

CONTINUED STRONG SALES IN THIRD QUARTER

Third quarter 2012 (compared with the same period 2011)

- Net sales increased by 152% to SEK 1,972k (784k).
- Loss after financial items was SEK 3,259k (loss: 3,018k).
- Comprehensive income per share basic and diluted totaled SEK -0.27 (-0.43).
- Cash flow from operating activities during the period was SEK -3,614k (-3,040k).
- Cash and cash equivalents at the end of the period totaled SEK 10,917k (11,035k).

January – September 2012 (compared with the same period 2011)

- Net sales increased by 110% to SEK 4,064k (1,932k).
- Loss after financial items was SEK 11,696k (loss: 9,803k).
- Comprehensive income per share basic and diluted totaled SEK -1.25 (-1.72).
- Cash flow from operating activities during the period was SEK -10,959k (-9,647k).

The Group in brief

(SEK thousands)	Jan.-Sept.		July-Sept.		2011
	2012	2011	2012	2011	Full-year
Net sales	4,064	1,932	1,972	784	2,856
Other operating income	567	159	141	159	741
Operating expenses	(16,321)	(11,881)	(5,371)	(3,957)	(17,343)
Comprehensive income for the period	(11,584)	(9,771)	(3,221)	(3,005)	(13,608)
Comprehensive income per share based on a weighted average of the number of outstanding shares	(1.25)	(1.72)	(0.27)	(0.43)	(2.37)
Cash flow from operating activities	(10,959)	(9,647)	(3,614)	(3,040)	(12,150)
Cash and cash equivalents	10,917	11,035	10,917	11,035	7,563

COMMENTS FROM THE CEO

During the third quarter we continue to see an increase in sales, as well as interest from completely new customers, and we are pleased that demand from existing customers gives larger volumes. It is evident that the products have reached the market through numerous publications and conference papers from our customers, including Pfizer, Amgen, Bruker, FDA and SigmaAldrich, in which they demonstrate the advantages of using our products.

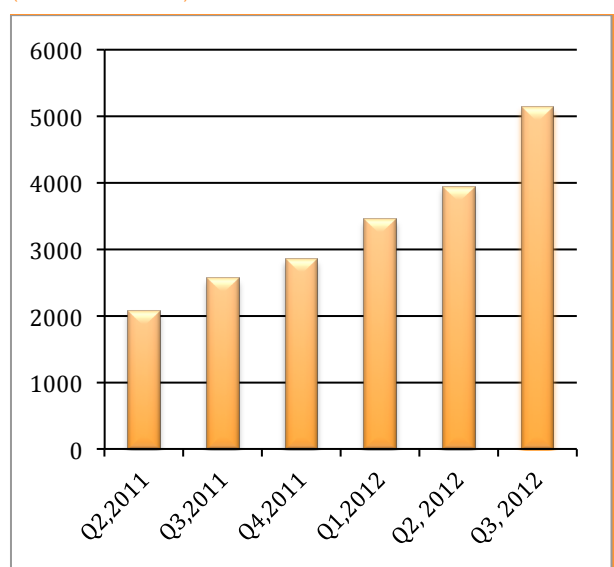
Gross income improved during the third quarter compared with same period last year. We continue our strategic efforts with a strong focus on increased sales of the products in our protein engineering portfolio and as a result, to date this year we have seen increased costs in production as well as in sales and marketing. Three people have joined our staff, two in sales and one in production. However, costs for research and development as well as administration have not increased during the period.

Sarah Fredriksson, CEO

SALES

Sales per rolling twelve months

(SEK thousands)



Revenue per geographic area

(SEK thousands)	2012 Jan.-Sept.	2011 Jan.-Sept.	2011 Full-year
Nordic region	332	233	344
Europe	1,159	492	722
USA	2,203	1,156	1,715
Other countries	370	51	75
Total	4,064	1,932	2,856

The third quarter was yet another quarter with a strong increase in sales. Sales of products from the protein engineering portfolio increased by 152% compared with same period last year. The increase is largely because Genovis has provided clearer information about various applications as well as the launches of new product formats during the year. Active participation at major conferences and trade shows at which Genovis presented products and applications also resulted in new customers and increased sales. The Life Science industry drives the market for these types of products in the quest to discover new biological drugs to treat a variety of diseases. Currently, more than 600 antibody-based drug candidates are in development and about 300 of them are in clinical trials. In diagnostics, antibody-based reagents are crucial because many biomarkers are detected using antibodies; antibodies also play a significant role as reagents in research.

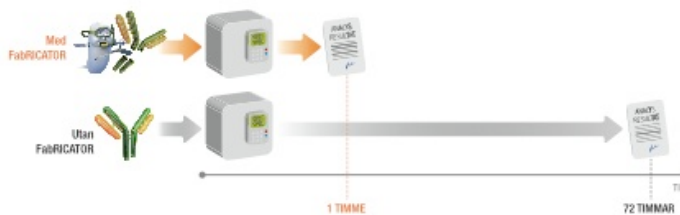
Genovis' customers can primarily be found in biotech and pharmaceutical companies that develop monoclonal antibodies for medications. All major pharmaceutical companies are currently Genovis customers; they use the products to characterize drug candidates, develop production protocols and for quality control during production.

Genovis sells products both directly to end users and through distributors established in major markets. In the third quarter, a sales manager joined the organization, which will lead to intensified marketing and increased support for distributors.

GENOVIS PRODUCTS

Protein engineering portfolio

Genovis has developed several product concepts in which the active components are either FabRICATOR® or IgGZERO. FabRICATOR® is a unique enzyme that cleaves antibodies into two parts: a Fab fragment and an Fc fragment, with extremely high precision. IgGZERO is a protein that can specifically cleave sugar molecules that are found naturally on antibodies. Products can be ordered from a standard range or as custom-made products. Customers use the products to screen new drug substances and for quality control in development and production of new antibody-based drugs. The products enable customers to carry out analyses faster with higher quality than competing technologies can offer, which means lower costs and greater efficiency for the customer. Genovis runs several development projects in the protein engineering portfolio, including both new product formats and completely new enzymes.



Using FabRICATOR to cleave the antibody into smaller parts provides customers with improved analysis results faster, saving both time and money for pharmaceutical companies.

Nano portfolio

Genovis has developed a series nanostructures intended for use as contrast agents in preclinical imaging. In 2012 the Company carried out a number of reference studies to demonstrate proof of concept. The reference studies are used as a basis for developing the right type of product, so that customers get maximum benefit from their investment. During the period Genovis focused on nanostructures based on upconverting technology and presented the most recent results from both imaging of stem cells and lymph node detection at the annual World Molecular Imaging conference in Dublin, Ireland, in September. The Company is planning a broader launch in 2013.

Research projects in the nano portfolio with external financing

Sentinel Node project

This interdisciplinary project is financed by the Swedish Research Council and LMK Industri AB. The goal for Genovis is to produce a multimodal particle that will be used to diagnose (using medical imaging) extremely small tumors that may spread to nodes, as seen in breast cancer and melanoma. Genovis conducts development projects in collaboration with the Department of Medical Radiation Physics at Lund University and the final goal of the project is to produce a contrast agent that can be used both for diagnostics and as an aid during surgery. The project is on track and the activities have been expanded to include several imaging methods, which will be presented in part in scientific publications and in part via Genovis' activities at trade shows and conferences.

LUPAS project*

LUPAS is an EU project within the Seventh Framework Programme. Its goal is to develop novel tools for diagnosis and therapy for Alzheimer disease and for neurodegenerative diseases caused by prions. The project is expected to end in late 2012 or early 2013 and Genovis' primary role in the project has been to provide knowledge about the design and production of nanostructures, as well as to work with communications and introductory business development of the project results. Genovis has through the LUPAS project gained new insight into preclinical medical imaging of amyloid plaques and in particular the design and test of various nanoparticles as contrast agents.

**The LUPAS project and its results are presented on the LUPAS website, www.lupas-amyloid.eu.*

RESULT AND FINANCIAL POSITION

The parent company conducts all of the Group's activities. To evaluate and test products from the nano portfolio, the parent uses equipment, including MRI, located at the premises of its subsidiary in Malmö. Net sales and operating profit/loss in the parent company are attributable to the primary and only business area: sales and/or outlicensing of research-based innovations. According to the Company, it does not meet the definition of geographical areas under IAS 14 and therefore no secondary segment information is provided.

The Group's financial performance

Net sales for the period January-September increased to SEK 4,064k (1,932k), of which the third quarter which increased to SEK 1,972k (784k). Other revenue for the period January-September increased to SEK 567k (159k), of which the third quarter decreased to SEK 141k (159k). Other operating income mainly consists of research support. The company's total expenses for the period January-September totaled SEK -16,321k (-11,881k). Operating expenses are distributed among raw materials and consumables for SEK -1,775k (-343k), mainly due to changes in production procedures and royalty expenses as a result of increased sales. External expenses increased by SEK 1,186k to SEK -6,064k (-4,878k) and mainly relate to increased marketing expenses. Personnel costs increased by SEK 1,410k to SEK -7,325 (-5,915k). Depreciation during the period increased primarily as a result of reclassification of goodwill attributable to the acquisition of Eijdo research AB. Operating loss for the period January-September worsened to -11,690k (-9,791k). The corresponding results for the third quarter amount to SEK -3,258k (-3,014k). Net financial items for the nine-month period totaled SEK -6k (-13k). Reported earnings for the nine-month period weakened to a loss of SEK 11,584k (loss: 9,771), with the third quarter reporting a loss of SEK 3,221k (loss: 3,005k).

Consolidated investments and cash flow

The Group's net investment during the period totaled SEK 1,044k (320k) of which SEK 299k (87k) is attributable to property, plant and equipment, primarily laboratory and computers, and SEK 745k (233k) is attributable to investments in intangible assets.

At the end of the period cash flow was SEK 3,354k (6,961k). Cash flow from financing activities totaled SEK 15,357k (16,929k). During the period the Company carried out two rights issues.

Financial position

Cash and cash equivalents at the end of the period amounted to SEK 10,917k (11,035k). The liquidity of the Company is not considered to be sufficient to cover Genovis operations the next 12 months. The Board of Directors believes it is possible to raise the capital required in addition to the expected revenues.

Interest bearing liabilities totaled SEK 65k (290k). During the period, loans were amortized for a total of SEK 180k.

Total shareholders' equity for the Group was SEK 21,964k after taking the net loss for the period into account.

Earnings per share, based on a weighted average of the number of outstanding shares, totaled SEK -1.25 (-1.72). The Group's equity ratio at the end of the period was 85% and equity per share was SEK 2.36 (3.95), based on fully diluted shares at year-end.

Taxes

The Group has a deferred tax asset that arises from the parent company, amounting to SEK 3,241k (2,891) at the end of the period.

Employees

On September 30, 2012, the Group had thirteen employees, all in the parent company, compared with the same period last year, when the Group had ten employees, eight in the parent company and two in the subsidiary. An employee of the parent company holds an 80%-position as an industry-based doctoral student.

Share capital and share performance

Share capital at end of period amounted to SEK 4,734,227.2. The total number of shares was 11,835,568 with a par value of SEK 0.40.

Genovis shares are traded on NASDAQ OMX First North under the short name GENO. NASDAQ OMX 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. The Company's Certified Adviser is Thenberg & Kinde Fondkommission AB. Tel: +46 (0)31-745 50 00.

Parent company

Revenue for the period January-September was SEK 4,631k (1,902k), of which SEK 4,064k (1,743k) was attributable to sales and SEK 567k (159k) was attributable to research support for projects in the nanoparticle portfolio. Operating expenses for the period totaled SEK 15,433k (10,197k), mainly attributable to payroll expenses, marketing and development projects. Operating loss for the period was SEK 10,802k (loss: 8,295k) and loss after net financial items was SEK 11,257k (9,667k). Comprehensive income for the period was a loss of SEK 11,257k (loss: 9,667k). The lower operating result during the period is mainly attributable to increased personnel costs and costs for marketing and sales.

The parent company income statement is charged with a conditional shareholder contribution to the subsidiary of SEK 450k (1,360k). Net capital expenditure totaled SEK 1,199 (1,681). Liquidity at the end of the period was SEK 10,909k (10,549k).

The parent company has a deferred tax asset that amounted to SEK 3,028k (3,028k) at the end of the period, equivalent to a loss-carryforward of about SEK 11.5m, which is expected to be utilized in the foreseeable future. The Company's total tax loss is SEK 87m.

Subsidiary Eijdo research AB

Eijdo research owns an MRI machine that is appropriate for clinical conditions and has access to all necessary infrastructure. Genovis uses the subsidiary exclusively for internal product development together with the parent company's development group. The subsidiary has current assets amounting to SEK 351k SEK, liabilities of SEK 255k and shareholders' equity of SEK 101k. The subsidiary did not have any income during the period and expenses totaled SEK 460k.

Related-party transactions

Mikael Lönn who owns a 20.65% stake in Genovis, underwrote the issue of 9,601,815 shares, corresponding with an amount of SEK 3,360,635, in the rights issue conducted in April- May 2012. Compensation for the underwriting was SEK 168k.

Outlook

Genovis is a research and development company and therefore corporate management has chosen not to issue any financial forecast. 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, we are positioned to make additional advances with respect to both new products and sales.

Consolidated statement of comprehensive income

	Jan.-Sept. 2012	Jan.-Sept. 2011	July-Sept. 2012	July-Sept. 2011	Jan.-Dec. 2011
(SEK thousands)					
Net sales	4,064	1,932	1,972	784	2,856
Other operating income	567	159	141	159	741
Raw materials and consumables	(1,775)	(343)	(869)	(841)	(1,168)
Other external expenses	(6,064)	(4,878)	(1,693)	(1,267)	(6,397)
Gross profit/loss	(3,208)	(3,130)	(449)	(1,165)	(3,968)
Personnel costs	(7,325)	(5,915)	(2,371)	(1,625)	(8,347)
Other operating expenses	(107)	(58)	(75)	9	(120)
Operating loss before depreciation, amortization and impairment	(10,640)	(9,103)	(2,895)	(2,781)	(12,435)
Amortization of plant, property, and equipment and intangible assets	(1,050)	(687)	(363)	(233)	(1,310)
Operating loss	(11,690)	(9,790)	(3,258)	(3,014)	(13,745)
Net financial items	(6)	(13)	(1)	(4)	(13)
Loss after financial items	(11,696)	(9,803)	(3,259)	(3,018)	(13,758)
Deferred tax on loss for the year	112	32	38	11	150
Comprehensive income for the period	(11,584)	(9,771)	(3,221)	(3,005)	(13,608)
Attributable to shareholders in Genovis AB	(11,584)	(9,771)	(3,221)	(3,005)	(13,608)
Earnings per share (SEK)*					
- based on weighted average of the number of outstanding shares (basic and diluted).	(1.25)	(1.72)	(0.27)	(0.43)	(2.37)
Number of outstanding shares					
Weighted average for the period	9,290,839	5,674,145	11,835,568	6,923,712	5,752,244
Number of shares at beginning of period	6,923,712	6,923,712	11,835,568	6,923,712	4,112,188
Number of shares at end of period*	11,835,568	6,923,712	11,835,568	6,923,712	6,923,712
Share price at end of period, SEK*	3.84	3.76	3.84	3.76	2.97

* Reverse split 1:10, with cut-off date 10 April 2012, has been taken into account in all periods covered by the interim report

Summary Consolidated Balance Sheet

(SEK thousands)	Sept. 30		Dec 31
	2012	2011	2011
Assets			
<i>Non-current assets</i>			
Intangible assets	7,220	7,738	7,208
Property, plant and equipment	1,372	1,344	1,390
Financial assets	3,241	2,901	3,128
Current assets	3,050	1,877	2,152
Cash and cash equivalents	10,918	11,035	7,563
Total assets	25,801	24,895	21,441
Equity and liabilities			
Equity	21,964	22,390	18,010
Non-current liabilities	5	245	65
Current liabilities	3,832	2,260	3,366
Total equity and liabilities	25,801	24,895	21,441

Consolidated statement of changes in equity

(SEK thousands)	Sept. 30		Dec 31
	2012	2011	2011
Amount at start of period	18,010	15,232	15,232
Rights issue	15,538	16,929	16,689
Reclassification of intangible assets	0	0	(303)
Comprehensive income for the period	(11,584)	(9,771)	(13,608)
Amount at end of period	21,964	22,390	18,010
Attributable to shareholders in Genovis AB	21,964	22,390	18,010

Key financial ratios

	Sept. 30		Dec 31
	2012	2011	2011
Equity/assets ratio	85%	90%	84%
Equity per share at the end of the period - basic and diluted*	2.36	3.95	3.13

* Reverse split 1:10, with cut-off date 10 April 2012, has been taken into account in all periods covered by the interim report

Summary Consolidated cash and cash equivalents

(SEK 000s)	Jan.-Sept.		July-Sept.		Jan.-Dec.
	2012	2011	2012	2011	2011
Cash flow from operations	(11,690)	(9,789)	(3,257)	(3,014)	(13,746)
Adjustment for items not affecting cash flow	1,050	687	363	233	1,310
Change in working capital	(313)	(532)	(718)	(255)	299
Net financial items	(6)	(13)	(2)	(4)	(12)
Cash flow from operating activities	(10,959)	(9,647)	(3,614)	(3,040)	(12,149)
Investing activities	(1,044)	(321)	(181)	(86)	(870)
Cash flow after investing activities	(12,003)	(9,968)	(3,795)	(3,126)	(13,019)
Financing activities	(180)	(60)	(60)	0	(180)
Rights issue	15,537	16,989	0	0	16,688
Cash flow for the period	3,354	6,961	(3,855)	(3,126)	3,489
Cash and cash equivalents at beginning of period	7,563	4,074	14,772	14,161	4,074
Cash and cash equivalents at end of period	10,917	11,035	10,917	11,035	7,563

Parent company

Summary Income Statement

	Jan.-Sept.		July-Sept.		Jan.-Dec.
	2012	2011	2012	2011	2011
Operating income	4,631	1,902	2,113	753	3,407
Operating expenses	(15,433)	(10,197)	(5,091)	(3,447)	(14,649)
Operating loss	(10,802)	(8,295)	(2,978)	(2,694)	(11,242)
Net financial items	(455)	(1,372)	(141)	(3)	(3,058)
Loss before taxes	(11,257)	(9,667)	(3,119)	(2,697)	(14,300)
Net loss for the period	(11,257)	(9,667)	(3,119)	(2,697)	(14,300)

Summary Balance Sheet

(SEK 000s)	Sept. 30		Dec 31
	2012	2011	2011
Assets			
Non-current assets	11,928	12,214	11,505
Current assets	3,004	1,863	2,109
Cash and cash equivalents	10,908	10,549	7,034
Total assets	25,840	24,626	20,648
Equity and liabilities			
Equity			
Restricted equity	16,752	39,713	39,713
Non-restricted equity	5,211	-17,157	(22,030)
Liabilities			
Non-current liabilities	5	245	64
Current liabilities	3,872	1,825	2,901
Total equity and liabilities	25,840	24,626	20,648

Statement of changes in equity

(SEK 000s)	Sept. 30		Dec 31
	2012	2011	2011
Amount at start of period	17,683	15,294	15,294
Rights issue	15,537	16,929	16,689
Net loss for the period	(11,257)	(9,667)	(14,300)
Amount at end of period	21,963	22,556	17,683
Attributable to shareholders in Genovis AB	21,963	22,556	17,683

Summary Statement of cash flows

(SEK 000s)	Jan.-Sept.		July-Sept.		Jan-Dec.
	2012	2011	2012	2011	2011
Cash flow from operations	(10,802)	(8,295)	(2,978)	(2,694)	(11,242)
Adjustment for items not affecting cash flow	621	565	220	192	737
Change in working capital	(97)	(573)	(703)	(320)	257
Net financial items	(5)	(12)	(1)	(3)	(12)
Cash flow from operating activities	(10,283)	(8,315)	(3,462)	(2,825)	(10,260)
Investing activities	(1,199)	(1,681)	(336)	(86)	(2,830)
Cash flow after investing activities	(11,482)	(9,996)	(3,798)	(2,911)	(13,090)
Financing activities	15,357	16,929	(60)	0	16,509
Cash flow for the period	3,875	3,875	(3,858)	(2,911)	3,419
Cash and cash equivalents at beginning of period	7,034	3,615	14,767	13,460	3,615
Exchange rate difference in cash and cash equivalents	0	0	0	0	0
Cash and cash equivalents at end of period	10,909	10,549	10,909	10,549	7,034

OTHER INFORMATION

Risk factors

The Company's 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 competing companies have substantially larger financial resources at their disposal. For a detailed overview of the Company's financial risks please refer to page 60 in Genovis' 2011 annual report.

Nomination Committee at Genovis

The following were appointed to serve as the Company's Nomination Committee prior to the 2013 AGM:

Mikael Lönn

Therese Karlsson, representing LMK Ventures AB

Bo Håkansson, representing Hansa Medical AB

Torbjörn Fridh

Accounting policies

This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim 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.

Financial calendar 2013

Year-End Report February 28

Interim Report Jan.-March April 24

Legal disclaimer

This report contains forward-looking information based on the current expectations of the management at Genovis. Although management believes that the expectations reflected in such forward-looking statements 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.

Lund November 13, 2012

Genovis AB (publ.)

On behalf of the Board of Directors Sarah Fredriksson, CEO and President

For more information, please contact:

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This interim report may be ordered from the Company or downloaded at the Genovis web site. Genovis AB, PO Box 790, SE-220 07 Lund, +46 (0)46-10 12 30, Fax: +46 (0)46-12 80 20 +46 (0)46-12 80 20

Report of Review of Interim Financial Information

Introduction

We have reviewed this report for the period 1 January 2012 to 30 September 2012 for Genovis AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

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

Conclusion

Not effecting our statement we refer to the part with risks in this report where it states that there is an uncertainty regarding future possibilities for the company to obtain funds to meet its obligations. This indicates that there is a substantial uncertainty and doubt regarding the ability for the company to carry on its business activities.

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

Malmö, November 12, 2012

PricewaterhouseCoopers AB

Magnus Willfors

Authorised Public Accountant

Sofia Götmar-Blomstedt

Authorised Public Accountant