



First quarter in brief

- **Net sales** rose by about 26 percent to SEK 4,794k (3,808k).
- **Gross profit** totaled SEK 4,128k (8,776k).
- **Gross margin** was 89 (91) percent.
- **Operating loss** improved to a loss of SEK 2,863k (loss: 3,449k).
- **Comprehensive income for the period** improved by SEK 582k to a loss of SEK 2,872k (loss: 3,454k).
- **Comprehensive income per share**, basic and diluted, improved by SEK 0.04 to SEK -0.05 (-0.09).
- **Cash flow from operating activities** was SEK -1,586k (-2,498k).

Financial summary (SEK 000s)	2017	2016	2016
	Jan.-March	Jan.-March	full-year
Net sales	4,794	3,808	18,542
Gross profit/loss	4,128	8,766	23,281
Gross margin* (%)	89	91	92
Operating profit/loss	(2,863)	(3,449)	(14,769)
Comprehensive income for the period	(2,872)	(3,454)	(15,018)
Comprehensive income per share based on a weighted average of the number of outstanding shares	(0.05)	(0.09)	(0.32)
Cash flow from operating activities	(1,586)	(2,498)	(16,075)
Cash and cash equivalents at close of period	1,805	3,332	4,281

* Excl. other revenue

Comments from Fredrik Olsson, Chief Executive Officer



Increasing sales volumes and strong growth from new products

The favorable sales trend we saw last year, especially in the last quarter, has continued and 2017 is off to a great start. In the first quarter sales increased by 26 percent to SEK 4,794k. This means we have had strong sales growth for ten consecutive quarters. Our gross margin remains at a high stable level of 89 percent for the quarter.

It is particularly gratifying to see increased volumes of products used for analysis of materials in the early clinical phase. As order volumes increase, large orders may influence the figures from one quarter to another. In general, sales have stabilized at a high level and are constantly growing. However, we can continue to expect fluctuations between the quarters.

Growth during the quarter is organic and shows an increase in all product categories in the entire product portfolio. In the first quarter FabRICATOR[®] stands out in terms of sales. There is a huge underlying demand in the industry, driven by the pursuit for simpler, more effective and more reliable analytical methods, as well as new antibody formats for immunotherapy. Our goal this year is to maintain the high pace of both sales and product launches.

During the quarter we recruited two new employees, which along with intensified marketing and product development initiatives, affected current costs. We believe that it is crucial to strengthen both our production and our application work in order to handle the number of products in our pipeline, which has grown faster than expected, as well as to continue to develop customer relations.

During the quarter, we worked intensively to prepare for the launches of GlyCLICK[™] in April and FabALACTICA[™] in May. FabALACTICA is yet another product in our enzyme family with a focus on antibody analysis, while GlyCLICK is a new technology for labeling antibodies. GlyCLICK was developed in collaboration with Life Technologies and enables development of a new and complementary business area in our product portfolio. Initially, demand will come from the global pharmaceutical companies in the discovery and preclinical phase.

Our efforts to identify appropriate partners or distributors to introduce our portfolio in a few strategically important markets in Asia are a priority. The goal is to have a partner in place before the end of the year.

We see continued strong demand for our products, especially from global pharmaceutical companies that focus on biopharmaceuticals. We have established a strong position in this niche as both a knowledge partner and a provider of effective analytical tools. Close customer relationships are part of our success and enable us to transform customer needs into concrete products that generate sales right from the start. We will continue to develop and improve this formula. Based on our recent experience in the first quarter, I believe we will see additional business opportunities in the coming quarters.

Events after the end of the period

- **Genovis launched two new products.**

GlyCLICK™ is a product for specific labeling of antibodies for purposes such as development of biopharmaceuticals. GlyCLICK™ is the first of a series of products based on a technology platform in which Genovis' unique GlycINATOR enzyme is® combined with SiteClick™ technology from Life Technologies. GlyCLICK is a new technology in an expanding market for applications in antibody development, preclinical imaging and antibody drug conjugates (ADCs). The market for biopharmaceuticals is large and many pharmaceutical companies are looking for new and improved technologies that link chemotherapy to antibodies.

The SiteClick™ brand belongs to Life Technologies Corporation.

FabALACTICA™ is an enzyme that is of particular interest to pharmaceutical companies that develop biological drugs in the growing immunotherapy segment. With the launch of FabALACTICA™ Genovis now has nine products in its enzyme family for analysis of antibodies.

- **Genovis completed a private placement**

In accordance with the authorization granted by the Annual General Meeting on May 12, 2016, Genovis raised SEK 11.5 million for the Company through a directed share issue of 5,000,000 shares. The rights issue was subscribed by selected qualified investors. The subscription price was set at SEK 2.30, which corresponds to approximately 92 percent of the average share price during the 10 trading days prior to the day of subscription. After the rights issue the total number of shares and votes in the Company is 60,294.62 and the share capital is SEK 15,073,540.50.

Genovis Group in brief

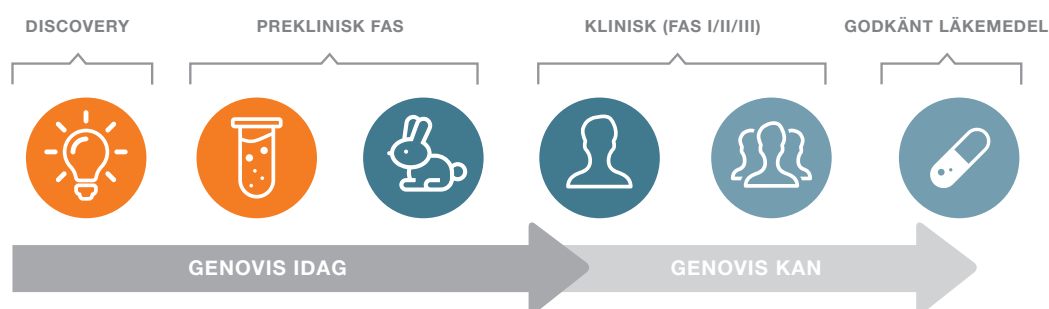
Genovis offers unique tools that contribute to the development of future therapies and has applied its knowledge and imagination to become established as a natural partner for companies in the industry. The company operates globally and markets "SmartEnzymes," which are seven enzymes in different product formats. In addition to this product, 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.

Currently, Genovis' 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. The properties of a new drug must be characterized in a variety of ways while it is under development and Genovis' strategic business development prioritizes several areas of application for customers:

- Processes to develop production protocols for drugs on track for clinical development
- Quality control during commercial production of drugs
- Processes for developing large quantities of antibody fragments
- Screening processes with a large quantity of analyses per project

The road from research to new drugs

It takes between 10 and 20 years to develop a new drug and when Genovis' enzymes are included in the antibody analysis and selection package, the probability is high that the enzyme will be included in the journey all the way to the release of a new drug, since pharmaceutical companies are reluctant to change a well-established analytical method. While fewer customers are in preclinical and clinical phases, the value of their orders is substantially higher.



Performance

The Groups financial performance in summary

(SEK 000s)	2017 Jan.-March	2016 Jan.-March	2016 full-year
Net sales	4,794	3,808	18,542
Gross profit/loss*	4,128	3,669	18,184
Gross margin* (%)	89	91	92
Comprehensive income for the period	(2,872)	(3,454)	(15,018)

* Excl. other revenue

Net sales

Consolidated net sales rose to SEK 4,794k (3,808k), an increase in sales of 26 percent.

Operating profit/loss (EBIT)

EBITA for the period was a loss of 2,863k (loss: 3,449k), representing an improvement of SEK 586k.

Comprehensive income

Comprehensive income for the period was a loss of SEK 2,872k (loss: 3,454k). Earnings per share, based on a weighted average of the number of outstanding shares, totaled SEK -0.05 (-0.09).

Expenses

Consolidated expenses for the period declined by SEK 5,066k to SEK 7,513k (12,579k). Attorney fees for the patent dispute in the US, which was settled in June 2016, had a negative impact on the first quarter of SEK 143k (6,069k).

Investments

Consolidated capital expenditure for the period totaled SEK 890k (222k), of which SEK 431k (10k) is attributable to property, plant, and equipment, primarily laboratory equipment and computers, and SEK 459k (212k) is attributable to investments in intangible fixed assets.

Cash flow and financial position

Consolidated cash flow for the period was a loss of SEK 2,476k (loss: 1,280k). Cash flow from financing activities totaled SEK 0 (4,000k).

Consolidated cash and cash equivalents at the end of the period amounted to SEK 1,805k (3,332k). Taking into account the private placement in April 2017, which raised SEK 11,500k for the Company before issue expenses, along with expected revenue, the Board believes that the existing working capital is sufficient to run the Company over the next twelve months.

The Company does not have any interest-bearing liabilities.

Total shareholders' equity for the Group was SEK 12,673k (5,368k) after taking the result for the period into account. Equity per share based on the weighted average of the number of outstanding shares (basic and diluted) at the end of the period was SEK 0.23 (0.15). The Group's equity ratio at the end of the period was 66 (25) percent.

Taxes

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

Employees

On March 31, 2017, the Group had sixteen employees, compared with the same period in 2016, when the Group had fourteen employees. All employees were in the parent company.

Share capital and share performance

Share capital at the end of the period amounted to SEK 13,823,540.50 and the total number of shares amounted to 55,294,162 with a par value of SEK 0.25. On April 26, 2017 the Swedish Companies Registration Office (Bolagsverket) registered the rights issue of 5,000,000 shares, after which share capital was SEK 15,073,540.50 and the number of shares was 60,294,162.

The Company has issued 450,000 warrants subscribed to by CEO Fredrik Olsson and former CEO Sarah Fredriksson. After the rights issue carried out in May-June 2016, Genovis' TO 2014/2017 warrant program has been recalculated. Each warrant entitles the holder to subscribe for 1.43 shares per warrant at the subscription price of four Swedish kronor (SEK 4). Exercised warrants will result in a dilution of 1.16 percent for the other shareholders.

Genovis shares are traded on Nasdaq First North Stockholm under the ticker symbol GENO. First North is an alternative market, operated by the various exchanges within Nasdaq OMX. Companies on First North are subject to the rules of First North and not the legal requirements for admission to trading on a regulated market. Erik Penser Bank is the Certified Advisor for Genovis;
T: +46 (0)8-463 83 00.

Parent company

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

Revenue

Revenue for the period was SEK 3,702k (8,335k), of which SEK 3,846k (3,012) was attributable to external sales.

Expenses

Total operating costs for the period SEK 6,583k (11,651k). Other external costs include attorney fees that amount to SEK 143k (6,069k) and relate in their entirety to the patent dispute that was settled in June 2016.

Performance

Net loss for the period was SEK 2,881k (loss: 3,316k).

Investments

Net capital expenditure totaled SEK 890k (222k).

Taxes

The parent company has a deferred tax asset that amounted to SEK 1,718k (1,718k) at the end of the period, equivalent to a loss carryforward of about SEK 7.8m, which is expected to be utilized in the foreseeable future. The Company's total tax loss is SEK 161m.

Subsidiary Genovis Inc.

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

Related party transactions

Genovis' board member and principal owner Mikael Lönn, who holds a 22.59 percent stake in Genovis, owns 12.24 percent of the shares in Redeye, for which Mikael Lönn is also a board member. Genovis purchased analysis services from Redeye for a total of SEK 82.5k during the first quarter of 2017.

Outlook

Although the Life Science field is relatively independent of business cycles, periods of uncertainty can influence our customers' appetite to invest in new technology. With all development projects proceeding according to plan, Genovis is positioned to make additional advances with respect to both new products and sales. Taken together, volume growth is expected to be positive in 2017.

Risk Factors

Genovis' general view of the financial risks that could affect operations has not changed since the description published in the most recent annual report. Genovis' business risks include the difficulties in retaining skilled personnel and the risk that anticipated revenue might not materialize since the Company is active in a market in which competing companies have substantially larger financial resources at their disposal. For a detailed overview of the Company's financial risks please refer to page 54 in Genovis' 2016 annual report.

Future reporting dates

Annual General Meeting		May 11, 2017
Half-Yearly Report	January 1 – June 30	August 28, 2017
Interim Report	January 1 – September 30	November 27, 2017
Year-end Report	January 1 – December 31	February 26, 2018

Interim reports may be ordered from the Company or downloaded at the Genovis website: www.genovis.com.

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Accounting policies

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

Consolidated statement of comprehensive income

(SEK 000s)	2017 Jan.- March	2016 Jan.- March	2016 full-year
Net sales	4,794	3,808	18,542
Change in inventory, finished goods	(144)	26	422
Other operating income	0	5,296	5,798
Raw materials and consumables	(522)	(364)	(1,481)
Gross profit/loss	4,128	8,766	23,281
Personnel costs	(3,148)	(2,715)	(10,750)
Other external costs	(3,384)	(9,185)	(26,006)
Other operating expenses	(130)	0	0
Operating profit/loss before depreciation and amortization (EBITDA)	(2,534)	(3,134)	(13,475)
Depreciation, amortization, and impairment losses of plant, property, and equipment and intangible assets	(329)	(315)	(1,294)
Operating profit/loss	(2,863)	(3,449)	(14,769)
Net financial items	(1)	62	(132)
Earnings after financial items (EBIT)	(2,864)	(3,387)	(14,901)
Taxes	(6)	(67)	(132)
Profit/loss after tax for the period	(2,870)	(3,454)	(15,031)
Other comprehensive income	(2)	0	13
Comprehensive income for the period	(2,872)	(3,454)	(15,018)
-attributable to shareholders in Genovis AB	(2,872)	(3,454)	(15,018)

	2017 Jan.-March	2016 Jan.-March	2016 full-year
Earnings per share (SEK)*			
Based on weighted average of the number of outstanding shares (basic and diluted)*.	(0.05)	(0.09)	(0.32)
Number of outstanding shares			
Weighted average for the period	55,294,162	36,862,775	46,589,486
Number of shares at beginning of period	55,294,162	36,862,775	36,862,775
Number of shares at end of period	55,294,162	36,862,775	55,294,162
Share price at end of period, SEK	2.60	1.80	2.55

* The Company has issued 450,000 warrants. Subscription for new shares based on warrants may take place during the period from April 1, 2017 through June 30, 2017. The outstanding warrants do not entail any dilution of earnings per share since a conversion to shares would result in improved reported earnings per share.

Summary Consolidated Balance Sheet

(SEK 000s)

	2017	2016	2016
	March 31	March 31	Dec. 31
Assets			
<i>Non-current assets</i>			
Intangible non-current assets	3,726	2,696	3,438
Property, plant and equipment	1,356	1,589	1,084
Non-current financial assets	1,718	1,718	1,718
Current assets	10,591	12,325	11,330
Cash and cash equivalents	1,805	3,332	4,281
Total assets	19,196	21,660	21,851

Equity and liabilities

Equity	12,673	5,368	15,545
Noncurrent liabilities	0	135	0
Current liabilities	6,523	16,157	6,306
Total equity and liabilities	19,196	21,660	21,851

Changes in consolidated equity

(SEK 000s)

	2017	2016	2016
	Jan.-March	Jan.-March	Jan.-March
Amount at start of period	15,545	8,822	8,822
Rights issue	0	0	21,741
Exchange rate difference	(2)	(67)	12
Profit/loss for the period	(2,870)	(3,387)	(15,030)
Amount at end of period	12,673	5,368	15,545
Attributable to shareholders in Genovis AB	12,673	5,368	15,545

Key financial figures

	2017	2016	2016
	March 31	March 31	Dec. 31
Equity/assets ratio (%)	66	25	71
Equity per share at end of period* (SEK)	0.23	0.15	0.33

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

Summary consolidated statement of cash flows

(SEK 000s)	2017	2016	2016
	Jan.-March	Jan.-March	full-year
Cash flow from operations	(2,863)	(3,449)	(14,770)
Adjustment for items not affecting cash flow	329	248	1,307
Changes in working capital	951	703	(2,480)
Net financial items	(3)	0	(132)
Cash flow from operating activities	(1,586)	(2,498)	(16,075)
Investing activities	(890)	(222)	(1,437)
Cash flow after investing activities	(2,476)	(2,720)	(17,512)
Financing activities	0	4,000	2,500
Rights issue	0	0	17,241
Cash flow for the period	(2,476)	1,280	2,229
Cash and cash equivalents at beginning of period	4,281	2,052	2,052
Cash and cash equivalents at close of period	1,805	3,332	4,281

Parent Company

Summary Income Statement

(SEK 000s)	2017	2016	2016
	Jan.-March	Jan.-March	full-year
Operating income incl. change in inventory, finished goods	3,702	8,335	20,415
Operating expenses	(6,583)	(11,651)	(35,595)
Operating profit/loss	(2,881)	(3,316)	(15,180)
Net financial items	0	0	(129)
Profit/loss before tax	(2,881)	(3,316)	(15,309)
Deferred tax on net loss for the period	0	0	0
Profit/loss for the period	(2,881)	(3,316)	(15,309)

Summary Balance Sheet

(SEK 000s)	2017	2016	2016
	March 31	March 31	Dec. 31
Assets			
Non-current assets	6,797	5,931	6,219
Current assets	11,099	13,126	12,496
Cash and cash equivalents	453	2,125	2,053
Total assets	18,349	21,182	20,768

Equity and liabilities (SEK 000s)	2017	2016	2016
Equity	March 31	March 31	Dec. 31
Restricted equity	13,824	15,056	13,824
Unrestricted equity	(1,528)	(9,627)	1,353
Liabilities			
Current liabilities	6,053	15,753	5,591
Total equity and liabilities	18,349	21,182	20,768

Statement of changes in equity (SEK 000s)	2017	2016	2016
	Jan.-March	Jan.-March	Jan.-Dec.
Amount at start of period	15,177	8,745	8,745
Rights issue	0	0	21,741
Profit/loss for the period	(2,881)	(3,316)	(15,309)
Amount at end of period	12,296	5,429	15,177
Attributable to shareholders in Genovis AB	12,296	5,429	15,177

Summary Statement of Cash Flows (SEK 000s)	2017 Jan.-March	2016 Jan.-March	2016 full-year
Cash flow from operations	(2,881)	(3,316)	(15,180)
Adjustment for items not affecting cash flow	312	298	1,225
Changes in working capital	1,858	1,789	(3,361)
Net financial items	0	0	(129)
Cash flow from operating activities	(711)	(1,229)	(17,445)
Investing activities	(889)	(1,840)	(1,437)
Cash flow after investing activities	(1,600)	(3,069)	(18,882)
Financing activities	0	4,000	19,741
Cash flow for the period	(1,600)	931	859
Cash and cash equivalents at beginning of period	2,053	1,194	1,194
Cash and cash equivalents at close of period	453	2,125	2,053

Statement

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

Lund May 8, 2017

Genovis AB (publ.)

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

This report has not been subject to special review by the Company's auditors.

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This information is information that Genovis AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the contact person set out above, on May 8, 2017.

This press release is a translation of the Swedish original. In the event of any discrepancy between this translation and the Swedish original, the Swedish version shall prevail.