



4basebio AG reports first quarter 2020 financial results

- 4basebio reports strong Q1 net profit following Abcam transaction
- Significant cash position enables focus on further strategy
- Successful completion of 10% share buyback
- Continued development of DNA manufacturing technology

4basebio AG (Frankfurt: 4BSB; ISIN: DE000A2YN801; Prime Standard) reported a very strong positive net profit for the quarter ended 31 March 2020, following the sale of its proteomics and immunology businesses to Abcam on 1 January 2020.

“We are pleased to report a strong overall performance for Q1 2020, demonstrating the success of the Company’s buy and build strategy over the past three years,” **commented Dr Heikki Lanckriet, CEO**. “With the transaction now completed, we have significantly strengthened our cash position and we are now extremely well placed to focus on the continued development of our proprietary synthetic DNA manufacturing technology. Alongside this, we will continue to focus on our buy and build strategy.”

David Roth, CFO of 4basebio, added: “During Q1 we also successfully concluded a 10% share buyback, with the shares held in treasury at the end of the period. We have now announced our intention to cancel those shares and will be seeking approval from shareholders for a further share buyback authority at our AGM on 17 June. We closed the quarter with a total of EUR 101.3 million in cash equivalents including cash balances of EUR 86.9 million, with a further EUR 14.4 million in escrow following the Abcam transaction.”

First quarter of 2020 Financial Results:

Following the sale of the proteomics and immunology businesses to Abcam, the shape of the ongoing operations, as highlighted in the market guidance for 2020, has changed significantly. Consistent with the annual report for 2019, the consolidated statement of financial position and the consolidated statement of comprehensive income which follow show the results for the period from continuing and discontinued operations separately.

Revenues in the first quarter of 2020 amounted to EUR 296 thousand (2019: EUR 295 thousand from continuing operations) in line with our guidance for the year. Total net operating expenses (including cost of goods sold) were EUR 925 thousand in 2020 (2019: EUR 1.2 million from continuing operations).

Finance costs were EUR 173 thousand for the period and relate to non-cash charges on equity instruments. Taxation for the period represents an estimate of the taxes due on the profit arising from the Abcam transaction.

The result for the period includes a profit of EUR 66.9 million from discontinued operations (2019: EUR 378 thousand). The current year result represents the profit from the sale of the proteomics and immunology businesses to Abcam on 1 January 2020.

As previously reported, the terms of the transaction provided for proceeds of EUR 120 million adjusted for debt and cash balances. The following table presents an analysis of the profit on the transaction:

2020 Profit on disposal
[in €'000]

Proceeds from sale of businesses	120,000
Cash balances received from discontinued operations	2,707
Debt and interest repaid in discontinued operations	(6,044)
Tax liabilities of discontinued operations	(230)
Transaction related expenses 2020	<u>(3,555)</u>
	112,878
Net assets of discontinued operations	<u>(46,015)</u>
Profit on disposal of businesses	66,863

In addition, EUR 360 thousand of transaction expenses were recognised in 2019.

As a result, the net profit for the first quarter of 2020 was EUR 65.7 million (2019: loss of EUR 464 thousand).

The balance sheet has significantly changed since 31 December 2019 as a result of the Abcam transaction. Total assets at 31 March 2020 were EUR 106.6 million (31 December 2019: EUR 62.3 million), including cash balances of EUR 86.9 million (31 December 2019: EUR 990 thousand in continuing operations and EUR 2.7 million in discontinued operations) and amounts held in escrow of EUR 14.4 million (31 December 2019: EUR nil).

Non-current assets were significantly higher at EUR 18.1 million (31 December 2019: EUR 3.6 million from continuing operations) due to the classification of the escrow balance as long term (the escrow balance is released 2 January 2022).

Overall cash flows for the quarter were a positive EUR 83.2 million (2019: outflow of EUR 775 thousand). This included net cash flows from the Abcam transaction of EUR 116.1 million, as follows:

2020 Cash flows
[in €'000]

Proceeds from sale of businesses – in investing cashflows	120,000
Transaction related expenses – in operating cashflows	<u>(3,914)</u>
	116,086

Excluding the impact of the transaction, underlying cash outflows from operating activities before interest and taxes were EUR 693 thousand (2019: outflow of EUR 184 thousand). Cash outflows on interest and taxes relate primarily to obligations under discontinued operations.

Net cash inflows from investing activities amounted to EUR 105.4 million, compared to a EUR 175 thousand outflow in the previous year. Cash outflows from financing activities included EUR 6.5 million debt repayments relating primarily to discontinued operations, settlement of an option and EUR 9.7 million in relation to the share buyback which occurred in February 2020. Outflows for the prior year were EUR 260 thousand. The company closed the period with cash balances of EUR 86.9 million.

Outlook 2020:

For the fiscal year 2020, 4basebio reaffirms its guidance of 24 April 2020: The operational cash burn for 2020, excluding expenses relating to the Abcam transaction, is expected to be between EUR 2.5 million to EUR 3.5 million with revenues between EUR 0.5 million and EUR 1.0 million.



4basebio AG, Heidelberg, Germany
Interim results for the three months ending 31 March 2020
Consolidated statement of financial position

	31.03.2020	31.12.2019
[in €'000]		
Assets		
Other intangible assets	2,070	1,845
Escrow facility (Abcam transaction)	14,400	0
Property, plant and equipment	1,346	1,547
Deferred tax assets	254	254
Non-current assets	18,069	3,646
Inventory	421	442
Trade receivables	612	581
Other current assets	577	488
Cash and cash equivalents	86,911	990
Assets held for sale	0	56,104
Current assets	88,523	58,605
Total assets	106,592	62,251
Equity and liabilities		
Issued capital	52,310	52,310
Capital reserves	21,754	21,947
Accumulated loss	39,404	(26,324)
Treasury shares	(9,751)	0
Other reserves	(20)	163
Equity	103,696	48,096
Financial liabilities	1,465	1,532
Deferred tax liabilities	0	0
Non-current liabilities	1,465	1,532
Financial liabilities	208	1,264
Trade payables	458	336
Other current liabilities	765	934
Liabilities associated with assets held for sale	0	10,088
Current liabilities	1,431	12,623
Total equity and liabilities	106,592	62,251

Consolidated statement of comprehensive income

	01.01 - 31.03	
	2020	2019
[in €'000]		
Continuing operations		
Revenues	296	295
Cost of goods sold	(230)	(228)
Gross profit	66	67
Sales and distribution costs	(63)	(34)
Administration expenses	(533)	(838)
Research and non-capitalised development costs	(183)	(105)
Other operating expenses	0	0
Other operating income	84	32
Operating result	(629)	(877)
Finance income	0	26
Finance costs	(173)	(1)
Financial result	(173)	26
Earnings before taxes from continuing operations	(802)	(851)
Income tax	(333)	10
Result from continuing operations	(1,135)	(841)
Discontinued operations		
Earnings after taxes from discontinued operations	66,863	378
Result for the period	65,728	(464)
Earnings per share		
- Undiluted (in EUR/share)	1.25	(0.01)
- Diluted (in EUR/share)	1.13	(0.01)
Earnings per share from continuing operations		
- Undiluted (in EUR/share)	(0.02)	(0.02)
- Diluted (in EUR/share)	(0.02)	(0.01)
Items that may be reclassified to the income statement in subsequent periods		
Other comprehensive income (after taxes)		
Exchange rate adjustments	(182)	1,099
Total comprehensive income	65,546	635

Consolidated statement of cash flows

	01.01 - 31.03	
	2020	2019
[in €'000]		
Result for the period	65,728	(464)
Profit arising on disposal of businesses to Abcam	(66,863)	0
Income taxes	333	0
Financial result	173	0
Depreciation of property, plant and equipment	109	77
Amortisation and impairment of intangible assets	9	599
Movement in deferred tax	0	(86)
Share option charges	48	66
Other non-cash items	0	45
Transaction related expenses	(3,914)	0
<i>Change in operating assets and liabilities:</i>		
Trade receivables and other current assets	(133)	210
Trade payables	(118)	(416)
Inventories	21	(215)
Cash flows from operating activities (before interest and tax)	(4,607)	(184)
Interest paid	(840)	(155)
Tax paid	(230)	0
Cash flows from operating activities	(5,678)	(339)
Business disposals	120,000	0
Investments in property, plant and equipment and intangible assets	(110)	(89)
Abcam escrow facility	(14,400)	0
Investments in capitalised development	(119)	(86)
Cash flows from investing activities	105,372	(175)
Cash in(out)flow due to changes in current financial liabilities	(6,487)	(260)
Capital increase by way of cash contribution (less costs of issuing equity)	(268)	0
Share buyback	(9,725)	0
Cash flows from financing activities	(16,480)	(260)
Net change in cash and cash equivalents	83,215	(775)
Exchange differences	0	181
Cash and cash equivalents at the beginning of the period	3,696	6,238
Cash and cash equivalents at the end of the period	86,911	5,644

Consolidated statement of changes in equity

€ thousand (except Number)	Issued capital		Capital reserves	Accumulated loss	Treasury Shares	Other comprehensive income			Total equity
	Number	Amount				exchange differences	Exchange effect on long term assets	Total	
1 January 2020	52,309,785	52,309	21,946	(26,325)	0	71	92	163	48,091
Share buyback					(9,751)				(9,751)
Option redemption			(267)						(267)
Result recorded directly in equity representing exchange rate adjustments						(71)	(111)	(182)	(182)
Interest on mandatory convertible bond charged to income			26						26
Share option expense charged to income			48						48
Net profit for the period				65,728					65,718
Total comprehensive income			74	65,728		(71)	(111)	(182)	65,610
31 March 2020	52,309,785	52,309	21,754	39,404	(9,751)	(0)	(19)	(20)	103,696
1 January 2019	51,411,323	51,411	19,753	(23,603)	0	64	(1,121)	(1,057)	46,504
Other capital increase costs			(33)						(33)
Result recorded directly in equity representing exchange rate adjustments				15		108	974	1,082	1,097
Share option expense charged to income			66						66
Net loss for the period				(464)					(464)
Total comprehensive income			33	(449)		108	974	1,082	666
31 March 2019	51,411,323	51,411	19,786	(24,052)	0	172	(147)	25	47,170