

YEAR-END REPORT JANUARY-DECEMBER 2013

Financial overview

	Full-year 2013			4th Quarter		
	2013	2012	Change in %	2013	2012	Change in %
Net sales	8,912	6,080	+ 47	2,056	2,017	+ 0.2
Other operating income	1,357	1,014	+ 34	328	447	+ 26
Operating expenses	(26,254)	(27,275)	- 4	(7,769)	(10,955)	- 29
Operating loss	(15,985)	(20,181)	+ 21	(5,385)	(8,491)	+ 36
Comprehensive income for the period	(15,853)	(19,915)	+ 20	(5,313)	(8,331)	+ 36
Comprehensive income per share based on a weighted average of the number of outstanding shares (basic and diluted)	(1.10)	(2.04)	+ 46	(0.34)	(0.70)	+ 51
Cash flow from operating activities	(12,469)	(14,848)		(1,502)	(3,889)	
Cash and cash equivalents at end of period	480	6,684		480	6,684	

Summary: full-year 2013

- Net sales increased by 47% to SEK 8,912k (6,080k).
- Operating loss improved by SEK 4,196k to SEK 15,985k (loss: 20,181k), earnings per share improved to SEK -1.10 (-2.04).
- Cash flow from operating activities was SEK -12,469k (-14,848k).
- Genovis carried out two rights issues that raised about SEK 37.5 million before issue expenses.

Summary: fourth quarter 2013

- Net sales changed marginally compared with the fourth quarter of 2012.
- Operating loss improved by SEK 3,106k to SEK 5,385k (loss: 8,491k), earnings per share improved to SEK -0.34 (-0.70).
- Cash flow from operating activities was SEK -1,502k (-3,889k).
- Genovis launched two new products, FabULOUS and GlycINATOR for analysis and characterization of antibody molecules.
- Genovis was granted SEK 1 million in research support from VINNOVA (the Swedish Agency for Innovation Systems) to explore a method for online process control in conjunction with manufacturing of the biological drug, mAbCHECK.
- Genovis carried out a rights issue in December that raised about SEK 23.7 million before issue expenses.

Events after the end of the period

The 2014 Annual General Meeting was postponed. The AGM was scheduled for April 24, 2014, but was postponed until May 20, 2014.

Our subsidiary GeccoDots introduced its first products during the autumn of 2013 and several interested customers have placed their first orders in 2014.

Genovis completed a private placement and raised SEK 3.6 million before issue expenses for the Company.

The rights issue in December 2013 and the private placement were registered at the Companies Registration Office in 2014. After registration share capital was SEK 8,738,260.80 and the number of shares was 21,845,652.

Comments from CEO Sarah Fredriksson

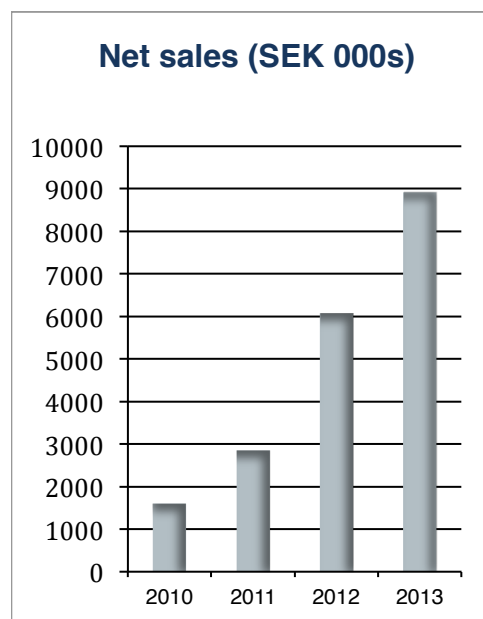
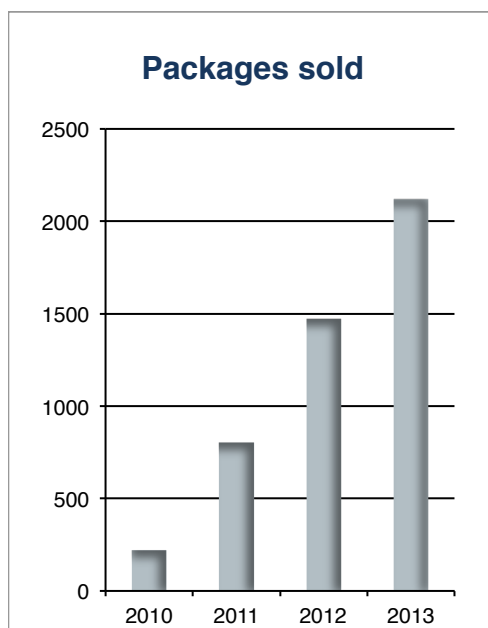
2013 is the first year that Genovis shows a positive earnings trend. I consider this achievement to be one of the most important milestones in the Company's development. Compared with 2012, sales rose 47 percent, while expenses increased on an annualized basis to 13 percent, primarily due to expenses for reorganization and continued investments in sales and marketing. Consequently, financial performance for the full year remains unchanged, though it improved over the first three quarters. I am not concerned about this variation over the quarters; in fact, I believe we will continue to see this trend in the future.

We launched two new products in October. They were well-received by our customers and sales took off immediately, which speaks well of our R & D activities. During the fourth quarter, sales increased by about 70 percent in Europe compared with the same period last year, at the same time that we experienced a slowdown in the US market. We noted a cautious attitude in the US during the autumn amid general concerns about the economic situation. The US customers are at the forefront in the use of our products and they are heavily involved in completely new applications. Consequently I do not believe that interest is weakening, but rather the opposite and therefore believe this is a temporary decline. The reduced revenues in the US caused sales to remain unchanged in the fourth quarter compared with the same quarter in 2012, despite a strong increase in Europe. Expenses before depreciation and amortization rose 10 percent on a quarterly basis, with operating expenses increasing by 2.7 percent, while the rest are administrative costs of a nonrecurring nature.

We had three objectives for 2013: to launch two new product lines, to substantially increase sales and for the protein products to become self-sufficient. We achieved the first two objectives and the products in the protein engineering portfolio generate sales that cover the costs of production, administration and sales and marketing activities, while also generating a contribution to research and development. While we did not quite achieve objective number three during the year, we made great strides in the right direction and will continue to do so in 2014. I believe we have every prospect for success in this endeavor.

Sarah Fredriksson
CEO, Genovis AB

Business Overview



Sales growth

Net sales for full-year 2013 increased by 47 percent to SEK 8,912k (6,080k), mainly due to the increased number of customers and the increased order value per customer. Net sales changed marginally SEK 2,056k (2,017k) during the fourth quarter. Sales in the US fell in the fourth quarter because a few customers placed large orders in the third quarter.

Other revenue for full-year 2013, which mainly comprised research funding from VINNOVA and the Swedish Research Council, was SEK 1,357k (1,014k). Other revenue fell to SEK 328k (447k) in the fourth quarter.

Revenue per geographic area (SEK thousands)

	October-December		January-December	
	2013	2012	2013	2012
Nordic region	184	74	514	406
Rest of Europe	951	523	2,738	1,682
USA	914	1,364	5,554	3,566
Other countries	7	56	106	426
Total	2,056	2,017	8,912	6,080

Operating profit/loss

Operating loss for full-year 2013 was SEK 15,985 (loss: 20,181) and operating loss for the fourth quarter was SEK 5,385k (loss: 8,491k). An impairment of SEK 2.8 million was charged against earnings in 2012.

Expenses for full-year 2013 were SEK -26,254k (-27,275k). Expenses are allocated as follows: materials and supplies

SEK -1,691 (-2,425k). Personnel costs SEK -11,630k (-10,223k). External expenses SEK -11,679k (-9,382). The increase is a result of reorganization during the year and the increased focus on sales and marketing. Expenses for the fourth quarter were SEK -7,769k (-10,955k) and are allocated as follows: raw materials and consumables SEK -386k (-650k), external expenses SEK -4,207k (-3,318k) and personnel costs SEK -2,955k (-2,898k).

Net financial items for the twelve-month period amounted to SEK 71k (20k), with SEK 72 (26) for the fourth quarter. Net loss for the period improved to SEK 15,853k (loss: 19,915k); the corresponding improvement in the fourth quarter was a net loss of SEK 5,313k (loss: 8,331k).

Consolidated investments and cash flow

Consolidated capital expenditure during the period totaled SEK 2,369k (1,324k), of which SEK 1,238k (335k) is attributable to property, plant, and equipment, primarily laboratory equipment and computers, and SEK 1,131k (989k) is attributable to investments in intangible fixed assets. Consolidated capital expenditure during the fourth quarter totaled SEK 913k (280k), of which SEK 419k (36k) is attributable to property, plant, and equipment, and SEK 494k (244k) is attributable to investments in intangible fixed assets.

Cash flow for the full year was SEK -6,204k (-879k). Cash flow from financing activities totaled SEK 11,634k (-15,538k).

Financial position

Consolidated cash and cash equivalents at the end of the period amounted to SEK 480k (6,684k). The Company carried out a rights issue that raised SEK 23.7 million before issue expenses. The issue was registered at the Swedish Companies Registration Office on January 17, 2014, after which the proceeds were transferred to the Company.

Interest-bearing liabilities totaled SEK 0k (0k). Total shareholders' equity for the Group was SEK 33,085k after taking the result for the period into account. Earnings per share, based on a weighted average of the number of outstanding shares, totaled SEK -1.10 (-2.04). The Group's equity ratio at the end of the period was 80 percent (75 percent) and equity per share was SEK 0.76 (1.39), based on fully diluted shares at the end of the period. The December rights issue was registered at the Companies Registration Office on January 17, 2014 and is therefore not included in the calculation of equity per share.

Taxes

The Group has a deferred tax asset that arises from the parent company, amounting to SEK 3,436k (3,436k) at the end of the period.

Employees

On June 31, 2013, the Group had fourteen employees, which is the same number as the previous year. For both periods all employees were in the parent company. One employee holds an 80%-position as an industry-based doctoral student.

Share capital and Share Performance

On December 31, 2013 share capital was SEK 6,312,302.80 and the number of shares was 15,780,757. The quota value is SEK 0.40. After year-end, two issues were registered at the Swedish Companies Registration Office, after which share capital amounts to SEK 8,738,260.80 and number of shares to 21,845,652.

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, T: +46 (0)31-745 50 00.

Major shareholders as of December 31, 2013

Name	No. of shares	Number of interim shares	Votes in %
Mikael Lönn	3,628,768	1,209,589	22.99
Hansa Medical AB	1,611,049	537,016	10.21
LMK Ventures AB	1,938,980	136,363	9.86
Nordnet Pensionsförsäkring AB	837,988	376,916	5.77

Source: Euroclear Sweden AB

Parent Company Genovis AB

Genovis markets four different enzymes that are used to analyze antibody molecules. Cleaving an antibody into distinct fragments facilitates both the analyses used to screen new pharmaceutical substances and quality control during development and production of new drugs. Presentations of all products can be found on the Genovis website, www.genovis.com.

Revenue for full-year 2013 rose to SEK 13,310k (7,095k), of which SEK 8,882k (6,080k) was attributable to product sales. Revenue for the fourth quarter rose to SEK 3,055k (2,464k), of which SEK 2,035k (2,020k) was attributable to sales. Other revenue for full-year 2013 totaled SEK 4,428k (1,014k), of which SEK 2,817k (0k) is attributable to personnel hired by the subsidiary; the remainder is attributable to research support from VINNOVA (the Swedish Agency for Innovation Systems) and the Swedish Research Council. Other revenue for the fourth quarter totaled SEK 1,020k (444k), of which SEK 442k (0k) is attributable to personnel hired by the subsidiary.

Expenses for full-year 2013 totaled SEK -24,358k (-23,215k), mainly attributable to payroll, marketing and development projects. Expenses for the fourth quarter were SEK -7,225k (-7,782k).

Operating loss for full-year 2013 was SEK 11,048k (loss: 16,120k) and loss after net financial items was SEK 15,677k (loss: 20,219k). Loss for the period was SEK 15,677k (loss: 19,811k). Operating loss for the fourth quarter improved to SEK 4,170k (loss: 5,318k) and loss after net financial items was SEK 5,297k (loss: 8,962k). Loss for the period was SEK 5,297k (loss: 8,554k).

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 Genovis, the company does not meet the definition of geographical areas under IAS 14 and therefore no secondary segment information is provided.

A conditional shareholder contribution to the subsidiary of SEK 4,700k (610k) had a negative impact on the parent company's income statement. After the nano portfolio was transferred to the subsidiary, temporary personnel were hired in from Genovis to run the operation and the increase compared with the previous year mainly covers payroll costs in the subsidiary. Net capital expenditure totaled SEK 1,504k (1,324k). Liquidity at the end of the period was SEK 371k (6,655k).

The parent company has a deferred tax asset that amounted to SEK 3,436k (3,436k) at the end of the period, equivalent to a loss carryforward of about SEK 15.6m, which is expected to be utilized in the foreseeable future. The Company's total tax loss amounts to SEK 114 million.

Subsidiary GeccoDots AB

GeccoDots develops and produces nanostructures that provide good contrast in magnetic resonance imaging, ultrasound, optical imaging and PET/SPECT. Presentations of all products can be found on the GeccoDots website,, www.geccodots.com. The projects in the Company are mainly in-house, but are also run with external funding and through collaborations with research groups, including at Lund University. The technique behind the developed products was originally formulated at Genovis, but then transferred to GeccoDots. The subsidiary does not have any employees but occasionally hires temporary personnel from Genovis as the need arises.

Related-party transactions

Principal owners Mikael Lönn, who holds a 22.99 percent stake in Genovis, and LMK Ventures AB, which holds a 9.86 percent stake, have provided written subscription undertakings and underwritings totaling 70 percent of the issue volume in the rights issue carried out between April 4 and April 18, 2013. The undertakings are the equivalent of 2,761,633 shares at an amount of SEK 9,665,715.50. The guarantee fee of SEK 256,141 was paid and divided equally between the underwriters.

Outlook

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

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 competing companies have substantially larger financial resources at their disposal. For a detailed overview of the Company's financial risks please refer to page 51 in Genovis' 2012 annual report.

Other information

Annual General Meeting

The Annual General Meeting will be held May 20, 2014 at Scheelevägen 2, Lund, Sweden.

Annual Report

The 2013 Annual Report is expected to be available on the Genovis website www.genovis.com and at the Genovis office as of April 29, 2010.

Nomination Committee

The Nomination Committee includes the following members: Mikael Lönn, Bo Håkansson representing Hansa Medical AB, Peter Ragnarsson representing LMK Ventures AB, Olof Carlstoft representing Aduno AB and Torbjörn Fridh.

Proposal for dividend

The Board of Directors proposes that no dividend be paid for the 2013 financial year.

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 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.

Consolidated statement of comprehensive income (SEK thousands)	Oct. - Dec.		Jan.-Dec.	
	2013	2012	2013	2012
Net sales	2,056	2,017	8,912	6,080
Other operating income	328	447	1,357	1,014
Raw materials and consumables	(386)	(650)	(1,691)	(2,425)
Other external expenses	(4,207)	(3,318)	(11,679)	(9,382)
Gross profit/loss	(2,209)	(1,504)	(3,101)	(4,713)
Personnel costs	(2,955)	(2,898)	(11,630)	(10,223)
Other operating expenses	7	67	(141)	(39)
Operating loss before depreciation, amortization and impairment	(5,157)	(4,335)	(14,872)	(14,975)
Depreciation, amortization and impairment of plant, property, and equipment and intangible assets	(228)	(4,156)	(1,113)	(5,206)
Operating loss	(5,385)	(8,491)	(15,985)	(20,181)
Net financial items	72	26	71	20
Loss after financial items	(5,313)	(8,465)	(15,914)	(20,161)
Taxes	0	134	61	246
Loss after tax	(5,313)	(8,331)	(15,853)	(19,915)
Attributable to shareholders in Genovis AB	(5,313)	(8,331)	(15,853)	(19,915)

Earnings per share (SEK)	Oct. - Dec.		Jan.-Dec.	
	2013	2012	2013	2012
- based on weighted average of the number of outstanding shares (basic and diluted).	0.34	(0.70)	(1.10)	(2.04)
Number of outstanding shares				
Weighted average for the period	15,780,757	11,835,568	14,468,842	9,778,112
Number of shares at beginning of period	15,780,757	11,835,568	11,835,568	6,923,712
Number of shares at end of period	15,780,757	11,835,568	15,780,757	11,835,568
Share price at end of period, SEK	4.85	3.50	4.85	3.50

Summary Consolidated Balance Sheet

Dec. 31

(SEK thousands)

2013

2012

Assets		
<i>Noncurrent assets</i>		
Intangible assets	4,162	3,427
Property, plant and equipment	1,810	1,290
Financial assets	3,436	3,374
<i>Current assets</i>	28,560	3,383
Short-term investment	3,000	0
Cash and cash equivalents	480	6,684
Total assets	41,448	18,158

Equity and liabilities		
Shareholders' equity	33,085	13,633
Non-current liabilities	0	0
Current liabilities	8,363	4,525
Total equity and liabilities	41,448	18,158

Consolidated statement of changes in equity

(SEK thousands)

Amount at start of period	13,633	18,010
Rights issue	13,208	15,538
Rights issue not registered*	22,097	0
Loss for the period	(15,853)	(19,915)
Amount at end of period	33,085	13,633
Attributable to shareholders in Genovis AB	33,085	13,633

Key financial ratios

Equity/assets ratio	80%	75%
Equity per share at the end of the period - basic and diluted*	0.76	1.39

*Rights issue in December 2013 was registered on January 17, 2014 and is therefore not included in the calculation of equity per share. Total number of shares issued amounts to 5,260,252 and the proceeds amount to SEK 22,097k.

Summary Consolidated cash and cash equivalents

(SEK thousands)	Oct. - Dec.		Jan.-Dec.	
	2013	2012	2013	2012
Cash flow from operations	(5,386)	(8,491)	(15,986)	(20,181)
Adjustment for items not affecting cash flow	228	4,156	1,113	5,206
Change in working capital	3,584	420	2,333	107
Net financial items	72	26	71	20
Cash flow from operating activities	(1,502)	(3,889)	(12,469)	(14,848)
Investing activities	(913)	(280)	(5,369)	(1,324)
Cash flow after investing activities	(2,415)	(4,169)	(17,838)	(16,172)
Financing activities	0	(64)	0	(245)
Rights issue*	(1,575)	0	11,634	15,538
Cash flow for the period	(3,990)	(4,233)	(6,204)	(879)
Cash and cash equivalents at beginning of period	4,470	10,917	6,684	7,563
Cash and cash equivalents at end of period	480	6,684	480	6,684

* Since the December rights issue was registered at the Companies Registration Office on January 17, 2014, only the costs paid in 2013 are reported.

Parent company

Summary Income Statement

(SEK thousands)	Oct. - Dec. 2013		Jan.-Dec. 2013	
	2013	2012	2013	2012
Operating income	3,055	2,464	13,310	7,095
Operating expenses	(7,225)	(7,782)	(24,358)	(23,215)
Operating loss	(4,170)	(5,318)	(11,048)	(16,120)
Net financial items	(1,127)	(3,644)	(4,629)	(4,099)
Loss before taxes	(5,297)	(8,962)	(15,677)	(20,219)
Deferred tax on net loss for the period	0	408	0	408
Loss for the period	(5,297)	(8,554)	(15,677)	(19,811)

Summary Balance Sheet

Assets (SEK thousands)	Dec 31 2013		2012
Noncurrent assets	9,080		7,969
Current assets	27,930		3,316
Short-term investment	3,000		0
Cash and cash equivalents	371		6,655
Total assets	40,381		17,940

Equity and liabilities (SEK thousands)	Dec 31 2013		2012
Equity			
Restricted equity	20,434		16,752
Non-restricted equity	12,603		(3,343)
Liabilities			
Current liabilities	7,344		4,531
Total equity and liabilities	40,381		17,940

Changes to shareholders' equity (SEK thousands)	Dec 31 2013		2012
Amount at start of period	13,409		17,683
Rights issue	13,208		15,537
Rights issue not registered*	22,097		0
Loss for the period	(15,677)		(19,811)
Amount at end of period	33,037		13,409
Attributable to shareholders in Genovis AB	33,037		13,409

*The issue was registered at the Swedish Companies Registration Office on January 17, 2014

Summary statement of cash flows (SEK thousands)	Oct. - Dec.		Jan.-Dec.	
	2013	2012	2013	2012
Cash flow from operations	(4,170)	(5,319)	(11,048)	(16,121)
Adjustment for items not affecting cash flow	208	1,139	771	1,759
Change in working capital	3,491	541	2,029	443
Net financial items	73	26	72	21
Cash flow from operating activities	(398)	(3,613)	(8,176)	(13,898)
Investing activities	(1,826)	(576)	(9,742)	(1,774)
Cash flow after investing activities	(2,224)	(4,189)	(17,918)	(15,672)
Financing activities	(1,575)	(65)	11,634	15,293
Cash flow for the period	(3,799)	(4,254)	(6,284)	(379)
Cash and cash equivalents at beginning of period	4,170	10,909	6,655	7,034
Cash and cash equivalents at end of period	371	6,655	371	6,655

This year-end report has not been reviewed by the Company's auditors.

Lund February 17, 2014

Genovis AB (publ.)

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

Financial calendar 2014

Interim Report	January-March	May 19
Half-Yearly Report	January - June	August 25
Interim Report	January – September	November 17

This interim report may be ordered from the Company or downloaded at the Genovis web site: www.genovis.com.

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This document 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.