



April–June in brief

- **Genovis added five new products to the product portfolio:**

FabALACTICA™: a unique enzyme for antibody analysis. The enzyme is of particular interest to pharmaceutical companies that develop biological drugs in the growing immunotherapy segment.

Three unique enzymes for glycan analysis: **OpeRATOR™**: a completely unique protease that cleaves proteins at the exact site of a certain type of glycan. **OglyZOR™** and **SialEXO™**: both products have improved performance compared with other similar enzymes on the market and together with OpeRATOR offer a unique and cutting edge option in the field of glycan analysis.

GlyCLICK™: a product for specific labeling of antibodies for purposes such as development of biopharmaceuticals.

- **Genovis carried out a directed share issue that raised SEK 11.5 million for the company.**
- **Net sales** rose by about 26 percent to SEK 5,812k (4,595k).
- **Gross profit** totaled SEK 5,887k (4,036k).
- **Gross margin** was 86 (92) percent.
- **Operating loss** improved to SEK 1,978k (loss: 7,953k).
- **Comprehensive income for the period** improved by SEK 5,976k to a loss of SEK 2,145k (loss: 8,121k).
- **Comprehensive income per share**, basic and diluted, improved by SEK 0.17 to SEK -0.04 (-0.21).
- **Cash flow from operating activities** was a loss of SEK 3,662k (loss: 8,499k).

Financial summary	2017	2016	2017	2016	2016
(SEK 000s)	April – June	April – June	Jan. – June	Jan. – June	full-year
Net sales	5,812	4,595	10,607	8,403	18,542
Other operating income*	0	0	0	5,296	5,798
Gross profit	5,887	4,036	10,017	12,802	23,281
Gross margin** (%)	86	92	87	91	92
Operating profit/loss	(1,978)	(7,953)	(5,037)	(11,402)	(14,769)
Comprehensive income for the period	(2,145)	(8,121)	(5,215)	(11,574)	(15,018)
Comprehensive income per share based on a weighted average of the number of outstanding shares	(0.04)	(0.21)	(0.09)	(0.31)	(0.32)
Cash flow from operating activities	(3,662)	(8,499)	(5,445)	(10,997)	(16,075)
Cash and cash equivalents at close of period	8,194	10,011	8,194	10,011	4,281

*Other operating income largely comprises the insurance reimbursement received for the settled patent dispute.

**Excluding other operating income and inventory finished goods.

Half year in brief

- **Net sales** rose by about 26 percent to SEK 10,607k (8,403k).
- **Gross profit** totaled SEK 10,017k (12,802k).
- **Gross margin** was 87 (91) percent.
- **Operating loss** improved to SEK 5,037k (loss: 11,402k).
- **Comprehensive income for the period** improved by SEK 6,359k to a loss of SEK 5,215k (loss: 11,574k).
- **Comprehensive income per share**, basic and diluted, improved by SEK 0.22 to SEK -0.09 (-0.31).
- **Cash flow from operating activities** was a loss of SEK 5,445k (loss: 10,997k).

Comments from Fredrik Olsson, Chief Executive Officer



Five product launches in H1

Genovis has continued to have strong organic sales growth in 2017. Sales in the second quarter increased by 26 percent to SEK 5.8 million, while sales for the first half of the year totaled SEK 10.6 million, corresponding to a 26 percent increase. This means that sales have surged for an impressive 11 consecutive quarters and the margins continue to remain at a high and satisfactory level.

The quarter was primarily characterized by intensive product development and an extremely high rate of new product launches. We launched no fewer than five unique products in the second quarter and

have exceeded our goal of launching three new products annually by a wide margin. In April we launched FabALACTICA™, a new addition to our enzyme family with a focus on antibody analysis. We also launched GlyCLICK™, a new antibody labeling technology that was developed in collaboration with Life Technologies. In addition, we developed a new enzyme family with three products aimed at glycan analysis, especially for pharmaceutical companies and researchers who develop biologicals within the growing field of glycomics.

Sales of these new products have developed very positive over the short-term, confirming both that there is a need on the market and that Genovis is able to meet that need. This excellent start to the year bodes well and I expect the contribution from the new products to be another important puzzle piece for our continued growth moving forward.

The new products definitely contribute to strengthening our brand and position in the market. The positive feedback we have received from our customers underscores our capacity, knowledge and ability to produce the right products. For example, this autumn one industrial customer will publish a scientific article based on FabALACTICA™. In addition, GlyCLICK™ is a finalist for the “2017 Innovation of the Year” award at the World Molecular Imaging Congress (WMIC), the largest imaging conference in the world. It is particularly empowering when a world-leading scientific organization like the World Molecular Imaging Society (WMIS) confirms that GlyCLICK is an important addition to the market. The new enzymes for the field of glycomics have also generated extremely positive feedback from customers who have already purchased and tested the products in an initial evaluation step.

The launches in the second quarter have affected our costs during the quarter, primarily due to increased costs for new patents, marketing and production – a natural consequence of a high launch rate. We are convinced that these costs are wise investments for the future.

Efforts to identify partners or distributors in the key Asian markets remain a priority and are progressing according to plan. We continue to aim to have a partner in place before the end of the year.

As I look forward, I see that the contribution from our new products will be an important cornerstone along with our already established products for continued strong sales growth. Our success is largely due to our organization in combination with our close customer relationships. With five new products in our product portfolio, I am convinced that we have further strengthened our position as an innovative knowledge partner in the global biologicals market.

Genovis Group in brief

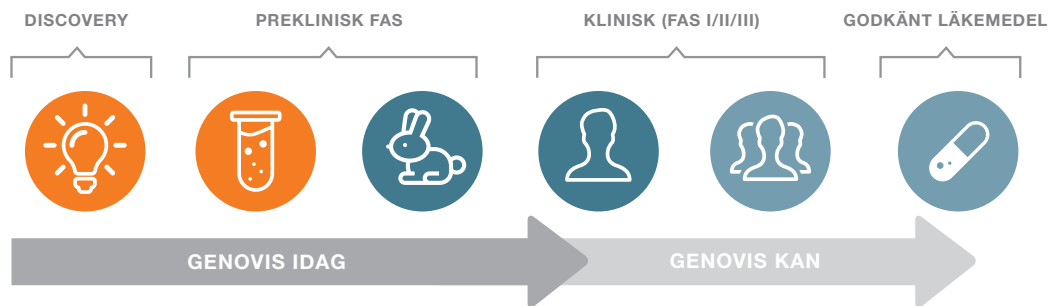
Genovis offers unique tools that contribute to the development of future therapies and has applied its knowledge and imagination to become established as a natural partner for companies in the industry. The company operates globally and markets “SmartEnzymes,” which are 11 enzymes in different product formats, as well as GlyCLICK™, a product for specific labeling of antibodies. 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 April – June	2016 April – June	2017 Jan. – June	2016 Jan. – June	2016 full-year
Net sales	5,812	4595	10,607	8,403	18,542
Change in inventory, finished goods	911	(187)	767	(161)	422
Other operating income*	0	0	0	5,296	5,798
Raw material and consumables	(836)	(372)	(1,357)	(736)	(1,481)
Gross profit	5,887	4,036	10,017	12,802	23,281
<i>Gross profit/loss excluding other operating income</i>	<i>5,887</i>	<i>4,036</i>	<i>10,017</i>	<i>7,506</i>	<i>17,483</i>
Gross margin** (%)	86	92	87	91	92

*Other revenue largely comprises the insurance reimbursement received for the settled patent dispute.

**Excl. other revenue and "Change in inventory, finished goods."

Net sales

Consolidated net sales for the period rose to SEK 10,607k (8,403k), an increase in sales of 26 percent. Net sales for the second quarter amounted to SEK 5,812k (4,595k), also corresponding to a 26 percent increase in sales.

Gross profit

Gross profit for the period declined to SEK 10,017k (12,802k) because Genovis received insurance reimbursements in 2016 that were reported under Other revenue. Excluding other revenue, profit improved by 33 percent. Gross profit in the second quarter improved by 46 percent to SEK 5,887k (4,036k).

Gross margin

Gross margin excluding other operating income and change in finished goods was 87 percent (91) for the period and 86 percent (92) for the second quarter. Volume in production varies from quarter to quarter, for which reason Genovis has chosen to recognize gross margin without the item "Change inventory finished goods."

Operating profit/loss (EBIT)

EBIT for the period was a loss of SEK 5,037k (loss: 11,402k), corresponding to an improvement of SEK 6,365k. Operating loss after depreciation, amortization and impairment for the second quarter was SEK 1,978k (loss: 7,953k), corresponding to an improvement of SEK 5,975k.

Comprehensive income

Comprehensive income for the period was a loss of SEK 5,215k (loss: 11,574k). Earnings per share, based on a weighted average of the number of outstanding shares, totaled SEK -0.09 (-0.31).

Comprehensive income for the second quarter was a loss of SEK 2,145k (loss: 8,121k). Earnings per share, based on a weighted average of the number of outstanding shares, totaled SEK -0.04 (-0.21).

Costs

Consolidated expenses for the period declined by SEK 8,529k to SEK 16,411k (24,940k). Expenses for the second quarter declined by SEK 3,660k to 8,701k (12,361k). Other external costs for the period in 2016 include attorney fees that relate to the patent dispute that was settled in June 2016.

Investments

Consolidated capital expenditure for the period totaled SEK 1,397k (854k), of which SEK 431k (10k) is attributable to property, plant, and equipment, primarily laboratory equipment and computers, and SEK 966k (844k) is attributable to investments in intangible fixed assets. Net capital expenditure for the second quarter totaled SEK 704k (632k) and is attributable in its entirety to intangible fixed assets.

Cash flow and financial position

Consolidated cash flow for the period was SEK 3,913k (7,959k). Cash flow from financing activities totaled SEK 10,755k (19,810k). Consolidated cash flow for the second quarter was SEK 6,389k (6,679k) and cash flow from financing activities totaled SEK 10,755k (15,810k).

Consolidated cash and cash equivalents at the end of the period amounted to SEK 8,194k (10,011k). 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 21,085k (19,057k) 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 0.37 (0.50). The Group's equity ratio at the end of the period was 80 (72) 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 June 30, 2017, the Group had seventeen employees, compared with the same period the previous year, 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 15,073,540.50 and the total number of shares amounted to 60,294,162 with a par value of SEK 0.25. Genovis' shares are traded on Nasdaq First North Stockholm under the ticker symbol GENO. First North is 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 9,076k (11,860k), of which SEK 9,076k (6,564k) was attributable to external sales and 0 (5,296k) was attributable to other revenue. Revenue for the second quarter was SEK 5,374k (3,525k) and was attributable to sales.

Costs

Operating expenses for the period totaled SEK 14,341k (22,943k) and expenses for the second quarter totaled SEK 7,758k (11,292k). Other external costs for the period in 2016 include attorney fees that relate to the patent dispute that was settled in June 2016.

Performance

Net loss was SEK 5,265k (loss: 11,212k) for the period and SEK 2,384k (loss: 7,896k) for the second quarter.

Investments

The Parent Company's capital expenditure for the period totaled SEK 1,397k (854k), of which SEK 431k (10k) is attributable to property, plant, and equipment, primarily laboratory equipment and computers, and SEK 966k (844k) is attributable to investments in intangible fixed assets. Net capital expenditure for the second quarter totaled SEK 704k (632k) and is attributable in its entirety to intangible fixed assets.

Taxes

The Parent Company has a deferred tax asset amounting to SEK 1,718k (1,718k) at the end of the half year, corresponding to a loss carryforward of SEK 7,809k. The loss-carryforward is expected to be utilized in the foreseeable future. The Company's total tax loss amounts to SEK 161,119k.

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 20.72 percent stake in Genovis, owns 12.24 percent of the shares in Redeye AB, for which Mikael Lönn is also a board member.

During the period Genovis purchased analysis- and rights issue- services from Redeye AB for a total of SEK 795k.

Events after the end of the period

No other events were reported after the end of the half year.

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

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:

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Fax: +46 (0)46-12 80 20

www.genovis.com.

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 April-June	2016 April-June	2017 Jan.- June	2016 Jan.-June	2016 full-year
Net sales	5,812	4,595	10,607	8,403	18,542
Change in inventory, finished goods	911	(187)	767	(161)	422
Other operating income	0	0	0	5,296	5,798
Raw material and consumables	(836)	(372)	(1,357)	(736)	(1,481)
Gross profit	5,887	4,036	10,017	12,802	23,281
Employee benefits expense	(3,453)	(2,722)	(6,601)	(5,437)	(10,750)
Other external costs	(3,980)	(8,924)	(7,561)	(18,109)	(26,006)
Other operating expenses	(78)	(18)	(208)	(18)	0
Operating profit/loss before depreciation and amortization (EBITDA)	(1,624)	(7,628)	(4,353)	(10,762)	(13,475)
Depreciation, amortization, and impairment losses of plant, property, and equipment and intangible assets	(354)	(325)	(684)	(640)	(1,294)
Operating profit/loss (EBIT)	(1,978)	(7,953)	(5,037)	(11,402)	(14,769)
Net financial items	(14)	(130)	(15)	(130)	(132)
Earnings after financial items	(1,992)	(8,083)	(5,052)	(11,532)	(14,901)
Taxes	(45)	(60)	(52)	2	(130)
Profit/loss after tax for the period	(2,037)	(8,143)	(5,104)	(11,530)	(15,031)
Other comprehensive income	(108)	22	(111)	(44)	13
Comprehensive income for the period	(2,145)	(8,121)	(5,215)	(11,574)	(15,018)
-attributable to shareholders in Genovis AB	(2,145)	(8,121)	(5,215)	(11,574)	(15,018)

	2017 April-June	2016 April-June	2017 Jan.-June	2016 Jan.-June	2016 full-year
Earnings per share (SEK)*					
Based on weighted average of the number of outstanding shares (basic and diluted)*.	(0.04)	(0.21)	(0.09)	(0.31)	(0.32)
Number of outstanding shares					
Weighted average for the period	58,889,668	38,820,524	57,081,871	37,836,181	46,589,486
Number of shares at beginning of period	55,294,162	36,862,775	55,294,162	36,862,775	36,862,775
Number of shares at end of period	60,294,162	55,294,162	60,294,162	55,294,162	55,294,162
Share price at end of period, SEK	3.05	1.54	3.05	1.54	2.55

Summary Consolidated Balance Sheet

(SEK 000s)	2017	2016	2016
Assets	June 30	June 30	Dec. 31
<i>Non-current assets</i>			
Intangible non-current assets	4,046	3,178	3,438
Property, plant and equipment	1,189	1,414	1,084
Non-current financial assets	1,718	1,718	1,718
Current assets	11,200	9,993	11,330
Cash and cash equivalents	8,194	10,011	4,281
Total assets	26,347	26,314	21,851

Equity and liabilities

Shareholders' equity	21,085	19,057	15,545
Noncurrent liabilities	0	135	0
Current liabilities	5,262	7,122	6,306
Total shareholders' equity and liabilities	26,347	26,314	21,851

Changes in consolidated equity

(SEK 000s)	2017	2016	2016
	Jan.-June	Jan.-June	full-year
Amount at start of period	15,545	8,822	8,822
Issue of new shares	10,755	21,810	21,741
Exchange rate difference	(111)	(45)	12
Profit/loss for the period	(5,104)	(11,530)	(15,030)
Amount at end of period	21,085	19,057	15,545
Attributable to shareholders in Genovis AB	21,085	19,057	15,545

Key financial figures	2017	2016	2016
	June 30	June 30	Dec. 31
Equity/assets ratio (%)	80	72	71
Equity per share at end of period* (SEK)	0.37	0.50	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	2017	2016	2016
	April-June	April-June	Jan.-June	Jan.-June	full-year
Cash flow from operations	(1,977)	(7,952)	(5,037)	(11,402)	(14,770)
Adjustment for items not affecting cash flow	354	347	684	596	1,307
Changes in working capital	(2,025)	(764)	(1,077)	(61)	(2,480)
Net financial items	(14)	(130)	(15)	(130)	(132)
Cash flow from operating activities	(3,662)	(8,499)	(5,445)	(10,997)	(16,075)
Investing activities	(704)	(632)	(1,397)	(854)	(1,437)
Cash flow after investing activities	(4,366)	(9,131)	(6,842)	(11,851)	(17,512)
Financing activities	0	(1,500)	0	2,500	2,500
Issue of new shares	10,755	17,310	10,755	17,310	17,241
Cash flow for the period	6,389	6,679	3,913	7,959	2,229
Cash and cash equivalents at start of period	1,805	3,332	4,281	2,052	2,052
Cash and cash equivalents at close of period	8,194	10,011	8,194	10,011	4,281

Parent Company

Summary Income Statement

(SEK 000s)	2017 April- June	2016 April- June	2017 Jan.-June	2016 Jan.-June	2016 full-year
Operating income incl. change in inventory, finished goods	5,374	3,525	9,076	11,860	20,415
Operating expenses	(7,758)	(11,292)	(14,341)	(22,943)	(35,595)
Operating profit/loss	(2,384)	(7,767)	(5,265)	(11,083)	(15,180)
Net financial items	0	(129)	0	(129)	(129)
Profit/loss before tax	(2,384)	(7,896)	(5,265)	(11,212)	(15,309)
Profit/loss for the period	(2,384)	(7,896)	(5,265)	(11,212)	(15,309)

Summary Balance Sheet

(SEK 000s)	2017 June 30	2016 June 30	2016 Dec. 31
Assets			
Non-current assets	6,968	6,256	6,219
Current assets	12,416	11,527	12,496
Cash and cash equivalents	5,931	8,220	2,053
Total assets	25,315	26,003	20,768

Equity and liabilities (SEK 000s)	2017 June 30	2016 June 30	2016 full-year
Shareholders' equity			
Restricted equity	15,074	13,824	13,824
Unrestricted equity	5,593	5,519	1,353
Liabilities			
Current liabilities	4,648	6,660	5,591
Total shareholders' equity and liabilities	25,315	26,003	20,768

Statement of changes in equity (SEK 000s)	2017 Jan.-June	2016 Jan.-June	2016 full-year
Amount at start of period	15,177	8,745	8,745
Issue of new shares	10,755	21,810	21,741
Profit/loss for the period	(5,265)	(11,212)	(15,309)
Amount at end of period	20,667	19,343	15,177
Attributable to shareholders in Genovis AB	20,667	19,343	15,177

Summary Statement of Cash Flows (SEK 000s)	2017 April-June	2016 April-June	2017 Jan.-June	2016 Jan.-June	2016 full-year
Cash flow from operations	(2,187)	(7,767)	(5,264)	(11,083)	(15,180)
Adjustment for items not affecting cash flow	337	307	649	606	1,225
Changes in working capital	(2,723)	(533)	(865)	1,254	(3,361)
Net financial items	0	(129)	0	(129)	(129)
Cash flow from operating activities	(4,573)	(8,122)	(5,480)	(9,352)	(17,445)
Investing activities	(704)	(1,592)	(1,397)	(3,432)	(1,437)
Cash flow after investing activities	(5,277)	(9,714)	(6,877)	(12,784)	(18,882)
Financing activities	10,755	15,810	10,755	19,810	19,741
Cash flow for the period	5,478	6,096	3,878	7,026	859
Cash and cash equivalents at start of period	453	2,124	2,053	1,194	1,194
Cash and cash equivalents at close of period	5,931	8,220	5,931	8,220	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.

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

Lund August 28, 2017

Genovis AB (publ.)

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

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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 person set out above, on April 28, 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.