for which Genovis' products are mainly intended. In 2016 she was a finalist in the EU Prize for Women Innovators for her work at Genovis.
Independence: Independent in relation to the Company, corporate management and the Company's major shareholders.
Holdings in Genovis: None

Lena Söderström (b. 1960)

Member of the board since: 2018
Education: BSc medical science and Executive MBA
Other directorships and positions: Chairperson of the board of InfiCure Bio AB, Director for Uppsala University Holding AB, SLU Holding AB, Bio-Works AB, Dicot AB and the Stockholm Chamber of Commerce.
Relevant professional experience: Lena Söderström has 30 years of experience from management positions at international pharmaceutical and medical device companies, as well as extensive experience of project management, business development, international marketing and manufacturing.
Independence: Independent in relation to the Company, corporate management and the Company's major shareholders.
Holdings in Genovis: None

Mikael Lönn (b. 1949)

Member of the board since: 2014
Education: MD, M.Sc.
Other directorships and positions: Board member of LOX Container Technology AB, PRIMA Barn- och Vuxenpsykiatri Holding AB, PRIMA Barn och Vuxenpsykiatri Stockholm AB, Vizendo AB, Dicel AB, Sturebadet Health AB, Redeye AB/Redhold AB, Mikael Lönn AB, Professionell ägarstyrning i Sverige AB, Professionell ägarstyrning PÄAB II, Skogsägarna Mellanskog Ekonomisk förening, Ilya Pharma AB and Spago Nanomedical AB
Relevant professional experience: Mikael Lönn is a doctor and entrepreneur who has served as a business leader in a number of industries, though mainly in
health care. He has extensive experience with financial investments, solid experience providing advisory services and actively participating on the board of directors for a number of startup and growth companies, and experience from large county and municipal-owned organizations.
Independence: Independent in relation to corporate management and the Company's major shareholders, but not in relation to the Company.
Holdings in Genovis: 9,990,653 shares

containing financial content and presentation materials for meetings with the media, shareholders and financial institutions.

The Board is responsible for ensuring that there is an effective system for internal control and risk management, while the responsibility to work with these issues has been delegated to the CEO. Authorities and responsibilities in the organization are defined in policies, guidelines and descriptions of responsibilities. Based on her audit of the accounts, the Company's external auditor presents a report each year to the Board regarding her observations and assessment of internal control.

Work of the Board 2019

The Board of Directors has consisted of seven members since the Annual General Meeting on May 23, 2019. In 2019 the Board held six physical meetings at which the minutes were recorded and where other officers participated as reporters or in administrative roles. The Board has also taken decisions by correspondence on six occasions in 2019. In addition to follow-up and reporting on ongoing business and profitability, the work of the Board has included questions about strategic development and direction, investments in product development and new product concepts, financial issues and the Company's IP rights.

Kenth Petersson (b. 1956)

Member of the board since: 2011
Education: B.A.
Other directorships and positions: Chairman of the board of AlphaBeta AB, Biocrine AB, Spiber Technologies AB and Science Pacific AB. Board member of Alligator Bioscience AB.
Relevant professional experience: Kenth Petersson has previously worked as an analyst and has extensive experience in the biotech industry. For the past 20 years he has worked as a business angel and principal owner of a number of biotech companies.
Independence: Independent in relation to the Company, corporate management and the Company's major shareholders.
Holdings in Genovis: 49,998 shares.

Peter Hein (b. 1957)

Member of the board since: 2018
Education: M.Sc. Econ.
Other directorships and positions: Board member of Lacolle AB, Savelend Credit Group AB and other companies within the Savelend Group.
Relevant professional experience: Peter Hein has extensive experience from leading positions in the life science industry. He has been CFO at Q-Med, Biolipox (Orexo) BioArctic and OxThera. He has also served as CFO and CEO of the Granngården retail chain. Before that Peter held positions in business and finance at Swedish Match and Ericsson.
Independence: Independent in relation to the Company, corporate management and the Company's major shareholders.
Holdings in Genovis: None

Lotta Ljungqvist (b. 1961)

Member of the board since: 2019
Education: PhD Biochemistry
Other directorships and positions: Board member for Vinnova, SwedenBIO, AmCham Sweden and Atlas Antibodies AB, as well as Testa Center.
Relevant professional experience: Works as CEO of GE Nordics and the Testa Center in Uppsala. She was previously CEO of IMED AB and global head of BioProcess R&D at GEHC Life Science. She has also held several leading positions at Biovitrum, Pharmacia Corp & Pharmacia & Upjohn.
Independence: Independent in relation to the Company, corporate management and the Company's major shareholders.
Holdings in Genovis: 5,160 shares

Håkan Wickholm (b. 1959)

Member of the board since: 2019
Education: BSc in International Business
Other directorships and positions: Board member of GHW Consulting AB and Beactica Therapeutics AB.
Relevant professional experience: Runs his own consultancy firm and has 30 years of experience from international strategy formulation, business development and commercialization. He has held leading positions in international pharmaceutical and biotech companies, including Chief Business Officer (CBO) and CEO of Lytix Biopharma, as well as various management positions at AstraZeneca.**Independence:** Independent in relation to the Company, corporate management and the Company's major shareholders.
Holdings in Genovis: 5,500 shares

MANAGEMENT TEAM

The Chief Executive Officer is responsible for ensuring that the ongoing management is handled in accordance with the guidelines and instructions provided by the Board of Directors, as clarified in separate instructions for the CEO. The CEO shall ensure, through satisfactory control systems, that the Company complies with laws and regulations, as well as Nasdaq First North Stockholm's Rules for Issuers.

The CFO shall take measures that are necessary to fulfill the Company's accounting in accordance with law and handle the management of assets in a reassuring manner. It is therefore the responsibility of the CFO to ensure that the Company has good internal control and procedures to ensure that established financial reporting and internal control principles are applied. The CFO shall ensure that the Board receives factual, detailed and relevant information necessary for the Board make informed decisions. In addition, the CEO pursues a continuous dialogue with the Chairman of the Board and keeps the Chair informed about the performance and financial position of the Company and the Group.

Fredrik Olsson (b. 1971)
Chief Executive Officer

Education: M.Sc. in Engineering, Faculty of Engineering, Lund University
Employed since: 2002
Fredrik has worked with every aspect of Genovis' operations, with the primary focus on product development, commercialization and sales and business development. He has extensive experience in production processes from the food and biotech industries, where much of his work involved establishing processes and quality systems for various industry-specific standards as well as general systems. Fredrik Olsson has also co-authored several scientific publications and patents.
Board directorships: Director for Genovis Inc. and Board member of GeccoDots AB.
Holdings in Genovis: 122,203 shares

Johny Humaloja (b. 1966)
Chief Financial Officer

Education: Degree in business administration, MBA, Lund University
Employed since: 2019
Johny has 25 years of experience in financial control and management, primarily in global life science companies. He has previously worked as chief financial officer in both commercial and manufacturing companies at Biogen, and he has also held the position of Nordic Controller at Boston Scientific and Zambon Pharma.
Holdings in Genovis: None

Susanne Ahlberg (b. 1957)
General Counsel

Education: LL.M., Lund University
Employed since: 2007
Susanne has experience from both startup and mature companies. She has worked in corporate finance and in management positions at public listed companies, and has extensive experience in every aspect of commercial law, as well as intellectual property.
Board directorships: Board member of Genovis Inc. and GeccoDots AB
Holdings in Genovis: 27,975 shares

Change in management team: Johny Humaloja took over as CFO on August 12, 2019.

In addition to the Chief Executive Officer, senior management includes six people:

Vice President, Research and Development

Vice President, Application Development & Support

Vice President, Production

Vice President, Sales and Business Development

General Counsel

CFO

The Chief Executive Officer is responsible for issuing and upholding instructions for delegation to the Company's executive management group. The executive management group holds monthly joint meetings to discuss the Group's performance and financial position, status in research and development projects, strategic issues and follow-up of the budget and forecasts.

Linda Andersson (b. 1976) VP Production

Education: M.Sc., Lund University
Employed since: 2009
Linda has many years of experience of production processes, as well as development of analytical methods for quality assurance. She has previously worked in a global environment for GE Healthcare in the field of diagnostics in which contrast agents for MRIs and radiology were developed and tested in preclinical phase with a focus on oncology models. She has also worked for CRO companies such as Imagnia AB, where enzyme kinetics were studied using MRI/NMR, as well as Eijdo Research AB, where preclinical trials for MRI imaging were conducted.
Holdings in Genovis: None

Helén Carlsson Nyhlén (b. 1964) VP, Application Development & Support

Education: M.Sc. in Engineering, PhD, Faculty of Engineering, Lund University
Employed since: 2016
Helén has more than 20 years of experience working with proteins in the pharmaceutical and biotech industries and has had a variety of roles in development projects in preclinical and clinical trials for production and analysis of drug candidates, including work and documentation in compliance with the GMP quality system.
Holdings in Genovis: None

Rolf Lood (b. 1984) VP Research & Development

Education: PhD, Biomedicine, Lund University
Employed since: 2017
Rolf has worked as a consultant in new product development for several major international companies. He has extensive experience in research on microorganisms and enzymes, with a strong focus over the past ten years on bacterial proteases and glycosidases with biotech applications. Rolf is an associate professor at the division of Experimental Infection Medicine at Lund University, serves as a scientific adviser for several international biotech companies and has authored several scientific publications and patents.
Holdings in Genovis: None

Jonathan Sjögren (b. 1985) VP, Sales and Business Development

Education: M.Sc., & PhD, Lund University
Employed since: 2014
Jonathan is a specialist in enzymes that modify antibodies and holds a PhD from Lund University. He has 10 years of experience in life science from both the academic environment and industry, and he has worked with global business development and successfully commercialized research findings. He has authored several scientific publications and patents.
Holdings in Genovis: None

Proposed appropriation of profits

Genovis AB (publ.), corporate identity no. 556574-5345

Proposed appropriation of profit or loss

The following funds are at the disposal of the Annual General Meeting:	SEK
Accumulated loss	-157,834,691
Profit/loss for the year	9,217,625
Share premium reserve	167,495,403
Comprehensive income	**18,878,337**
Carry forward to new account	18,878,337

The Board of Directors proposes that no dividend be paid for the 2019 financial year. Regarding the financial performance and position in general of the Group and Parent Company, please refer to the following financial statements. The income statements and balance sheets will be presented to the Annual General Meeting on May 5, 2020.

STATEMENT OF COMPREHENSIVE INCOME

(SEK)	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Net sales	2	60,549,141	34,567,980	50,861,461	27,252,667
Change in inventory, finished goods		2,417,009	2,529,055	2,417,009	2,529,055
Other operating income	3	53,063	80,781	53,063	80,781
Raw materials and consumables		-6,831,447	-3,362,397	-7,309,236	-3,836,828
Other external expenses	4,5,6	-16,995,430	-13,577,278	-12,741,875	-10,425,198
Personnel costs	7	-22,080,925	-16,147,688	-19,601,733	-14,489,884
Depreciation, amortization and impairment of plant, property, and equipment and intangible assets	8	-3,496,527	-5,051,093	-912,022	-2,811,534
Other operating expenses	9	-3,547,492	0	-3,547,492	0
Total operating expenses		**-52,951,821**	**-38,138,456**	**-44,112,358**	**-31,563,444**
Operating profit/loss		**10,067,392**	**-960,640**	**9,219,175**	**-1,700,941**
Profit/loss on financial investments					
Interest income		0	0	0	200
Interest expense		-399,383	-639,837	-1,550	0
Profit/loss before tax		**9,668,009**	**-1,600,477**	**9,217,625**	**-1,700,741**
Tax on profit/loss for the year	10	-116,433	-109,904	0	0
PROFIT/LOSS FOR THE YEAR		**9,551,576**	**-1,710,381**	**9,217,625**	**-1,700,741**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Translation of foreign subsidiary		-2,397	150,177		
COMPREHENSIVE INCOME FOR THE YEAR		**9,549,179**	**-1,560,204**	**9,217,625**	**-1,700,741**
Profit/loss for the year attributable to Parent Company shareholders		9,549,179	-1,560,204		
Earnings per share basic and diluted[1]	11	0.15	-0.03		
Average number of shares		63,100,000	61,935,460		

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

BALANCE SHEET

(SEK)	Note	Group 2019 Dec. 31	Group 2018 Dec. 31	Parent Company 2019 Dec. 31	Parent Company 2018 Dec. 31
ASSETS					
Noncurrent assets					
Intangible assets	12				
Patents and licenses		3,218,122	2,611,015	3,218,122	2,611,015
Total intangible assets		**3,218,122**	**2,611,015**	**3,218,122**	**2,611,015**
Property, plant and equipment	13				
Equipment, tools, fixtures, and fittings		9,470,101	6,349,797	4,925,492	1,290,359
Total property, plant and equipment		**9,470,101**	**6,349,797**	**4,925,492**	**1,290,359**
Financial non-current assets					
Participations in Group companies	14	0	0	100,009	100,009
Total financial non-current assets		**0**	**0**	**100,009**	**100,009**
Deferred tax assets	15	**1,718,000**	**1,718,000**	**1,718,000**	**1,718,000**
Total noncurrent assets		**14,406,223**	**10,678,812**	**9,961,623**	**5,719,383**
Current assets					
Inventories					
Raw materials and consumables		8,966,311	5,739,906	8,966,311	5,739,906
Total inventories		**8,966,311**	**5,739,906**	**8,966,311**	**5,739,906**
Current receivables					
Accounts receivable	16	7,059,443	5,932,882	1,763,258	2,514,610
Receivables from Group companies		0	0	4,278,911	2,460,623
Tax assets		628	4,831	0	4,831
Other receivables	17	626,234	586,667	626,136	586,569
Prepaid expenses and accrued income	18	2,992,670	5,302,859	2,938,793	5,355,359
Total current receivables		**10,678,975**	**11,827,239**	**9,607,098**	**10,921,992**
Cash and cash equivalents	19	14,992,182	9,581,321	13,681,043	8,596,804
Total current assets		**34,637,468**	**27,148,466**	**32,254,452**	**25,258,702**
TOTAL ASSETS		**49,043,691**	**37,827,278**	**42,216,075**	**30,978,085**

BALANCE SHEET

(SEK)	Note	Group 2019 Dec. 31	Group 2018 Dec. 31	Parent Company 2019 Dec. 31	Parent Company 2018 Dec. 31
EQUITY AND LIABILITIES					
Equity					
Share capital	20	15,775,000	15,775,000	15,775,000	15,775,000
Total restricted equity				**15,775,000**	**15,775,000**
Additional paid-in capital		166,674,391	166,674,391	0	0
Share premium reserve		0	0	167,495,403	167,495,403
Accumulated loss		-156,353,589	-154,643,208	-157,834,691	-156,133,950
Reserves		-26,820	-24,423	0	0
Profit/loss for the year		9,551,576	-1,710,381	9,217,625	-1,700,741
Total unrestricted equity				**18,878,337**	**9,660,712**
Total equity attributable to Parent Company shareholders		**35,620,558**	**26,071,379**	**34,653,337**	**25,435,712**
Noncurrent liabilities					
Liabilities to credit institutions	21	2,133,710	2,940,424	0	0
Total noncurrent liabilities		**2,133,710**	**2,940,424**	**0**	**0**
Current liabilities					
Accounts payable		1,662,398	1,307,643	1,662,398	1,307,643
Liabilities to credit institutions	21	2,546,961	2,231,001	0	0
Liabilities to Group companies		0	0	100,000	100,000
Other liabilities		1,738,888	995,052	1,702,156	823,396
Accrued expenses and deferred income	22	5,341,176	4,281,779	4,098,184	3,311,334
Total current liabilities		**11,289,423**	**8,815,475**	**7,562,738**	**5,542,373**
TOTAL EQUITY AND LIABILITIES		**49,043,691**	**37,827,278**	**42,216,075**	**30,978,085**

STATEMENT OF CASH FLOWS

(SEK)	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Operating activities					
Operating profit/loss		10,067,392	-958,887	9,219,175	-1,700,941
Adjustment for items not affecting cash flow	23	6,953,527	5,051,093	4,369,022	2,811,534
Change in working capital	24	-3,495,983	-4,701,964	-3,348,146	-4,161,686
Interest received		0	0	0	200
Interest paid		-399,383	-639,837	-1,550	0
Cash flow from operating activities		**13,125,553**	**-1,249,595**	**10,238,501**	**-3,050,893**
Investing activities					
Acquisitions, patents		-975,396	-891,823	-975,396	-891,823
Acquisition of property, plant and equipment		-4,178,866	-937,156	-4,178,866	-937,156
Cash flow from investing activities		**-5,154,262**	**-1,828,979**	**-5,154,262**	**-1,828,979**
Financing activities					
Rights issue for the year	25	0	9,444,915	0	9,444,915
Amortization of loans relating to finance leases	26	-2,560,430	-1,702,710	0	0
Cash flow from financing activities		**-2,560,430**	**7,742,205**	**0**	**9,444,915**
Total cash flow after financing activities		**5,410,430**	**4,636,393**	**5,084,239**	**4,565,043**
Cash and cash equivalents, Jan. 1		9,581,321	4,917,690	8,596,804	4,031,761
Exchange rate difference in cash and cash equivalents					
Cash and cash equivalents, Dec. 31	19	**14,992,182**	**9,581,321**	**13,681,043**	**8,596,804**

CHANGES IN EQUITY

GROUP

(SEK)	Share capital	Additional paid-in capital	Accumulated loss	Other comprehensive income	Profit/loss for the year	Total equity
Opening balance per January 1, 2018	15,073,541	157,930,935	-146,694,676	-174,600	-7,948,532	18,186,668
Appropriation of profit/loss as resolved by AGM			-7,948,532		7,948,532	0
Rights issue	701,459	9,399,557				10,101,016
Issue costs		-656,101				-656,101
Comprehensive income for the year				150,177	-1,710,381	-1,560,204
Closing balance as of December 31, 2018	**15,775,000**	**166,674,391**	**-154,643,208**	**-24,423**	**-1,710,381**	**26,071,379**
Appropriation of profit/loss as resolved by AGM			-1,710,381		1,710,381	0
Comprehensive income for the year				-2,397	9,551,576	9,549,179
Closing balance as of December 31, 2019	**15,775,000**	**166,674,391**	**-156,353,589**	**-26,820**	**9,551,576**	**35,620,558**

PARENT COMPANY

(SEK)	Share capital	Statutory reserves	Share premium reserve	Accumulated loss	Profit/loss for the year	Total equity
Opening balance as of January 1, 2017	15,073,541	0	158,751,947	-147,894,123	-8,239,827	17,691,538
Appropriation of profit/loss as resolved by AGM				-8,239,827	8,239,827	0
Rights issue	701,459		9,399,557			10,101,016
Issue costs			-656,101			-656,101
Comprehensive income for the year					-1,700,741	-1,700,741
Closing balance as of December 31, 2018	**15,775,000**	**0**	**167,495,403**	**-156,133,950**	**-1,700,741**	**25,435,712**
Appropriation of profit/loss as resolved by AGM				-1,700,741	1,700,741	0
Comprehensive income for the year					9,217,625	9,217,625
Closing balance as of December 31, 2019	**15,775,000**	**0**	**167,495,403**	**-157,834,691**	**9,217,625**	**34,653,337**

The Company has not paid or proposed any dividend.

NOTE 1 ACCOUNTING POLICIES

GENERAL INFORMATION

Genovis AB's (publ) (Genovis) consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act (AAA), International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Commission for application within the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 "Supplementary Accounting Rules for Groups" has been applied. The Parent Company has prepared its annual report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities." The consolidated and annual accounts are specified in Swedish kronor and refer to the period January 1 - December 31 for income statement items and December 31 for balance sheet items. Assets and liabilities are recognized at cost. Investments in Group companies are measured at cost. In cases where the carrying amount of the investment exceeds the recoverable amount (see section below on "Impairment losses") an impairment loss is recognized.

Revenue recognition

Revenue is recognized according to IFRS 15. Revenue arises in the Group when the customer obtains control of the product or service sold. The Group's revenues are mainly generated by sales of own products Revenues include invoiced gross revenue as agreed for goods sold, excluding VAT, discounts, and returns due to product or quality warranties or transport damage, and after elimination of intra-Group sales. Customer agreements are analyzed and divided into distinct performance obligations. Once a performance obligation is satisfied, the revenue is recognized to the portion of the total agreed price that accrues from fulfilment of the obligation. License revenue is reported throughout the period that a license is valid.

Financial instruments

Financial instruments recognized in the balance sheet on the asset side include cash and cash equivalents, loan receivables and customer receivables. The liabilities include accounts payable and loan liabilities. A financial asset or financial liability is recognized in the balance sheet when the Company becomes party to the instrument's contractual terms. A receivable is recognized when the company performed and there is a contractual obligation for the counterparty to pay, even if an invoice has not yet been submitted. Liabilities are recognized when the counterparty has performed and a contractual obligation to pay exists, even if the invoice has been received. A financial asset is derecognized from the balance sheet when the contractual rights are realized, expire or the company loses control over them. The same applies to part of a financial asset. A financial liability is derecognized from the balance sheet when the obligation in the agreement is fulfilled or otherwise extinguished. The same applies to part of a financial liability. A financial asset and a financial liability are only offset and recognized at the net amount in the balance sheet when the Company is legally entitled to offset their amounts and the Company intends to settle the items with a net amount or simultaneously realize the asset and settle the liability. Purchases and sales of financial assets are recognized on the date when the transaction is carried out.

Leases

The Group recognizes one right-of-use asset and one lease liability on the start date of the lease. The right-of-use asset is measured initially at cost, which consists of the lease liability's original value plus lease payments paid at or prior to the start date and any initial direct costs. The right-of-use asset is then depreciated on a straight-line basis from the start date to the earlier of the end of the asset's right of use and the end of the terms of the lease. In less usual cases, where the cost of the right-of-use asset reflects the Group's intention to exercise an option to purchase the underlying asset, the asset is depreciated until the end of its useful life. The lease liability, which is divided into a noncurrent and a current portion, is measured initially at the present value of the remaining lease payments over the assessed term of the lease. The term of the lease is the non-cancellable period plus additional periods in the lease if, at the time the lease commences, it is considered reasonably certain that such options will be exercised. The lease payments are normally discounted using the Group's incremental borrowing rate. No right of use asset or lease liability is recognized for leases with a term of 12 months or less, or where the underlying asset is of low value. Lease payments for these are expensed on a straight-line basis over the term of the lease.

KEY ESTIMATES AND ASSESSMENTS

The preparation of financial statements in accordance with IFRS requires management to perform estimates and assumptions that affect the income statement, balance sheet and other disclosures. Assumptions, assessments and estimates are reviewed on a regular basis. The actual outcome may diverge from these assumptions, assessments and estimates. The Board and executive management regularly assess the deferred tax and intangible assets. The Parent Company has a deferred tax asset amounting to SEK 1,718 (1,718) thousand at the end of the period, corresponding to a loss carryforward of SEK 8,028 thousand. Valuation of loss carryforwards and the Company's ability to utilize unused tax losses is based on the assumption that taxable profit will be generated by the company in the foreseeable future. The valuation of intangible assets is reviewed at least annually or more frequently if there are indications that an impairment may have occurred.

Consolidated cash and cash equivalents at year-end amounted to SEK 14,992 (9,581) thousand. Taking expected revenue into account, the Board believes that the existing working capital is sufficient to run the Company over the next twelve months. Should the conditions change, measures to raise additional capital may be considered. With shareholder approval, Genovis can issue new shares, buy back shares, or increase/decrease loans. The capital structure is regularly revised. On December 31, 2019 consolidated shareholders' equity was SEK 35,621 (26,071) thousand and Genovis AB's shareholders' equity was SEK 34,653 (25,436) thousand.

CONSOLIDATED ACCOUNTS

Genovis' consolidated accounts comprise the parent Genovis AB and the subsidiaries GeccoDots AB and Genovis Inc. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intra-group profits and dealings are eliminated on consolidation.

Subsidiaries are accounted for using the purchase method. Under this method, an acquisition of a subsidiary is treated as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contin-

gent liabilities. Consolidated cost is established through an acquisition analysis in conjunction with the acquisition. The analysis establishes the cost of the participations or business and the fair value, on the acquisition date, of acquired identifiable assets and assumed liabilities and contingent liabilities. The cost for the subsidiary's shares and operations comprises the sum of fair values at the acquisition date for paid assets, incurred or assumed liabilities and for issued equity instruments submitted as payment in exchange for the acquired net assets, plus the transaction costs directly attributable to the acquisition. In the case of business combinations where the acquisition cost exceeds the net value of the acquired assets and liabilities, as well as any contingent liabilities, the difference is reported as goodwill. When the difference is negative it is recognized directly in the income statement. The financial statements of subsidiaries are consolidated from the date of the acquisition until the date when control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

FOREIGN CURRENCIES

Functional currency

The functional currency is the currency of the primary economic environments in which the companies operate. The Parent Company's functional currency is SEK, as is the reporting currency for the Parent Company and the Group.

Foreign currency translation

Transactions denominated in foreign currencies

Transactions denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the transaction date. Monetary assets and liabilities in foreign currency are converted to the functional currency using the exchange rate prevailing at the end of the reporting period. Exchange rate differences arising on translation are recognized in profit or loss for the year. Exchange gains and losses on operating receivables and liabilities are included in operating profit or loss, while exchange differences on financial receivables and liabilities are recognized among financial items.

Translation of foreign operations

The assets and liabilities of foreign operations are translated from the foreign operation's functional currency to the Group's reporting currency, SEK, at foreign exchange rates prevailing at the balance sheet date. Revenues and expenses of foreign operations are translated to SEK at the average rate prevailing at each of the transaction dates. Translation differences arising in the translation of foreign operations are recognized in other comprehensive income.

INVENTORIES

Inventory is valued, applying the first in, first out (FiFO) principle, at the lower of cost or net realizable value. Production date has also been taken into account. Cost includes material, labor and other manufacturing costs.

STATEMENT OF CASH FLOWS

The cash-flow statement is prepared in accordance with IAS 7, Statement of cash flows, indirect method. Reported cash flow only includes transactions entailing receipts or disbursements. Cash and cash equivalents consist of cash and bank deposits.

NOTE 2 NET SALES

Sales are based on a measure called net sales, which excludes revenues that are not attributable to sales of products and services. Senior management considers the business from a product perspective where operations only comprise one operating segment* that is used to make strategic decisions. The segment comprises unique enzymes that facilitate development and quality control of biopharmaceuticals, as well as one product for specific antibody labeling. Reference is made to the financial statements concerning primary segment reporting.

The information presented relating to revenues, assets and investments refers solely to the specified geographic area.

Revenue	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Sweden	14,239,906	331,860	14,239,906	331,860
Other countries	46,309,235	34,236,120	36,621,555	26,920,807
Total	**60,549,141**	**34,567,780**	**50,861,461**	**27,252,667**
Assets				
Sweden	12,688,223	8,960,812	8,143,614	3,901,374
Total	**12,688,223**	**8,960,812**	**8,143,614**	**3,901,374**
Investments				
Sweden	5,154,262	1,828,979	5,154,262	1,828,979
Total	**5,154,262**	**1,828,979**	**5,154,262**	**1,828,979**

**A segment is a distinguishable component of the Group that either provides products or services within a particular economic environment and that is subject to risks and opportunities that are different from other segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. At Genovis this function has been identified as the Group's CEO.*

NOTE 3 OTHER REVENUE

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Exchange gains	18,433	80,781	18,433	80,781
Other	34,630	0	34,630	0
Total	**53,063**	**80,781**	**53,063**	**80,781**

NOTE 4 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 420 thousand during the full year. All related party transactions took place on market terms.

NOTE 5 AUDITORS' FEES

Audit assignments refers to the audit of the annual report and accounting records as well as the administration of the Company by the Board of Directors and the Chief Executive Officer, other tasks incumbent on the Company's auditor and advice or other assistance resulting from observations made during audits or the performance of such tasks.

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
PwC				
Auditing assignments	305,000	255,000	305,000	255,000
Non-audit assignments	25,000	0	25,000	0
Other services	47,000	60,000	47,000	60,000
Total	**377,000**	**315,000**	**377,000**	**315,000**

NOTE 6 LEASES

Rent for premises pertains to the premises of the Parent Company and the subsidiary, Genovis Inc. The term of the Parent Company's lease for offices expires on June 30, 2022, while the lease for laboratories expires on September 30, 2020 and is automatically renewed one year at a time, unless notice to terminate the lease is given not later than nine months prior to the lease expiration date. Genovis Inc. has a lease that runs until March 31, 2020.

Cost for the year	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Car leases	0	0	93,460	97,796
Rent for premises	0	0	2,026,345	2,149,772
Total	**0**	**0**	**2,119,805**	**2,247,568**

Future payment commitments, nominal value	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Car leases				
Within 1 year	48,236	64,314	48,236	64,314
Between 1 and 5 years	0	48,236	0	48,236
Leases for instruments				
Within 1 year	474,648	474,648	474,648	474,648
Between 1 and 5 years	553,756	1,028,404	553,756	1,028,404
More than 5 years				
Rent for premises				
Within 1 year	2,279,818	2,096,592	2,271,099	2,061,716
Between 1 and 5 years	1,115,642	1,155,006	1,115,642	1,546,287
Total	**4,472,100**	**5,267,200**	**4,463,381**	**5,223,605**

NOTE 7 PERSONNEL

The CEO is entitled to a defined-contribution pension that is 30 percent of his salary. Other employees of the Parent Company are covered by a pension plan. The pension plan is administered by Collectum or individual choice, depending on the date that employment began, and is classified as a defined contribution pension plan. In a defined contribution plan, fixed payments are made to a separate entity, after which there are no legal or formal obligations to pay additional fees. Contributions for pension insurance are recognized as an expense in the income statement as incurred.

Average number of employees	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Total	24	18	23	17
Women	13	11	13	11
Salaries and remuneration				
Board and CEO	2,304,243	1,804,799	2,304,243	1,804,799
Other employees	13,428,666	9,569,953	11,008,093	7,912,149
Total salaries	**15,732,909**	**11,374,752**	**13,312,336**	**9,716,948**
Social security expenses	3,764,767	2,669,006	3,764,767	2,669,006
Pension costs CEO	432,000	327,297	432,000	327,297
Pension costs, other employees	1,368,713	1,004,760	1,368,713	1,004,760
Total social security expenses and pension costs	**5,565,480**	**4,001,063**	**5,565,480**	**4,001,063**
Other personnel costs	782,536	771,873	723,917	771,873
Total	**22,080,925**	**16,147,688**	**19,601,733**	**14,489,884**

Remuneration and other benefits for the Board and the Chief Executive Officer

	Basic salary/ Board fees	Consultant fee	Benefits	Pension costs	Social security contributions	Total
Mårten Winge	200,000				62,840	262,840
Mikael Lönn	50,000				8,180	58,180
Kenth Petersson	50,000				15,710	65,710
Lena Mårtensson	50,000				15,710	65,710
Peter Hein	100,000				31,420	131,420
Lena Söderström	100,000				31,420	131,420
Charlotta Ljungqvist	50,000				15,710	65,710
Håkan Wickholm	50,000				15,710	65,710
Fredrik Olsson, CEO	1,654,243		52,606	432,000	641,095	2,779,944
Total	**2,304,243**			**432,000**	**837,795**	**3,626,644**

In 2019 the Board was composed of 5 men and 2 women. In 2018 the Board was composed of 4 men and 2 women. Group Management consists only of the Chief Executive Officer, a man.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES AS RESOLVED AT THE 2019 ANNUAL GENERAL MEETING

Fixed remuneration policy

The fixed remuneration to the management and the Chief Executive Officer should be competitive and based on the individual area of responsibility and performance.

Policy for variable remuneration

Incentive-based remuneration will be limited and linked to predetermined measurable criteria designed to promote long-term value creation for the Company. Incentive-based remuneration may not exceed a maximum of 25% percent of the fixed salary and will be set per financial year.

The Board will consider on a yearly basis whether to propose a share-related or market value-related incentive program to the Annual General Meeting. The Annual General Meeting makes the decisions regarding such incentive programs.

Conditions for non-monetary benefits, pensions, termination, and severance pay

Pensions
The management and the CEO are entitled to a defined-contribution pension.

Termination and severance pay
For the Chief Executive Officer the notice period is 6 months for the Company and 6 months for the individual. In addition, the CEO is entitled to a maximum of 12 months of severance pay including benefits.

The Board of Directors may depart from these guidelines if there are particular reasons in an individual case.

NOTE 8 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Amortization patents, brands and licenses	-368,289	-311,015	-368,289	-311,015
Amortization equipment, tools, fixtures and fittings	-3,128,238	-2,728,064	-543,733	-488,505
Impairment patents, brands and licenses	0	-2,012,014	0	-2,012,014
Total	**-3,496,527**	**-5,051,093**	**-912,022**	**-2,811,534**

NOTE 9 OTHER OPERATING EXPENSES

During the year, an insurance company claim associated with a legal dispute against Promega in 2016 was written off in full, totaling SEK 3,457 thousand. Other items amount to SEK 90 thousand.

NOTE 10 INCOME TAX

All tax deemed payable on reported earnings, adjustment of previous years' tax and deferred tax is reported in the income statement. The Group uses the balance sheet method to calculate deferred tax assets and liabilities. Deferred tax is recognized in accordance with the balance sheet method, which means that deferred taxes are calculated on all temporary differences identified on the closing date, i.e., between the tax basis for assets or liabilities on the one hand and their carrying amounts on the other, as well as tax loss carryforwards. Reported income taxes only include deferred tax as the Group does not report tax profits. The deferred tax asset in the Parent Company as of Dec. 31, 2019, is SEK 1,718 (1,718) thousand, corresponding to a loss carryforward of SEK 8,028 thousand. The carryforward of unused tax losses has no time limit. The Parent Company's unutilized loss carryforward as of Dec. 31, 2019 amounts to SEK 161,672 (170,986) thousand. Deferred tax assets are recognized in the balance sheet only to the portion of value that can probably be utilized in the foreseeable future, against which the temporary differences can be utilized.

Tax on reported loss is attributable to taxes on subsidiaries.

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Reported loss before tax	9,668,009	-1,600,477	9,217,625	-1,700,741
Tax at nominal tax rate	-2,068,954	-352,105	-1,972,572	-374,163
Tax effect from non-deductible items	-20,620	13,660	-20,620	13,660
Tax effect of tax assets that are not assigned a value	1,973,141	228,540	1,993,192	360,503
Tax on reported earnings	**-116,433**	**-109,904**	**0**	**0**

NOTE 11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing comprehensive income for the year attributable to the shareholders of the Parent Company by the weighted average number of outstanding shares during the period.

	Group 2019	Group 2018
Profit/loss for the year, SEK	9,549,179	-1,560,204
Weighted average number of outstanding shares	63,100,000	61,935,460
Number of shares at year-end	63,100,000	63,100,000
Basic earnings per share, SEK	**0.15**	**-0.03**

NOTE 12 – INTANGIBLE ASSETS

Patents

The Group's expenditures for patents are capitalized when fulfilling the prerequisites of being entered as intangible assets, in accordance with IAS 38. Patents have a limited useful life and are therefore recognized at cost less accumulated amortization. The amortization period begins when the patent has commercialized, i.e., launched as a new product or application. An amortization period of 10 years for patents is justified because most of them have at least this duration with the option for extension.

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The amount by which the carrying amount of the asset exceeds its recoverable amount is then recognized as an impairment loss, which is the higher of net realizable value and value in use. When calculating value in use, future cash flows are discounted using a discount rate that reflects the current market view of risk-free interest and risk specific to the asset. Recoverable value of intangible assets with indefinite useful lives and intangible assets not yet ready for use is calculated annually.

Patents and licenses	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Opening aquistion cost	8,998,923	8,107,100	8,998,923	8,107,100
Disposals during the year	-3,199,836	0	-3,199,836	0
Acquisition/capitalization	975,396	891,823	975,396	891,823
Closing aquistion cost	**6,774,483**	**8,998,923**	**6,774,483**	**8,998,923**
Opening accumulated depreciation	-4,375,894	-4,064,879	-4,375,894	-4,064,879
Disposals during the year	1,187,822	0	1,187,822	0
Depreciation/amortization for the year	-368,289	-311,015	-368,289	-311,015
Closing accumulated depreciation	**-3,556,361**	**-4,375,894**	**-3,556,361**	**-4,375,894**
Impairment for the year	0	-2,012,014	0	-2,012,014
Reversals for the year	**2,012,014**	**0**	**2,012,014**	**0**
Closing accumulated impairment	**0**	**-2,012,014**	**0**	**-2,012,014**
Carrying amount	**3,218,122**	**2,611,015**	**3,218,122**	**2,611,015**

NOTE 13 PROPERTY, PLANT AND EQUIPMENT AND FINANCIAL LEASES

Property, plant, and equipment, consisting of laboratory equipment, other equipment and computer equipment, are reported at cost less accumulated depreciation. Depreciation is based on the cost, useful life and possible residual value of the assets. Gains and losses on divestitures are determined by comparing proceeds with carrying amount and recognized through profit or loss. Gains and losses on divestitures are determined by comparing proceeds with carrying amount and recognized through profit or loss. Property, plant, and equipment are depreciated over the estimated useful life of the assets, based on cost as follows:

Laboratory equipment 10 years
Computer equipment 3 years
Other equipment 5 years

Of depreciation and amortization for the year, SEK 2,584,505 (2,239,559) relate to leases. The aquisition cost is SEK 9,645,221. Opening depreciation/amortization is SEK 2,516,107, for which reason the carrying amount at the end of the period is SEK 4,544,609.

Equipment, tools, fixtures, and fittings	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Opening aquisition cost	15,347,442	9,291,528	7,660,778	6,723,622
Purchases	6,248,542	6,055,914	4,178,866	937,156
Disposals	-111,119	0	0	0
Closing aquisition cost	**21,484,865**	**15,347,442**	**11,839,644**	**7,660,778**
Opening accumulated depreciation	-8,997,645	-6,269,581	-6,370,419	-5,881,914
Depreciation on disposals	111,119	0	0	0
Depreciation/amortization for the year	-3,128,238	-2,728,064	-543,733	-488,505
Closing accumulated depreciation	**-12,014,764**	**-8,997,645**	**-6,914,152**	**-6,370,419**
Carrying amount	**9,470,101**	**6,349,797**	**4,925,492**	**1,290,359**

NOTE 14 – PARTICIPATIONS IN GROUP COMPANIES

	Parent Company 2019	Parent Company 2018
Opening cost of acquisition	22,477,863	22,477,863
Closing accumulated cost	**22,477,863**	**22,477,863**
Opening accumulated impairment	-22,377,854	-22,377,854
Closing accumulated impairment losses	**-22,377,854**	**-22,377,854**
Carrying amount	**100,009**	**100,009**

Name	Registered office	Company reg. no.	Share-holding	Number of shares	Carrying amount
Genovis Inc.	Delaware, USA	5671285	100%	1,000	9
GeccoDots AB	Malmö	556779-7286	100%	1,000	100,000

NOTE 15 DEFERRED TAX ASSET/LIABILITY

The Company reports a deferred tax asset relating to unused tax loss carryforwards; the deferred tax asset arises from the parent. The Group's deferred tax assets at the end of the period amounted to SEK 1,718 (1,718) thousand, equivalent to a loss carryforward of about SEK 8 million. Deferred tax assets are recognized in the balance sheet only to the portion of value that can probably be utilized in ethe foreseeable future. The Group's total tax loss is SEK 162 million.

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Tax loss carryforwards in Sweden	1,718,000	1,718,000	1,718,000	1,718,000
Total	**1,718,000**	**1,718,000**	**1,718,000**	**1,718,000**

NOTE 16 FAIR VALUE OF FINANCIAL INSTRUMENTS IN THE GROUP

The Group's financial instruments consist primarily of accounts receivable, cash and cash equivalents, and accounts payable. Accounts receivable are amounts due from customers for goods sold or services rendered in the ordinary course of business. They are included in current assets, except for items with maturities greater than 12 months after the reporting date, which are classified as non-current assets. Accounts receivable are recognized initially at fair value and in subsequent periods measured at amortized cost. The expected maturities of accounts receivable are short, so they are recognized at nominal amounts without discounting. Impairments, if any, on accounts receivable are reported under operating expenses. Operating liabilities are recognized at cost. Accounts payable are reported at the amount the Company plans to pay to the supplier in order to settle the debt. Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

	Carrying amount	Fair value
Financial assets		
Accounts receivable	7,059,443	7,059,443
Cash and cash equivalents	14,992,182	14,992,182
Financial liabilities		
Noncurrent liabilities to credit institutions	2,133,710	2,133,710
Accounts payable	1,662,398	1,662,398

Accounts receivable are entered at the amounts by which they are expected to be paid, after individual assessment As of December 31, 2019, accounts receivables of SEK 1,356,911 were past due. A write-down of SEK 97,041 was taken. The overdue receivables relate to a few customers who have not previously had payment problems. Below is an age analysis of these accounts receivable:

	2019	2018
Less than 3 months	1,308,712	1,818,229
3 to 6 months	48,199	235,329
> 6 months	0	169,439
Total overdue	**1,356,911**	**2,222,997**

NOTE 17 OTHER RECEIVABLES

Balance, December 31	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Recoverable VAT	618,093	583,312	618,093	583,312
Other	8,141	3,355	8,043	3,257
Total	**626,234**	**586,667**	**626,136**	**586,569**

NOTE 18 PREPAID EXPENSES AND ACCRUED INCOME

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Royalties	140,000	150,000	140,000	150,000
Trade shows/ conferences	136,509	106,218	136,509	106,218
License fee sales support system	225,198	381,520	225,198	381,520
Insurance	547,528	453,582	547,528	453,673
Rent	1,230,793	515,429	1,230,793	515,429
Insurance reimbursement	0	3,457,000	0	3,457,000
License agreements	364,068	0	364,068	0
Other items	239,110	187,196	291,519	269,696
Total	**2,992,670**	**5,302,859**	**2,938,793**	**5,355,359**

NOTE 19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the balance sheet and the statement of cash flows consist of deposits in bank accounts.

Balance, December 31	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Bank deposits	14,992,182	9,581,321	13,681,043	8,596,804
Total	**14,992,182**	**9,581,321**	**13,681,043**	**8,596,804**

NOTE 20 SHARES

All shares are issued and fully paid.

Number of shares	Par value	Shares
As of December 31, 2018	0.25	63,100,000
As of December 31, 2019	**0.25**	**63,100,000**

NOTE 21 LIABILITIES TO CREDIT INSTITUTIONS

Interest-bearing liabilities relate in their entirety to the present value of estimated future lease payments.

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Noncurrent interest-bearing liabilities				
Maturity between 1 and 5 years	2,133,720	2,940,424	0	0
Total	**2,133,720**	**2,940,424**	**0**	**0**
Current interest-bearing liabilities				
Maturity within 1 year	2,546,961	2,231,001	0	0
Total	**2,546,961**	**2,231,001**	**0**	**0**
Other current liabilities				
Maturity within 1 year	3,401,286	1,962,173	3,364,554	1,790,517
Total	**3,401,286**	**1,962,173**	**3,364,554**	**1,790,517**

NOTE 22 ACCRUED EXPENSES AND DEFERRED INCOME

Royalties relate in part to the acquisition of patent rights for GlycINATOR (EndoS2) and FabALACTICA (IgdE). The patent gives the inventors the right to royalties on Genovis' patent-related sales during the term of the patent. In part royalties for SiteClick™; Genovis has a license for SiteClick™ and Phoros™ from Life Technologies Corporation. The SiteClick™ brand belongs to Life Technologies Corporation. The consultant fee is attributable to Genovis Inc.

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Accrued payroll-related expenses	3,011,455	2,579,761	2,815,614	2,430,259
Royalties	367,356	217,033	367,356	217,033
Consultant fee	1,131,925	776,237	84,785	0
Board fees	525,680	459,970	525,680	459,970
Other items	304,760	248,778	304,749	204,072
Total	**5,341,176**	**4,281,779**	**4,098,184**	**3,311,334**

NOTE 23 ITEMS NOT AFFECTING CASH FLOW

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Depreciation/ Amortization	3,496,527	5,051,093	912,022	2,811,534
Impairment losses	3,457,000	0	3,457,000	0
Total	**6,953,527**	**5,051,093**	**4,369,022**	**2,811,534**

NOTE 24 CHANGE IN WORKING CAPITAL

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Inventories	-3,226,405	-2,570,396	-3,226,405	-2,570,396
Accounts receivable and other receivables	-2,311,134	-2,242,708	-323,817	-1,848,379
Accounts payable and other payables	2,041,556	111,140	202,076	257,088
Total	**-3,495,983**	**-4,701,964**	**-3,348,146**	**-4,161,687**

NOTE 25 RIGHTS ISSUE FOR THE YEAR

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Issue proceeds	0	10,101,016	0	10,101,016
Issue costs	0	-656,101	0	-656,101
Total	**0**	**9,444,915**	**0**	**9,444,915**

NOTE 26 CHANGE IN FINANCIAL LIABILTY FOR THE YEAR

	Group 2019	Group 2018
Opening financial liabilities	5,171,425	0
Recognized financial liabilities	2,069,676	6,874,135
Repayment financial liability	-2,560,430	-1,702,710
Closing financial liabilities	**4,680,671**	**5,171,425**

NOTE 27 POST-BALANCE SHEET EVENTS

Genovis signed a Memorandum of Understanding for the acquisition of all shares in the privately held company QED Bioscience Inc, based in San Diego, California. The acquisition is expected to be completed during the second quarter of 2020 and is subject to the customary terms and conditions for possession. The acquisition will be paid for through a cash payment of about SEK 20 million, including transaction costs. QED Bioscience Inc had annual sales in 2019 totaling SEK 17,733 (16,289) thousand and net profit of SEK 2,190 (591) thousand.

The Covid-19 outbreak during the first quarter of 2020 will have a substantial impact on the current global business climate. Because of the uncertainties related to the future economic effects of the Covid-19 outbreak, senior management cannot carry out a more specific assessment of the short or long term impact on the company at this time.

NOTE 28 RISK FACTORS

A number of factors beyond the control of the Company may affect its profits and financial position. The risk factors listed below do not claim to be complete, nor are the risks ranked in order of significance.

OPERATING RISKS

Technology-related risks

The technology is under constant development, which means a risk is present that the technology or various applications of the technology may not work as expected. Furthermore, there is a risk that development could take significantly longer than expected and would therefore generate development expenditure at an accelerating pace. Senior management's strategy has therefore chosen to divide development into smaller stages and milestones and evaluate the outcome of each step before proceeding to the next one.

Market

Genovis, which is in an early phase for sales, is active in a market with a constant flow of new products. A failed or misdirected market launch could entail the loss of anticipated revenues and the company would not achieve its financial goals. Working closely with customers and together with strategic partners and distributors minimizes the risk of a major setback in a market launch.

Competition

Genovis' current competitors are significantly larger, have longer operating histories and are financially stronger than Genovis.

Production-related risk

For some products, Genovis may become dependent on external production capacity, which could affect the timing of the market launch of these products. Genovis strives to reduce production-related risks by expanding its own production.

Key personnel

Genovis' operation depends on a few key individuals. Its future development depends largely on the ability to attract and retain skilled personnel. The departure of any of these key personnel from Genovis, at least in the short term, would have a negative impact on the Company's ability to reach its planned development targets.

Patents and intellectual property

It is important for the company to protect its technology through patents and other intellectual property rights and thus retain its technological lead. The company has a patent strategy aimed at protecting the most important parts of the technology. However, it cannot be guaranteed that Genovis will be able to protect the patents and pending patent applications that have been granted. There is also a risk that new technologies will be developed that will circumvent or replace the company's patents. The company believes today that its own technology does not infringe upon the intellectual property rights of other companies. Nevertheless, there are no guarantees that the patents granted to the Company will not be considered an infringement of another party's patents or other intellectual property.

Distributors and dealers

Genovis is dependent to some extent on distributors who market the company's products in their respective markets. To avoid the negative consequences associated with unsuccessful marketing by these distributors, Genovis avoids signing agreements for exclusive sales as far as is possible, which always allows the opportunity to increase its presence when required.

FINANCIAL RISKS

Forecast uncertainty

Although the Life Science field is relatively independent of business cycles, periods of uncertainty can influence our customers' appetite to invest in new technology. Deviations from forecast customer orders and cash flow forecasts could negatively affect the Group's earnings, liquidity, and continued operations. With all development projects proceeding according to plan, Genovis is positioned to make additional advances with respect to both new products and sales.

Currency risk

The majority of the Group's expenses are denominated in SEK. The Group's revenue, however, is largely dependent on other currencies, primarily the USD and the EUR. The calculation below is an assumption of the impact of a 5 percent change in the exchange rate on sales, which the Company experienced in 2019.

Currency estimated exchange rate, 2019	Net volume 2019, SEK 000s	Impact on earnings/equity in SEK thousand of a 5% currency fluctuation
USD: 9.53	42,299	+/- 2,115
EUR: 10.60	16,855	+/- 843

Credit risk

Credit risk entails exposure to losses if a counterparty to a financial instrument cannot meet its commitments. The Company is of the opinion that there is no significant credit risk in relation to any particular client or counterparty.

Interest risk

Interest risk refers to the Group's exposure to a change in interest rates. The Company's assessment is that it is not affected by any material interest rate risk at this time.

Liquidity risk

Liquidity risk consists of the risk that the Group cannot obtain funds to meet its obligations. Consolidated cash and cash equivalents including short-term investments at the end of the twelve-month period amounted to SEK 14,992 (9,581) thousand. Taking expected revenue into account, the Board believes that the existing working capital is sufficient to run the Company over the next twelve months. Should the conditions change, measures to raise additional capital may be considered. Interest-bearing liabilities to credit institutions are shown below.

Interest-bearing liabilities, SEK 000s	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Noncurrent interest-bearing liabilities				
Maturity date up to 1 year from the balance sheet date.	2,547	2,231	-	-
Maturity date between 1 and 5 years from the balance sheet date	2,134	2,940	-	-

Cash flow risk

Senior management is aware of the importance of minimizing tied up capital, including in inventory and accounts receivable. In the run-up to the anticipated increase in activity in 2020, the Company will focus on maintaining a desirable low level of tied up capital.

NOTE 29 APPROPRIATION OF PROFITS

The Board of Directors and CEO propose that unrestricted equity be treated as follows:	SEK
Accumulated loss, SEK	-157,834,691
Profit/loss for the year, SEK	9,217,625
Share premium reserve	167,495,403
Comprehensive income	**18,878,337**

The Board of Directors and the Chief Executive Officer ensure that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The Administration Report of the Group and the Parent Company provides a fair overview of the development of the Group's and the Parent Company's operations, position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

The annual accounts and consolidated accounts have been approved for the Board to issue on April 1, 2020. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be presented for adoption at the Annual General Meeting to be held on May 5, 2020.

Lund April 1, 2020

Sarah Fredriksson
Chairman of the Board

Mikael Lönn

Lena Söderström

Kenth Petersson

Peter Hein

Håkan Wickholm

Charlotta Ljunqvist

Fredrik Olsson
Chief Executive Officer

AUDITOR'S SIGNATURE

Our Audit Report was submitted on April 3, 2020

Öhrlings PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorized public accountant
Principal auditor

Neda Feher
Authorized public accountant

Auditors' report

To the Annual Meeting of Shareholders of Genovis AB, company reg. no. 556574-5345

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Genovis AB for 2019.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of December 31, 2019 and of its financial performance and its cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2019 and of their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the Group.

Foundation for opinions

We conducted our audit in compliance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Information other than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and the consolidated financial accounts and can be found on pages 1-19 and 26-37. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion regarding the annual accounts and consolidated accounts does not cover this information, and we make no statement of assurance regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure, we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed on this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with IFRS, as adopted by the EU, and the Annual Accounts Act. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Chief Executive Officer are responsible for the assessment of the ability of the Company and the Group to continue as a going concern. They disclose, as applicable, matters related to the ability to continue as a going concern and using the going concern basis of accounting. The going concern basis of accounting is, however, not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, cease operations or have no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to submit an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or mistake, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsnämnden (Inspectorate of Auditors) website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the audit report.

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Genovis AB for 2019 and the proposed appropriations of the Company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Foundation for opinions
We conducted our audit in compliance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Chief Executive Officer
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes, among other things, continuous assessment of the Company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on the Revisorsnämnden (Inspectorate of Auditors) website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the audit report.

Malmö April 3, 2020

Öhrlings PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt	Neda Feher
Authorized public accountant	Authorized public accountant
Principal auditor	

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