

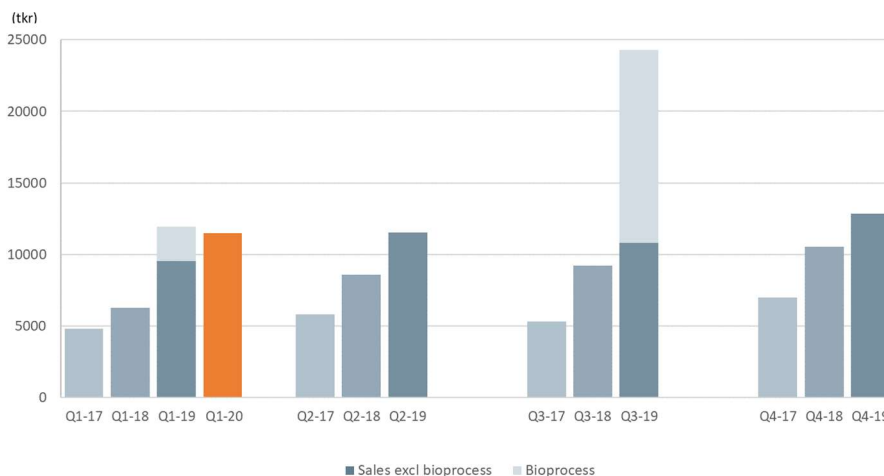


## First Quarter Report 2020

### January – March in brief

- **Net sales** totaled SEK 11,475 (11,931) thousand. Adjusted for the bioprocess order during the first quarter of 2019, which totaled SEK 2.4 million, growth for the quarter was 20%.
- **Gross profit** was SEK 10,977 (11,140) thousand.
- **Operating profit/loss before depreciation and amortization (EBITDA)** totaled SEK -847 (2,695) thousand. Non-recurring expenses relating to the ongoing acquisition of QED Bioscience Inc. had a negative impact on operating profit of SEK 1,354 thousand.
- **Operating profit/loss** was SEK -1,889 (1,942) thousand.
- **Comprehensive income for the period** was a loss of SEK 1,915 (profit: 1,591) thousand.
- **Comprehensive income per share**, basic and diluted, totaled SEK -0.03 (0.03).
- **Cash flow from operating activities** was SEK -1,506 (2,709) thousand.
- **Cash and cash equivalents at the end of the period** totaled SEK 61,641 (11,025) thousand.
- 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 will be paid for through an estimated cash payment of about SEK 20 million, including transaction costs.
- Genovis carried out a rights issue that raised SEK 50 million for the Company before issue expenses.

### Sales by quarter 2017 - 2020



## Comments from Fredrik Olsson, Chief Executive Officer

The Covid-19 pandemic has had some impact on our sales during the first quarter. Nevertheless, we grew our core business by 20%, adjusted for the bioprocess order which affected comparability from the first quarter of 2019. Growth in Europe and North America remained strong, while the Covid-19 outbreak heavily impacted growth in Asia, which accounts for a smaller portion of our total sales, in February and March.

At the end of March we saw a slowdown in customer activity in Europe and North America as a result of the restrictions introduced in many countries to reduce the spread of the disease. As a result, orders could not be delivered to some customers due to closures, which affected revenue at the end of March. We estimate that postponed deliveries and geographic impact, especially in Asia, lowered revenue by approximately 10-15 percent for the quarter.

My assessment is that the impact is temporary in nature; it is not caused by any underlying driving forces in the market, but is entirely linked to the reduction in activities at pharmaceutical companies, research institutes and universities because of the Covid-19 pandemic. We have seen a gradual increase in customer activity in Asia in early April.

As with many other colleagues in the industry, the extensive closure of laboratories, canceled conferences and sales activities will likely have a dampening effect on our sales in the short term. We are well prepared for such a scenario, even though the time until we return to a more normal market situation remains difficult to assess. We are closely monitoring developments and evaluating alternative cost-saving measures in relation to the development of the business and its long-term strategies.

Meanwhile, we now have the opportunity to focus our resources on product development to be ready with several new products when the markets return to normal. Our operational capacity is intact; we do not see any impact on production capacity at this time and our distribution chains continue to function well.

Despite these challenging times for society at large, the course of events resulting from the coronavirus pandemic clearly demonstrates the value of Genovis' offering of tools and technology to increase understanding of biological processes,



which can help researchers to develop new medications and to improve diagnostics.

Over the past few weeks, antibodies and biological drugs have been highlighted as important components for fighting the coronavirus pandemic. In this perspective, our upcoming acquisition of QED Bioscience is an opportunity to address new relevant areas within antibody-based research and diagnostics.

At the same time, the importance of research in infectious diseases caused by viruses has become quite clear, especially for the industrialized part of the world. The Covid-19 outbreak is likely to result in the allocation of more resources to these areas by companies and communities for a long time to come so as to be better prepared for future pandemics.

Just a month or so ago, we could not have imagined that our customers and we would use our products to investigate viral proteins in detail, how they interact with receptor sites on human cells, and the role played by glycans in viral infection and spread. The fact that surface proteins on the virus, which is visualized in every newscast, are coated in glycans demonstrates the importance of glycobiology and confirms our strategic objective of providing new enzymatic tools in the field of glycans.

Overall, I maintain a strong positive basic philosophy regarding our potential to contribute to society at large and to Genovis' growth in the long term.

## Genovis Group in brief

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



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

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

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

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

### The Group's financial performance in summary

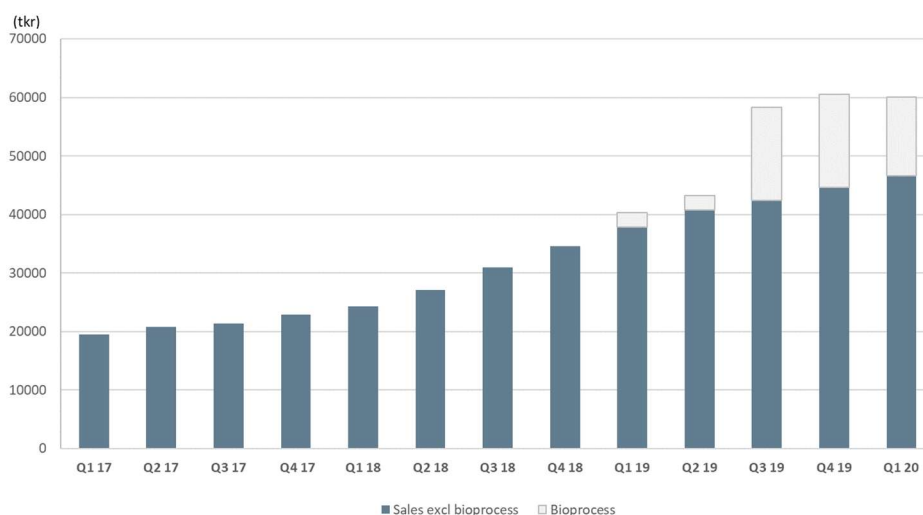
(SEK 000s)	1st Quarter		Full year
	2020	2019	2019
Net sales	11,475	11,931	60,549
Gross profit	10,977	11,140	56,187
Operating profit/loss (EBIT)	-1,889	1,942	10,066
Comprehensive income for the period	-1,915	1,591	9,549
Cash flow from operating activities	-1,506	2,709	13,125
Cash and cash equivalents at close of period	61,641	11,025	14,992
Earnings per share* (SEK)	-0.03	0.03	0.15

## Financial overview

### Net sales

Consolidated net sales for the quarter totaled SEK 11,475 (11,931) thousand, down 4 percent. Adjusted for the bioprocess order during the first quarter of 2019, which totaled SEK 2,380 thousand, growth for the quarter was 20%, or SEK 1,924 thousand. Adjusted for currency effects, net sales for the quarter totaled SEK 11,103 thousand

### Sales revenue, 12-month rolling (2017 – 2020)



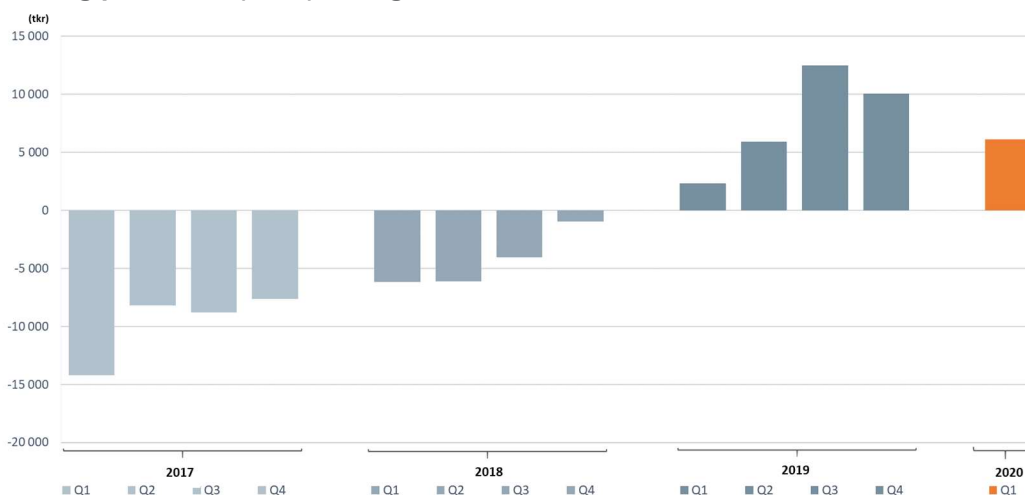
### Operating profit/loss before depreciation and amortization (EBITDA)

For the first quarter, EBITDA was a loss of SEK 847 (profit: 2,695) thousand.

### Operating profit/loss (EBIT)

EBIT for the quarter was a loss of SEK 1,889 (profit: 1,942) thousand, down SEK 3,831 thousand.

### Operating profit/loss (EBIT) rolling 12 months



## Comprehensive income

Comprehensive income for the quarter was a loss of SEK 1,915 (profit: 1,591) thousand, which corresponds to a reduction of SEK 3,506 thousand. Earnings per share, based on a weighted average of the number of outstanding shares, totaled SEK -0.03 (0.03).

## Costs

Consolidated expenses totaled SEK 13,915 (10,285) thousand. Expenses are allocated as follows: raw materials and consumables SEK 1,049 (1,087) thousand, personnel costs, which increased by SEK 1,319 thousand to SEK 6,101 (4,782) thousand to SEK 9,996 (8,059) thousand, other external expenses, which jumped SEK 706 thousand to SEK 4,369 (3,663) thousand, and other operating expenses totaling SEK 1,354 (0) thousand. Other operating expenses consist of expenses related to the ongoing acquisition of all shares in the privately held company QED Bioscience Inc, based in San Diego, California.

## Investments

The Group's net capital expenditure was SEK 742 (725) thousand, including SEK 395 (592) thousand attributable to property, plant, and equipment (mainly laboratory equipment), and SEK 347 (133) thousand relating to investments in intangible assets.

## Cash flow and financial position

Total shareholders' equity for the Group was SEK 83,385 (27,662) thousand after taking the result for quarter 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 1.30 (0.44). The Group's equity ratio at the end of the quarter was 87 (70) percent.

Consolidated cash and cash equivalents at the end of the period amounted to SEK 61,641 (11,025) 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.

Consolidated cash flow for the quarter was SEK 46,649 (1,444) thousand. Cash flow from financing activities totaled SEK -783 (-540) thousand.

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

### Liabilities to credit institutions (SEK 000s)

#### Noncurrent interest-bearing liabilities

Maturity between 1 and 4 years	1,982
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#### Current interest-bearing liabilities

Maturity within 1 year	2,151
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## Taxes

The Group has a deferred tax asset that arises from the Parent Company, amounting to SEK 1,718 (1,718) thousand at the end of the period. It is the Board's assessment that future taxable surpluses will be available against which the unutilized tax losses can be utilized.

## Employees

On March 31, 2020, the Group had 26 employees, an increase of three people compared with the same period last year, when the Group had 23 employees. In all, 25 people are employed by the Parent Company in Lund and one person works for the subsidiary Genovis Inc. in the US.

## Share capital and share performance

Share capital at the end of the quarter was SEK 16,366,429 and the total number of shares was 65,465,714 with a par value of SEK 0.25. Genovis' shares are traded on Nasdaq First North Stockholm under the ticker symbol GENO.

First North is Nasdaq's European emerging market intended for small, growing businesses, with a less extensive rulebook than the main market.

## 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 IFRS 8 and therefore no secondary segment information is provided.

## Revenue

Revenue for the first quarter, including change in inventory of finished goods, amounted to SEK 9,612 (9,043) thousand, of which SEK 9,061 (5,029) thousand was attributable to revenue from sales and SEK 551 (289) thousand to other revenue. Other revenue relates to foreign exchange gains.

## Costs

The Parent Company's total expenses for the period amounted to SEK 11,718 (8,100) thousand.

## Performance

The loss for the first quarter was SEK 2,106 (profit: 943) thousand.

## Investments

Net capital expenditure was SEK 742 (725) thousand, including SEK 395 (592) thousand attributable to property, plant, and equipment (mainly laboratory equipment), and SEK 347 (133) thousand relating to investments in intangible assets.

## Taxes

The Parent Company has a deferred tax asset that was SEK 1,718 (1,718) thousand at the end of the quarter, corresponding to a loss carryforward of SEK 8,028 thousand. 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 171 (169) million.

## Subsidiary Genovis Inc.

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

## Other 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 105 thousand during the period.

### Significant events after the reporting date

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

### Outlook

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

The Covid-19 outbreak during the first quarter of 2020 will have a substantial impact on the current 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.

### Risk Factors

Genovis' general view of the financial risks that could affect operations has not changed since the description published in the most recent annual report. Genovis' business risks include the risk that anticipated revenue might not materialize since the Company is active in a market in which competing companies have substantially larger financial resources at their disposal. For a detailed overview of the Company's financial risks, please refer to page 56 in Genovis' 2019 Annual Report.

### Auditor's review

This report has not been reviewed by the Company's auditor.

### Financial calendar

Half-Yearly Report	January 1 – June 30, 2020	August 13, 2020
Interim Report	January 1 – September 30, 2020	November 5, 2020
Year-end Report	January 1 – December 31, 2020	February 11, 2021
Interim Report	January 1 – March 31, 2021	April 29, 2021

Reports may be downloaded at the Genovis website:

<https://investor.genovis.com/en/financial-reports/>

or requested from the company by phone or letter: Genovis AB, Box 790

SE-220 07 Lund, Sweden T: +46 (0)46-10 12 30

### **Certified adviser**

Erik Penser Bank, +46 (0)8 463 83 00, certifiedadviser@penser.se, is the certified adviser for Genovis.

### **Annual General Meeting**

The Annual General Meeting of Genovis AB will be held at 3 p.m. on Tuesday May 5, 2020 at Scheelevägen 2 (Medicon Village) in Lund. To decrease the risk of spreading the infection, Genovis' 2020 Annual General Meeting will be kept short and will not be followed by the usual social hour and refreshments.

### **Forward-looking information**

This report contains forward-looking information based on the current expectations of Group management at Genovis. Although the management believes that the expectations reflected in such forward-looking information are reasonable, no assurance can be given that such expectations will prove correct. Consequently, actual future results may vary materially from those implied in the forward-looking statements due to such changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.

### **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.

### **For more information**

Additional information about the company is available at its website: [genovis.com](http://genovis.com)

For questions about this report, please contact: Fredrik Olsson, CEO, and President, phone: +46 (0)46-10 12 33.

## Financial information – Group

### Statement of comprehensive income

(SEK 000s)	1st Quarter		Full year
	2020	2019	2019
Net sales	11,475	11,931	60,549
Change in inventory, finished goods	4	7	2,417
Other operating income/expenses*	547	289	53
Raw materials and consumables	-1,049	-1,087	-6,832
<b>Gross profit</b>	<b>10,977</b>	<b>11,140</b>	<b>56,187</b>
Personnel costs	-6,101	-4,782	-22,081
Other external expenses	-4,369	-3,663	-16,996
Other operating expenses	-1,354	0	-3,547
<b>Operating profit/loss before depreciation and amortization (EBITDA)</b>	<b>-847</b>	<b>2,695</b>	<b>13,563</b>
Depreciation, amortization and impairment of plant, property, and equipment and intangible assets	-1,042	-753	-3,497
<b>Operating profit/loss (EBIT)</b>	<b>-1,889</b>	<b>1,942</b>	<b>10,066</b>
Net financial items	-72	-110	-399
<b>Profit/loss after financial items</b>	<b>-1,961</b>	<b>1,832</b>	<b>9,667</b>
Taxes	-45	-268	-116
<b>Profit/loss after tax for the period</b>	<b>-2,006</b>	<b>1,564</b>	<b>9,551</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Translation of foreign subsidiary	91	27	-2
<b>Comprehensive income for the period</b>	<b>-1,915</b>	<b>1,591</b>	<b>9,549</b>

\* Other operating income/expenses relates to exchange rate fluctuations.

The entire profit is attributable to Parent Company shareholders

	1st Quarter		Full year
	2020	2019	2019
Earnings per share (SEK)*	-0.03	0.03	0.15
<b>Number of shares</b>			
Weighted average for the period	63,967,428	63,100,000	63,100,000
Number of shares at beginning of period	63,100,000	63,100,000	63,100,000
Number of shares at end of period	65,465,714	63,100,000	63,100,000
Share price at end of period, SEK	20.70	14.35	25.00

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

## Summary Balance Sheet

(SEK 000s)	<u>March 31</u> 2020	<u>March 31</u> 2019	<u>Dec. 31</u> 2019
<b>Assets</b>			
<i>Noncurrent assets</i>			
Intangible assets	3,448	2,654	3,218
Property, plant and equipment	9,176	6,279	9,470
Financial assets	1,718	1,718	1,718
<i>Current assets</i>			
Cash and cash equivalents	19,349	17,909	19,645
	61,641	11,025	14,992
<b>Total assets</b>	<b>95,332</b>	<b>39,585</b>	<b>49,043</b>
<b>Equity and liabilities</b>			
Equity	83,385	27,662	35,620
Noncurrent liabilities	1,982	2,940	2,134
Current liabilities	9,965	8,983	11,289
<b>Total equity and liabilities</b>	<b>95,332</b>	<b>39,585</b>	<b>49,043</b>

## Statement of changes in equity

(SEK 000s)	<u>March 31</u> 2020	<u>March 31</u> 2019	<u>Dec. 31</u> 2019
Opening balance	35,620	26,071	26,071
Rights issue	49,680	0	0
Exchange rate difference	91	27	-2
Profit/loss for the period	-2,006	1,564	9,551
<b>Amount at end of period</b>	<b>83,385</b>	<b>27,662</b>	<b>35,620</b>
Attributable to shareholders in Genovis AB	83,385	27,662	35,620
<b>Key financial figures</b>			
Equity/assets ratio (%)	87	70	73
Equity per share at end of period* (SEK)	1.30	0.44	0.56

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

## Summary Statement of Cash Flows

(SEK 000s)	<u>1st Quarter</u>		<u>Full year</u>
	2020	2019	2019
<b>Operating income for the period</b>	<b>-1,889</b>	<b>1,943</b>	<b>10,067</b>
Adjustment for items not affecting cash flow	1,042	752	6,953
Change in working capital	-587	124	-3,496
Net financial items	-72	-110	-399
<b>Cash flow from operating activities</b>	<b>-1,506</b>	<b>2,709</b>	<b>13,125</b>
Investing activities	-742	-725	-5,154
<b>Cash flow after investing activities</b>	<b>-2,248</b>	<b>1,984</b>	<b>7,971</b>
Financing activities	-783	-540	-2,560
Rights issue	49,680	0	0
<b>Cash flow for the period</b>	<b>46,649</b>	<b>1,444</b>	<b>5,411</b>
Cash and cash equivalents at start of period	14,992	9,581	9,581
<b>Cash and cash equivalents at close of period</b>	<b>61,641</b>	<b>11,025</b>	<b>14,992</b>

## Financial information – Parent Company

### Summary Income Statement

(SEK 000s)	<u>1st Quarter</u>		<u>Full year</u>
	2020	2019	2019
Operating income incl. change in inventory, finished goods	9,612	9,043	53,332
Operating expenses	-11,718	-8,100	-44,112
<b>Operating profit/loss</b>	<b>-2,106</b>	<b>943</b>	<b>9,220</b>
Net financial items	0	0	-2
<b>Profit/loss for the period</b>	<b>-2,106</b>	<b>943</b>	<b>9,218</b>

### Summary Balance Sheet

(SEK 000s)	<u>March 31</u>	<u>March 31</u>	<u>Dec. 31</u>
	2020	2019	2019
<b>Assets</b>			
Noncurrent assets	10,407	6,252	9,962
Current assets	18,438	16,497	18,573
Cash and cash equivalents	60,107	9,172	13,681
<b>Total assets</b>	<b>88,952</b>	<b>31,921</b>	<b>42,216</b>

(SEK 000s)	<u>March 31</u>	<u>March 31</u>	<u>Dec. 31</u>
	2020	2019	2019
<b>Equity and liabilities</b>			
Restricted equity	16,466	15,775	15,775
Unrestricted equity	65,762	10,604	18,879
<b>Liabilities</b>			
Current liabilities	6,724	5,542	7,562
<b>Total equity and liabilities</b>	<b>88,952</b>	<b>31,921</b>	<b>42,216</b>

### Statement of changes in equity

(SEK 000s)	<u>March 31</u>	<u>March 31</u>	<u>Dec. 31</u>
	2020	2019	2019
Opening balance	34,654	25,436	25,436
Rights issue	49,680	0	0
Profit/loss for the period	-2,106	943	9,218
<b>Equity at the end of the period</b>	<b>82,228</b>	<b>26,379</b>	<b>34,654</b>
Attributable to shareholders in Genovis AB	82,228	26,379	34,654

## Summary Statement of Cash Flows

(SEK 000s)	1st Quarter		Full year
	2020	2019	2019
Operating income for the period	<b>-2,105</b>	<b>943</b>	<b>9,219</b>
Adjustment for items not affecting cash flow	297	193	4,369
Change in working capital	-704	164	-3,348
Net financial items	0	0	-2
<b>Cash flow from operating activities</b>	<b>-2,512</b>	<b>1,300</b>	<b>10,238</b>
Investing activities	-742	-725	-5,154
<b>Cash flow after investing activities</b>	<b>-3,254</b>	<b>575</b>	<b>5,084</b>
Financing activities	49,680	0	0
<b>Cash flow for the period</b>	<b>46,426</b>	<b>575</b>	<b>5,084</b>
Cash and cash equivalents at start of period	13,681	8,597	8,597
<b>Cash and cash equivalents at close of period</b>	<b>60,107</b>	<b>9,172</b>	<b>13,681</b>

### Certification of the Board of Directors and Chief Executive Officer

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 April 29, 2020  
Genovis AB (publ.)

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

*This information is information that Genovis AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on April 29, 2020.*

*This information is also available in Swedish. Please visit: <https://investor.genovis.com/sv/>*