

## NEW PRODUCTS AND SHARPLY INCREASED SALES

### January – March

- Net sales rose by about 45% to SEK 2,886k (1,984k).
- Comprehensive income fell by SEK 1,168k to SEK -5,006k (-3,838k).
- Comprehensive income per share, basic and diluted, improved by SEK 0.04 to SEK -0.23 (-0.19).
- Cash flow from operating activities was SEK -4,854k (-6,213k).
- Genovis launched a new enzyme product that is being marketed under the name GingisKHAN™ for customers primarily in the pharmaceutical industry for characterization of antibody-based drugs.
- Genovis launched a new service concept through which customers can order antibody fragmentation with “Smart Enzymes,” thereby opens a new market niche for the company's products.
- In January 2015 the wholly owned subsidiary Genovis Inc. was registered in the state of Delaware in the US to increase its presence in the North American market.

### January – March

	2015	2014	Change (%)
Net sales	2,886	1,984	45
Other operating income	231	386	(40)
Expenses for the period	(8,117)	(6,248)	30
Operating loss	(5,000)	(3,878)	(-29)
Comprehensive income for the period	(5,006)	(3,838)	(30)
Comprehensive income per share based on a weighted average of the number of outstanding shares	(0.23)	(0.19)	(21)
Cash flow from operating activities	(4,854)	(6,213)	22
Cash and cash equivalents at end of period	1,724	5,080	(66)

## Launch of demanded product and best sales figures ever

During the past quarter we received our first confirmation that our new sales strategy, pipeline and focus on our customer offering are producing results. Our sales jumped 45 percent during the first quarter compared with the same period last year. If we look solely at current sales of goods and services, and not at reimbursement for development projects, this represents a 73-percent increase compared with last year.

Sales in the US increased by 51 percent and in Europe by 29 percent. This strong performance can be explained in part by exchange rate effects on the US market, but is mostly an actual increase in sales. We see continued growth in the number of new customers, while the number of individual orders increased by 68 percent compared with the same period last year.

Costs rose by 30 percent, in part due to costs associated with staffing and startup costs for our sales organization in the US. Genovis Inc. has an office in Boston and a warehouse in San Diego. The business is off to a flying start and today we can provide our US customers with full support and 24-hour delivery. The largest cost increase compared with the same period in 2014 is primarily the result of expenses related to the lawsuit against Promega, which has had a negative impact on earnings. However, Genovis has an insurance policy to ensure that we minimize our legal costs in this case.

As part of the development of our pipeline, in March we launched GingisKHAN™, the first of several new enzymes. This enzyme has been in demand in the market and has an estimated market potential of USD 10 million. GingisKHAN is an enzyme that splits an antibody very rapidly at a specific location in the molecule. The product complements FabRICATOR® and FabULOUS®, but can also be used in studies of intact Fab and Fc fragments. This is important for Genovis' customers in analyses such as in crystallization, studies of bispecific antibodies and for studies of the three-dimensional structure of antibodies. We received the first orders on the same day as the launch and we are excited about our continued work with the launch this spring.

Based on the trend during the first quarter, it would seem that the strategic decisions we made last year are now paying off. We will continue to develop our sales initiatives and launch three more products during the year, with the aim of increasing the number of customers and maintaining sales at a high level.

Sarah Fredriksson  
President & CEO

## Products

Genovis sells products in the form of enzymes to customers who use them as a consumable. Customers use the products in recurring processes. In addition to the actual product, Genovis provides global deliveries and support within 24 hours. During product development, Genovis places great emphasis on ensuring that the customer experience is as positive as possible, which means that the products must be robust, easy to use and stable during shipping and storage. Standardized formats, clear instructions and close customer relationships are key elements to ensure that the product works as intended, even for inexperienced customers.

The active components of Genovis products consist of FabRICATOR<sup>®</sup>, FabULOUS<sup>®</sup>, IgGZERO<sup>®</sup>, GlycINATOR<sup>®</sup> and GingisREX<sup>™</sup>. FabRICATOR is a unique enzyme that cleaves antibodies into two parts: a Fab fragment and an Fc fragment, with extremely high precision. FabULOUS is an enzyme that cleaves an antibody into three parts. The product is a complement to FabRICATOR. By using the two products together, the customer gets a fast method to characterize the “hinge region” of an antibody, which is important in many antibody drug conjugate (ADC) drug candidates. IgGZERO is a protein that can specifically cleave sugar molecules that are found naturally on antibodies for “glycan analysis.” GlycINATOR is another enzyme that can rapidly cleave sugar molecules from an antibody. By using IgGZERO in combination with GlycINATOR it is possible to carry out a relatively simple quantitative analysis of high-mannose molecules on antibodies. Mannose is a particularly important parameter to understand and handle when developing production processes for antibody-based drugs. GingisKHAN<sup>™</sup> is an enzyme that cleaves a human antibody into three parts. The product is a complement to FabRICATOR and FabULOUS but can also be used in studies of the separate parts of the antibody, which makes this product unique in its kind.

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.

## Sales growth

Management has determined that Genovis business comprises only one operating segment, which consists of unique enzymes that facilitate development and quality-control of drugs.

Net sales for the period rose to SEK 2,886k (1,984k), an increase of about 45% compared with the same period in 2014 Other revenue during the period amounted to SEK 231k (386k) and largely comprises research support and exchange rate gains.

### Revenue by geographic area (SEK thousands)

	Jan.-March		Jan.-Dec.
	2015	2014	2014
Sweden	11	26	334
Other countries in Europe	961	728	2,801
North America	1,750	1,164	4,841
Other countries	164	66	276
<b>Total</b>	<b>2,886</b>	<b>1,984</b>	<b>8,252</b>

### Operating loss

Operating loss for the period was SEK 5,000k (loss: 3,878k). Net financial items for the period totaled SEK -4k (40k). Net loss for the period fell to SEK -5,006k (loss: 3,838k).

### Expenses

Consolidated expenses for the period amounted to 8,117 (6,248k). Operating expenses are allocated between raw materials and consumables SEK 629k (754k). External expenses increased by SEK 1,795k to SEK 4,050k (2,255k). The increased expenses are mainly attributable to the ongoing patent dispute. Personnel costs increased by SEK 103k to SEK 3,045 (2,942).

### Consolidated investments and cash flow

Consolidated capital expenditure during the period totaled SEK 610k (1,266k) of which SEK 10k (823k) is attributable to property, plant, and equipment, primarily laboratory equipment and computers, and SEK 600k (443k) is attributable to investments in intangible fixed assets.

Cash flow for the period totaled SEK 1,036k (4,600k). Cash flow from financing activities totaled SEK 1,500k (27,078k) and is attributable to the bridge loan provided by principal owner Mikael Lönn.

### Financial position

Consolidated cash and cash equivalents including short-term investments amounted to SEK 1,724k (23,080k) at the end of the period. The available working capital is not sufficient to run the Company over the upcoming twelve-month period. The Board of Directors believes it is possible to raise the capital required in addition to the expected revenues through the fully underwritten rights issue approved by the Board, subject to approval at the AGM on May 5, 2015.

The Company does not have any interest-bearing liabilities other than the bridge loan for a total of SEK 3 million provided by principal owner Mikael Lönn. The purpose of the bridge loan is to cover the Company's administration costs until funding is raised through the rights issue. During the period SEK 1.5 million was paid; the loan carries a 5.5% interest rate.

Total shareholders' equity for the Group was SEK 9,577k 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 -0.23 (-0.19). The Group's equity ratio at the end of the period was 58 percent and equity per share was SEK 0.44 (2.26), based on fully diluted average number of shares at the end of the period.

## Taxes

The Group has a deferred tax asset that arises from the parent company, amounting to SEK 1,718k (3,436k) at the end of the period.

## Employees

On March 31, 2015, the Group had sixteen employees, compared with the same period in 2014, when the Group had fifteen employees. 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

Share capital at the end of the period amounted to SEK 8,738,260.80. The total number of shares was 21,845,652 with a par value of SEK 0.40. Genovis shares are traded on Nasdaq Stockholm First North under the short name GENO. Nasdaq Stockholm First North is an alternative market, operated by the various exchanges within Nasdaq. 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. Consensus is the Certified Advisor for Genovis; T: +46 (0)31-745 50 00.

## Parent company

Revenue for the period was SEK 3,377k (2,751k), of which SEK 2,509k (1,910k) was attributable to external sales. Other revenue during the period totaled SEK 869k (841k) of which SEK 638k (706k) 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 and exchange rate gains.

Operating expenses for the period totaled SEK 7,352k (5,675k), mainly attributable to payroll expenses, marketing and development projects.

Operating loss for the period was SEK -3,975k (loss: 2,924) and loss after net financial items was SEK 5,028k (loss: 3,834). Net loss for the period was SEK 5,028k (loss: 3,834k).

The parent company income statement is charged with a conditional shareholder contribution to the subsidiary of SEK 1 050k (950k). 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 expenses in the subsidiary. Net capital expenditure totaled SEK 73k (1,159k). Liquidity at the end of the period was SEK 1,549k (4,491k).

The parent company has a deferred tax asset that amounted to SEK 1,718k (3,436k) at the end of the period, equivalent to a loss carryforward of about SEK 7.8m, which is expected to be utilized in the foreseeable future. The Company's total tax loss amounts to SEK 129 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](http://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

Genovis board member and principal owner Mikael Lönn, who holds a 22.15 percent stake in Genovis, owns 14.8 percent of the shares in Redeye, for which Mikael Lönn is also a board member. Genovis has purchased analysis services from Redeye for a total of SEK 165k since Mikael Lönn was elected to serve as a director on the Board of Directors of Genovis. There is an agreement between Mikael Lönn and Genovis through which Mikael Lönn provides the Company with a loan to finance it until the Company receives funding through the fully underwritten rights issue approved by the Board, subject to approval at the Annual General Meeting on May 5, 2015.

### Events after the end of the period

The Board of Directors of Genovis AB (publ) has decided to reschedule the Annual General Meeting to May 5, 2015, as well as to raise capital through a fully underwritten rights issue, subject to approval by the AGM on May 5, 2015. The rights issue comprises a maximum of 14,563,768 shares and the subscription price will be SEK 1 per share. At full subscription the rights issue will raise approximately SEK 14.5 million before issue expenses for Genovis.

### Outlook

Genovis is a research and development company and therefore chooses 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 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 50-51 in Genovis' 2015 annual report.

### 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 thousands)	Jan.-March		Jan.-Dec.
	2015	2014	2014
Net sales	2,886	1,984	8,252
Other operating income	231	386	1,782
Raw materials and consumables	(629)	(754)	(3,430)
Other external expenses	(4,050)	(2,255)	(12,583)
<b>Gross profit/loss</b>	<b>(1,562)</b>	<b>(639)</b>	<b>(5,979)</b>
Personnel costs	(3,045)	(2,942)	(13,186)
Other operating expenses	(60)	(23)	(32)
<b>Operating loss before depreciation, amortization and impairment</b>	<b>(4,667)</b>	<b>(3,604)</b>	<b>(19,197)</b>
Depreciation, amortization and impairment of plant, property, and equipment and intangible assets	(333)	(274)	(1,274)
<b>Operating loss</b>	<b>(5,000)</b>	<b>(3,878)</b>	<b>(20,471)</b>
Net financial items	(4)	40	140
<b>Loss after financial items</b>	<b>(5,004)</b>	<b>(3,838)</b>	<b>(20,331)</b>
Taxes	0	0	(1,718)
<b>Loss after tax</b>	<b>(5,004)</b>	<b>(3,838)</b>	<b>(22,049)</b>
Other comprehensive income	(2)	0	0
<b>Total comprehensive income</b>	<b>(5,006)</b>	<b>(3,838)</b>	<b>(22,049)</b>
Attributable to shareholders in Genovis AB	(5,006)	(3,838)	(-22,049)

<b>Earnings per share (SEK)</b>			
Based on weighted average of the number of outstanding shares (basic and diluted).*	(0.23)	(0.19)	(1.02)
<b>Number of outstanding shares</b>			
Weighted average for the period	21,845,652	20,615,460	21,538,104
Number of shares at beginning of period	21,845,652	15,780,757	15,780,757
Number of shares at end of period	2,12	21,845,652	21,845,652
Share price at end of period, SEK	2.12	4.00	1.92

\* In June 2014, the Company issued 450,000 warrants subscribed for by the president and vice president. Subscription for new shares may take place during the period from April 1, 2017 through June 30, 2017. The outstanding warrants do not entail any dilution of earnings per share since a conversion to shares would result in improved reported earnings per share.



**Summary Consolidated Balance Sheet**

March 31

(SEK thousands)

2015

2014

	2015	2014
<b>Assets</b>		
<i>Noncurrent assets</i>		
Intangible assets	5,889	4,487
Property, plant and equipment	2,130	2,477
Financial assets	1,718	3,436
<b>Current assets</b>	<b>5,048</b>	<b>4,408</b>
Short-term investment	0	18,000
Cash and cash equivalents	1,724	5,080
<b>Total assets</b>	<b>16,509</b>	<b>37,888</b>

<b>Equity and liabilities</b>		
Equity	9,577	32,654
Long-term liabilities	180	0
Current liabilities	6,752	5,234
<b>Total equity and liabilities</b>	<b>16,509</b>	<b>37,888</b>

**Consolidated statement of changes in equity**

(SEK thousands)

Amount at start of period	14,583	33,085
Rights issue	0	3,407
Exchange rate gains/loss	-2	
Loss for the period	(5,004)	(3,838)
<b>Amount at end of period</b>	<b>9,577</b>	<b>32,654</b>
Attributable to shareholders in Genovis AB	9,577	32,654

**Key financial ratios**

Equity/assets ratio	58%	86%
Equity per share at the end of the period - basic and diluted*	0.44	2.26

## Summary Consolidated cash and cash equivalents

(SEK thousands)	Jan.-March		Jan.- Dec.
	2015	2014	2014
<b>Cash flow from operations</b>	<b>(5,000)</b>	<b>(3,878)</b>	<b>(20,471)</b>
Adjustment for items not affecting cash flow	331	274	1,274
Change in working capital	(181)	(2,649)	(3,136)
Net financial items	(4)	40	140
<b>Cash flow from operating activities</b>	<b>(4,854)</b>	<b>(6,213)</b>	<b>(22,193)</b>
Investing activities	4,390	(16,265)	(5,043)
<b>Cash flow after investing activities</b>	<b>(464)</b>	<b>(22,478)</b>	<b>(27,236)</b>
Financing activities	1,500	0	226
Rights issue	0	27,078	27,218
<b>Cash flow for the period</b>	<b>1,036</b>	<b>4,600</b>	<b>208</b>
Cash and cash equivalents at beginning of period	688	480	480
Cash and cash equivalents at end of period	<b>1,724</b>	<b>5,080</b>	<b>688</b>

## Parent company

### Summary Income Statement

(SEK thousands)	Jan.-March		Jan.-Dec.
	2015	2014	2014
Operating income	3,377	2,751	12,005
Operating expenses	(7,352)	(5,625)	(26,848)
<b>Operating loss</b>	<b>(3,975)</b>	<b>(2,924)</b>	<b>(14,843)</b>
Net financial items	(1,053)	(910)	(5,445)
<b>Loss before taxes</b>	<b>(5,028)</b>	<b>(3,834)</b>	<b>(20,288)</b>
Deferred tax on net loss for the period	0	0	(1,718)
<b>Loss for the period</b>	<b>(5,028)</b>	<b>(3,834)</b>	<b>(22,006)</b>

### Summary Balance Sheet

(SEK thousands)	March 31		Dec 31
	2015	2014	2014
<b>Assets</b>			
Noncurrent assets	9,855	11,024	9,444
Current assets	4,407	3,920	4,014
Short-term investment	0	18,000	5,000
Cash and cash equivalents	1,549	4,491	614
<b>Total assets</b>	<b>15,811</b>	<b>37,435</b>	<b>19,072</b>

### Equity and liabilities (SEK thousands)

<b>Equity</b>			
Restricted equity	20,756	20,756	20,756
Non-restricted equity	(11,206)	11,854	(6,178)
<b>Liabilities</b>			
Current liabilities	6,261	4,824	4,494
<b>Total equity and liabilities</b>	<b>15,811</b>	<b>37,434</b>	<b>19,072</b>

### Statement of changes in equity

(SEK thousands)

Amount at start of period	14,578	33,037	33,037
Rights issue	0	3,407	3,547
Ongoing rights issue	0	0	0
Loss for the period	(5,028)	(3,834)	(22,006)
<b>Amount at end of period</b>	<b>9,550</b>	<b>32,610</b>	<b>14,578</b>
Attributable to shareholders in Genovis AB	9,550	32,610	14,578

Summary statement of cash flows	Jan.-March		Jan.- Dec.
Jan.-Dec. (SEK thousands)	2015	2014	2014
<b>Cash flow from operations</b>	<b>(3,975)</b>	<b>(2,924)</b>	<b>(14,843)</b>
Adjustment for items not affecting cash flow	284	245	1,085
Change in working capital	638	(2,181)	(2,605)
Net financial items	(3)	40	155
<b>Cash flow from operating activities</b>	<b>(3,056)</b>	<b>(4,820)</b>	<b>(16,208)</b>
Investing activities	2,491	(18,138)	(10,767)
<b>Cash flow after investing activities</b>	<b>(565)</b>	<b>(22,958)</b>	<b>(26,975)</b>
Financing activities	1,500	27,078	27,218
<b>Cash flow for the period</b>	<b>935</b>	<b>4,120</b>	<b>243</b>
Cash and cash equivalents at beginning of period	614	371	371
Cash and cash equivalents at end of period	<b>1,549</b>	<b>4,491</b>	614

This Interim Report January-March 2015 has not been reviewed by the Company's auditors.

Lund April 15, 2015

Genovis AB (publ.)

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

#### Financial calendar 2014

Annual General Meeting	May 5
Half-Yearly Report, January - June	August 20
Interim Report, January - March	November 23

This interim report may be ordered from the Company or downloaded at the Genovis web site:  
[www.genovis.com](http://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.*