

SYGNIS AG reports financial results for the third quarter and first nine months of 2017

Financial guidance re-confirmed

- **Seventh quarter of consecutive revenue growth (Q3 2017: € 2.4 million; 47% increase on Q2 2017; YTD 2017: € 5.3 million; 446% increase on same period in 2016)**
- **Full year revenue guidance of € 7 million to € 8 million reiterated**
- **On track to reach operating cash flow break even in Q4 2017**
- **Successful acquisitions of profitable C.B.S. Scientific and Innova Biosciences expanding capabilities and increasing revenues**

Heidelberg, Germany, 8 November 2017 – SYGNIS AG (Frankfurt: LIO1; ISIN: DE000A1RFM03; Prime Standard) today reported results for the third quarter of 2017 and nine-month period ended 30 September 2017.

“The successful execution of our Grow, Buy and Build strategy during 2017 is delivering significant growth in revenues as well as operational scale and capacity within the organisation,” **said Dr. Heikki Lanckriet, CEO and CSO of SYGNIS.** “We are seeing significant benefits from the recent acquisition of Innova Biosciences, with the addition of a highly skilled workforce and key complementary products. This has also been assisted further with the merger of Innova’s and SYGNIS’ operational and R&D activities in the UK. The addition of Innova has significantly enhanced our existing sales and marketing capacity as well as broadening the range of R&D projects being commercialised. This has resulted in recent announcements in relation to new customer arrangements and product launches. We expect this to continue during the remainder of 2017 and beyond.”

He added: “We remain focussed on the development and commercialisation of additional innovative products for genomics and proteomics research and have a solid pipeline of new product developments which are expected to support revenue growth into 2018 and beyond. We continue to see strong revenue growth and increasingly more repeat sales in our TruePrime™ product range which demonstrates the strength, quality and increased acceptance of the TruePrime™ technology in the market place. Furthermore, we continue to validate TruePrime™ in a clinical setting with a focus on liquid biopsy, early cancer diagnosis and other added value point of care diagnostic applications. We anticipate strong upside revenue potential in the midterm future from this market segment.”

2017 year-to-date operational highlights:

- Acquisition of profitable Innova Biosciences for € 8 million in cash and up to 3.5 million shares concluded; relocation of operational and R&D activities of Innova completed
- Second OEM deal with TANON signed, expanding access to Chinese market from one to three product lines; expected revenue contribution more than € 1 million
- Partnership deal with Abingdon Health announced
- Integration of recently acquired C.B.S. Scientific completed within three months
- New services, tools and kits successfully launched
 - Universal Lateral Flow Assay kit and associated patent filing
 - TrueHelix bioinformatics service platform
 - TrueAdvance™ amplification service to address quality needs in next-generation sequencing

David Roth, CFO of SYGNIS, commented: “We continue to see strong demand for SYGNIS products, with quarter on quarter sales growth being delivered through a combination of new product launches and organic and acquisitive growth. The period from July 2016 has been transformative for SYGNIS in creating an organisation with significant strength in its sales & marketing and operational functions, alongside ongoing investment in R&D. The Group is now able to draw on almost 100 staff worldwide. These developments have put us in a solid financial position and we remain focussed on delivering operational cashflow break even for Q4 2017.”

First nine months of 2017 financial results:

Revenues increased 4-fold to € 5.3 million for the first nine months of 2017 (nine months 2016: € 976 thousand) through a combination of organic and acquisitive growth.

Including Cost of Goods, Total Operating Expenses were € 8.7 million for the first nine months of 2017 compared to € 3.1 million for the same period in 2016.

The increase in Operating Expenses reflects the increased capacity and scale of the Group with a significantly enhanced sales, manufacturing and R&D base in comparison to 2016. Total Operating Expenses also include restructuring costs and fair value non-cash accounting charges under IFRS for the Expedeon, C.B.S. Scientific and Innova Biosciences acquisitions, as well as transaction-related expenses totalling € 1.9 million as shown below.

The adjusted net loss was € 1.2 million excluding these one-time costs and non-cash charges. This represents a strong improvement compared to the € 2.1 million loss for the same period in 2016. The reported net loss for the first nine months of 2017 was € 3.1 million.

The following table shows the composition of revenue and operating expenses for the first nine months of 2017 compared to same period in 2016:

In € thousands	Nine-month period (1 January – 30 September)						
	2017 Reported	Acquisition fair value non-cash	Transaction costs	Reorg cost charged in period	One off costs	2017 for Comparison	2016
Revenues	5,337					5,337	976
Costs of goods sold	(2,123)	799				(1,324)	(267)
Expenses							
Sales	(1,289)					(1,289)	(450)
Administration	(4,597)	446	470	185	261	(3,235)	(1,364)
R&D	(663)					(663)	(1,063)
Other operating income (expense)	(31)					(31)	42
Total operating expenses	(8,703)	1,245	470	185	261	(6,542)	(3,102)
Results of operating activities	(3,366)	1,245	470	185	261	(1,205)	(2,126)
Finance costs	(32)					(32)	(23)
Earnings before tax	(3,398)	1,245	470	185	261	(1,237)	(2,149)
Income tax	256	(246)				10	6
Net profit/loss for the period	(3,142)	999	470	185	261	(1,227)	(2,143)

At 30 September 2017, total assets were € 49.6 million, of which € 30.5 million was goodwill. Cash and cash equivalents were € 1.5 million, compared to € 3.8 million at 31 December 2016.

During the first nine months of 2017, cash outflows from operating activities, excluding one-off restructuring and transaction costs were € 2.2 million (2016: € 2.1 million). Including one-off cash items, reported cash flows from operating activities were € 3.0 million:

In € thousands	Nine Months to Sep. 2017	Nine Months to Sep. 2016
Net cash outflow from operating activities	(3,022)	(2,130)
One-off restructuring outflows	418	0
Transaction outflows	419	0
Adjusted cash outflow from operating activities	(2,185)	(2,130)

Cash outflows from investing activities were € 9.0 million (2016: € 2.0 million) and related primarily to the acquisitions of C.B.S. Scientific and Innova Biosciences and expansion of the UK offices.

In € thousands	Nine months to Sep. 2017	Nine months to Sep. 2017 (adjusted)	Nine months to Sep. 2016
Revenues	5,337		976
Operating expenses	(8,703)	(6,542)	(3,102)
EBIT	(3,366)	(1,205)	(2,126)
Net loss for the period	(3,142)	(1,227)	(2,143)
Operating cash flow	(3,022)	(2,185)	(2,130)
	30 Sep. 2017		31 Dec. 2016
Cash and cash equivalents	1,493		3,795
Equity	39,954		31,407
Equity ratio	80%		83%
Non-current financial liabilities	3,728		2,285

Outlook 2017:

SYGNIS reiterates its full year revenue target previously updated following the acquisition of Innova Biosciences and expects revenues to be in the range of € 7 million to € 8 million for 2017. This forecast is based on continued strong organic growth of the product sales through expansion of the sales force in combination with further development of the OEM and distribution sales channels.

The Company continues to invest in R&D with a focus on further development of its ground-breaking TruePrime™ technology for high-value applications such as single cell DNA analysis and liquid biopsy for early detection and monitoring of cancer.

With the increased marketing and sales activities and a broader but targeted product offering, SYGNIS intends to further strengthen and expand its sales and customer base across the globe. Assuming the business continues to progress as projected, the Management Board expects to reach operational break-even in the fourth quarter of 2017, with strong upside potential and cash generation expected for 2018.

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About SYGNIS AG: www.sygnis.com

SYGNIS AG develops and commercialises value-added, easy-to-use, reliable products based on its proprietary technologies, offering a wide range of solutions that address key challenges in molecular biology. With the acquisitions of Expedeon Holdings Ltd. in 2016 and both C.B.S. Scientific Company, Inc. and Innova Biosciences Ltd. in 2017, SYGNIS significantly expanded its product line and now covers the entire molecular biology workflow, including genomics, proteomics and tools as well as cutting-edge bioconjugation technologies and services. SYGNIS' products are sold through a direct sales force and several distribution partners in Europe, the U.S. and Asia. The SYGNIS Group has offices in Germany, Spain, UK, USA and Asia. The Company is listed on the Prime Standard segment of the Frankfurt Stock Exchange (Ticker: LIO1; ISIN: DE000A1RFM03).

This publication is intended for information only and constitutes neither an offer to sell nor an invitation to buy securities. Some statements included in this press release, relating neither to proven financial results nor other historical data, should be viewed as forward-looking, i.e. not definite. Such statements are mainly predictions of future results, trends, plans or goals. These statements should not be considered to be total guarantees since given their very nature they are subject to known and unknown risks and imponderability and can be affected by other factors as a consequence of which the actual results, plans and goals of SYGNIS AG may deviate greatly from the established conclusions or implied predictions contained in such statements. SYGNIS does not undertake to publicly update or revise these statements in the light of new information or future results or for any other reason.



SYGNIS AG, Heidelberg, Germany
Interim results for the nine months ending 30
September 2017

Sygnis AG

Consolidated statement of financial position

In € thousands	30 September 2017	31 December 2016
ASSETS		
Property, plant and equipment	2,138	957
Goodwill	30,487	23,829
Other intangible assets	12,085	6,926
Non-current assets	44,710	31,712
Trade receivables	1,625	771
Inventory	1,119	1,092
Other current assets	695	672
Cash and cash equivalents	1,493	3,795
Current assets	4,932	6,330
Total assets	49,642	38,042

In € thousands	30 September 2017	31 December 2016
EQUITY AND LIABILITIES		
Issued capital	44,934	37,342
Capital reserves	18,479	12,871
Accumulated loss	(22,367)	(19,225)
Other comprehensive income	(1,092)	419
Equity	39,954	31,407
Deferred tax liabilities	2,152	1,152
Financial liabilities	3,728	2,285
Non-current liabilities	5,880	3,437
Financial liabilities	1,450	421
Trade payables	650	656
Other current liabilities	1,708	2,121
Current liabilities	3,808	3,198
Total equity and liabilities	49,642	38,042

Sygnis AG

Consolidated statement of comprehensive income

1 January - 30 September

In € thousands, except share and earning per share data	2017	2016
Revenues	5,337	976
Costs of goods sold	(2,123)	(267)
Expenses:		
Sales	(1,289)	(450)
Administration	(4,597)	(1,364)
Research and development	(663)	(1,063)
Other operating income	(31)	42
Total operating expenses	(8,703)	(3,102)
Results of operating activities	(3,366)	(2,126)
Finance costs	(32)	(23)
Earnings before taxes	(3,398)	(2,149)
Income tax	256	6
Net profit/loss for the period	(3,142)	(2,143)
Exchange rate adjustments	(1,511)	(3)
Other comprehensive income (after taxes)	(1,511)	(3)
Total comprehensive income	(4,653)	(2,146)
Earnings per share (diluted and undiluted)	(0.08)	(0.12)
Average number of shares outstanding	39,896,964	17,766,652

Exchange rate adjustments reflect non-cash movements relating primarily to goodwill balances held within the consolidated statement of financial position in foreign currencies and retranslated at the end of each period.

Sygnis AG

Consolidated statement of cash flows

1 January to 30 September

In € thousands	2017	2016
Operating activities:		
Net loss for the period	(3,142)	(2,143)
Reconciliation of net profit/loss to cash flow		
from operating activities:		
Depreciation of property, plant and equipment	156	52
Amortisation and impairment of intangible assets	695	213
Other non-cash items	607	17
Change in operating assets and liabilities:		
Trade receivables and other current assets	(338)	(212)
Other current assets	(68)	(510)
Trade payables	(78)	78
Other current liabilities	(165)	381
Inventories	(82)	0
Restructuring	(418)	0
Transaction costs	(157)	0
Cash outflow from operating activities	(2,990)	(2,124)
Interest paid	(32)	(6)
Net cash outflow from operating activities	(3,022)	(2,130)
Investing activities:		
Business acquisitions, net of cash acquired	(7,579)	(1,700)
Investments in property, plant and equipment and intangible assets	(1,488)	(28)
Investments in development expenses recognized as an asset	(354)	(309)
Proceeds from the sale of property, plant and equipment and intangible assets	376	0
Cash outflow from investing activities	(9,045)	(2,037)
Financing activities:		

Cash in(out)flow due to changes of current financial liabilities	495	0
Capital increase by way of cash contribution (less costs of issuing equity)	9,314	4,191
Cash inflow from financing activities	9,809	4,191
Net change in cash and cash equivalents	(2,258)	24
Exchange differences	(44)	3
Cash and cash equivalents at the beginning of the period	3,795	4,557
Cash and cash equivalents at the end of the period	1,493	4,584

Sygnis AG
Consolidated statement of changes in equity

	Issued capital		Capital reserves	Accumulated loss	Other comprehensive income		Total equity
	Number	Amount			Accumulated exchange differences	Total	
In € thousands, except for share information							
1 January 2016	16,457,486	16,458	8,749	(14,837)	44	44	10,413
Capital increases against cash (after deducting transactions costs)	4,818,200	4,818	482				5,300
Capital increases against contribution in kind			17,292				17,292
Reclassification of capital increases against cash	30,616	31	(31)				0
Reclassification of capital increases against contribution in kind	315,789	316	(316)				0
deducting capital increase costs			(1,109)				(1,109)
Result recorded directly in equity					(3)	(3)	(3)
Net loss for the year				(2,143)			(2,143)
Total comprehensive income				(2,143)	(3)	(3)	(2,146)
30 September 2016	21,622,091	21,623	25,067	(16,980)	41	41	29,750
1 January 2017	37,341,980	37,342	12,871	(19,225)	419	419	31,407
Capital increases against contribution in kind, C.B.S.	275,311	275	60				335
Capital increases against cash (after deducting transactions)	7,259,967	7,260	1,525				8,785

costs), Innova							
Capital increases against contribution in kind, Innova			3,631				3,631
Reclassification of capital increases against cash	56,829	57	43				100
Capital increase against cash			400				400
Other capital increase costs			(51)				(51)
Result recorded directly in equity representing exchange rate adjustments					(1,511)	(1,511)	(1,511)
Net loss for the period				(3,142)			(3,142)
Total comprehensive income				(3,142)	(1,511)	(1,511)	(4,653)
30 September 2017	44,934,087	44,934	18,479	(22,367)	(1,092)	(1,092)	39,954