



Expedeon AG reports strong financial results for the first six months of 2019, reaffirming positive trend

Conference call to be held today, 14 August 2019, 3 p.m. CET/2 p.m. BST

- **Reported revenues of € 7.4 million, a 31% increase on (H1 2018: € 5.6 million)**
- **Adjusted EBITDA of € 1.2 million, a strong increase (H1 2018: € 164 thousand)**
- **2019 financial guidance reconfirmed: Revenue and adjusted EBITDA on track**

Heidelberg, Germany and Cambridge, UK, 14 August 2019 – Expedeon AG (Frankfurt: EXN; ISIN: DE000A1RFM03; Prime Standard) today reported results for the second quarter of 2019 and six-month period ended 30 June 2019.

“We are very satisfied with the strong growth in revenues and adjusted EBITDA in H1 2019, which has been driven by our expertise in bio-conjugation, with several important product launches in the first half of the year. Our financial progress reflects the successful execution of our grow, buy, build strategy implemented over the past three years,” said **Dr. Heikki Lanckriet, CEO and CSO of Expedeon**. “We will continue to concentrate our activities on organic growth and on bringing innovative technologies to the market, such as the product launches of the Lightning-Link[®] metal labelling kits and CaptSure[™] universal kits. We see Lightning-Link[®], CaptSure[™] and TruePrime[™] DNA manufacturing technologies as key growth opportunities for the future. With our strong research and development infrastructure, we are well placed to benefit from market trend towards multi-omics and multiplex solutions and expect further product launches and potentially, new partnerships, during the second half of the year. Therefore, we are extremely positive about the outlook for the second half of the year, with further growth expected on H1 2019.”

2019 year-to-date operational highlights:

- January 2019: New supply and licensing deal with Cell Guidance Systems for use of Lightning-Link[®] Rapid Biotin technology in the development and production of TRIFic[™] immunoassays.
- May 2019: ELISA-ONE[™] added to Expedeon’s product offering. The technology was developed by TGR BioSciences, which was acquired by Expedeon in May 2018.
- May 2019: CaptSure[™] DIY ELISA added to Expedeon’s immunoassay technology product range. The technology was developed by TGR BioSciences, which was acquired by Expedeon in May 2018.
- June 2019: Introduction of Lightning-Link[®] Metal Labelling Kits for use in multiple immunoassay-based applications to support single cell analysis and will enable users to dramatically enhance the phenotypic analysis of heterogeneous cell populations.

- June 2019: ODDO SEYDLER BANK mandated as designated sponsor to ensure continuous trading on XETRA®, improving the tradability of Expedeon shares for investors.
- August 2019: Commercial agreement with Soan Nanotech to address limitations in development of complex, multiplex point-of-care lateral flow assay diagnostic tests.

David Roth, CFO of Expedeon, commented: “We see the strong positive trend for the full year 2018 continuing through 2019 and we are well on track to meeting our full year revenue and adjusted EBITDA guidance.”

Second quarter of 2019 financial results:

Revenues for the second quarter of 2019 were € 3.9 million (Q2 2018: € 3.3 million) representing year on year growth of 18%. The full quarter effect of TGR in 2019 contributed to this, along with ongoing growth across Expedeon’s product range.

Total operating expenses were € 4.8 million (Q2 2018: € 3.9 million). This is primarily due to the IFRS accounting impact of revaluing earn-outs relating to the acquisitions of Innova and TGR, of € 86 thousand and € 726 thousand respectively. These charges are mostly non-cash to be settled by shares and reverse the non-cash income in Q4 2018 of € 1 million relating to the same items.

The Innova earn-out charge reflects a revaluation in the earn-out value as a result of the change in Expedeon AG’s share price. The TGR charge reflects in part the change in Expedeon AG’s share price and the revaluation of the provision on the basis that TGR earn-outs are expected to be earned in full, following TGR achieving 100% of its 2019 earn-out and strong improving revenues. The Innova earn-out is now concluded; for the TGR earn-out, there is one year remaining.

Expedeon reported a positive adjusted EBITDA for Q2 2019, amounting to € 747 thousand as a result of strong revenues, against a loss of € 27 thousand in Q2 2018 (including transaction costs of € 71 thousand for TGR BioSciences in that period).

Reported net loss for the second quarter of 2019 was € 1.3 million compared to a loss of € 0.6 million in the same period of the previous year.

First half of 2019 financial results:

Total Group revenues increased by 31% to € 7.4 million for the first six months of 2019 (H1 2018: € 5.6 million) primarily attributable to the sale of kits and devices.

Total operating expenses were € 8.6 million (H1 2018: € 6.6 million) for the first half of 2019. The increase in operating expenses reflects the largely non-cash charges relating to the Innova and TGR earn-outs noted above and the full period impact in 2019 of the acquisition of TGR in May 2018.

Reported net loss for the first half of 2019 was € 1.8 million compared to € 0.9 million for the first half of 2018. The net loss result for H1 2019 included depreciation and amortisation of tangible and intangible assets (including customer lists and patents capitalised on the acquisitions of Expedeon Group, Innova Biosciences and TGR BioSciences) of € 1.5 million (H1 2018: € 1.0 million) as well as (primarily) non-cash adjustments to earn-outs of € 0.8 million.

Expedeon reported a strong positive adjusted EBITDA for H1 2019, amounting to € 1.2 million as a result of strong growth, against € 164 thousand in H1 2018:

| | 2019 | 2018 |
|---|----------------|----------------|
| | €'000 | €'000 |
| Results of operating activities (EBIT) | (1,228) | (1,011) |
| Depreciation of property, plant and equipment | 320 | 149 |
| Amortisation and impairment of intangible assets | 1,181 | 885 |
| EBITDA | 274 | 23 |
| PPA Fair value charge for inventory acquired and now sold | 0 | 17 |
| Share option charges | 125 | 124 |
| Effect of revaluation of Acquisition Earn outs | 812 | 0 |
| Adjusted EBITDA | 1,211 | 164 |

In the first half of 2019, the cash and cash equivalent levels decreased by € 2.4 million to € 3.9 million (31 December 2018: cash and cash equivalents of € 6.2 million). This was primarily the result of a € 1.2 million loan note payment to former TGR shareholders as part of the acquisition of that company, as well as Spanish soft loan repayments of € 0.3 million. Cash inflows/outflows from operating activities before interest were a positive € 0.2 million (H1 2018 outflow of: € 0.7 million).

Cash outflows from investing activities were € 0.5 million (H1 2018: € 6.2 million) and interest of € 0.3 million (H1 2018: € 28 thousand).

At 30 June 2019, total assets were € 61.6 million including goodwill of € 33.9 million and other intangibles of € 14.8 million.

Subsequent events:

Following the close of the second quarter and first six months of 2018, Expedeon announced on 10 July 2019 that during the Annual General Meeting held in Heidelberg, Germany, on 9 July 2019 all management proposals were approved and Hansjörg Plaggemars was appointed as a new member of the Supervisory Board.

Outlook 2019:

The Company expects a strong second half to the year consistent with the trends in 2017 and 2018 and with significant commercial activity focussed on its Lightning-Link® and CaptSure™ assets.

Based on the financial results of the first half of 2019, the Expedeon Group reconfirms its guidance of April 2019: Resulting from continued strong growth, the Company expects ongoing double-digit revenue growth supported by new product launches. Expedeon expects its revenue growth to translate into improving profitability with the Management Board expecting adjusted EBITDA to exceed €2 million for 2019.

The Company's 2019 half-year report will be available online today 14 August 2019 on the [Company's investors website](#).

Conference call details:

Expedeon will host a conference call (conducted in English) today, 14 August 2019, at 3 p.m. Central European Time (CET) to discuss the consolidated financial statements for the half year ended 30 June 2019 and important developments during the reporting period and to provide a strategic update and financial outlook.

Interested parties can access the conference call via the following telephone numbers:

- From Germany: +49 (0) 69 7104 45598
- From Spain: +34 91 787 0777
- From the US: +1 646 843 4608
- From the UK and other countries: +44 (0) 20 3003 2666

When prompted, please provide the password “Expedeon”.

The conference call, which is also being webcast, will be accompanied by a slide presentation which can be accessed during the call here: view-w.tv/819-1579-22230/en

Please dial in 5 minutes before the beginning of the event.

A conference call recording will be available on the [Company's investors website](#).

Consolidated statement of financial position

| € thousand | 30 June 2019 | 31 December 2018 |
|-------------------------------------|---------------|---------------------|
| ASSETS | | |
| Property, plant and equipment | 2,010 | 1,999 |
| Goodwill | 33,934 | 33,906 |
| Other intangible assets | 14,756 | 15,584 |
| Other long term assets | 816 | 319 |
| Non-current assets | 51,516 | 51,808 |
| Trade receivables | 2,390 | 2,627 |
| Inventory | 2,328 | 1,966 |
| Other current assets | 1,470 | 1,538 |
| Cash and cash equivalents | 3,861 | 6,238 |
| Current assets | 10,048 | 12,369 |
| Total assets | 61,564 | 64,177 |
| EQUITY AND LIABILITIES | | |
| Issued capital | 51,560 | 51,411 |
| Capital reserves | 21,246 | 19,753 |
| Accumulated loss | (25,394) | (23,603) |
| Other comprehensive income | (1,071) | (1,059) |
| Equity | 46,342 | 46,502 |
| Deferred tax liabilities | 2,298 | 2,440 |
| Financial liabilities | 5,774 | 7,476 |
| Non-current liabilities | 8,073 | 9,916 |
| Financial liabilities | 3,177 | 3,171 |
| Trade payables | 1,468 | 1,498 |
| Other current liabilities | 2,505 | 3,090 |
| Current liabilities | 7,150 | 7,759 |
| Total equity and liabilities | 61,564 | 64,177 |

Consolidated statement of comprehensive income

| € thousand | 3 Months ended 30 June | | 6 Months ended 30 June | |
|--|------------------------|----------------|------------------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| | Revenues | 3,899 | 3,311 | 7,351 |
| Costs of goods sold | (938) | (878) | (1,760) | (1,543) |
| Expenses: | | | | |
| Sales | (647) | (760) | (1,249) | (1,338) |
| Administration | (2,982) | (2,027) | (4,907) | (3,240) |
| Research and development | (339) | (315) | (772) | (528) |
| Other operating income (expenses) | 58 | 34 | 109 | 18 |
| Total operating expenses | (4,848) | (3,946) | (8,578) | (6,631) |
| Results of operating activities | (948) | (635) | (1,228) | (1,011) |
| Finance costs | (263) | (27) | (395) | (39) |
| Earnings before taxes | (1,211) | (662) | (1,623) | (1,050) |
| Income tax | (110) | 111 | (162) | 177 |
| Net profit/loss for the period | (1,321) | (551) | (1,785) | (873) |
| Exchange rate adjustments | 1,099 | 301 | (20) | 287 |
| Other comprehensive income (after taxes) | 1,099 | 301 | (20) | 287 |
| - to reclassify where necessary to the profit and loss account in subsequent periods | | | | |
| Total comprehensive income | (222) | (250) | (1,805) | (586) |
| Earnings per share | | | | |
| > Basic, loss for the year attributable to ordinary equity holders | (0.03) | (0.01) | (0.03) | (0.02) |
| > Diluted, loss for the year attributable to ordinary equity holders | (0.02) | (0.01) | (0.03) | (0.02) |

Consolidated statement of cash flows

€ thousand

| | 6 Months ended 30 June | |
|---|------------------------|----------------|
| | 2019 | 2018 |
| Operating activities: | | |
| Net loss for the period | (1,785) | (873) |
| Reconciliation of net profit/loss to cash flow from operating activities: | | |
| Depreciation of property, plant and equipment | 320 | 149 |
| Amortisation and impairment of intangible assets | 1,181 | 884 |
| Movement in deferred tax | (163) | (158) |
| Share option charges | 125 | 124 |
| Interest charges | 395 | (39) |
| Other non-cash items | 860 | (47) |
| Change in operating assets and liabilities: | | |
| Trade receivables and other current assets | 309 | (626) |
| Trade payables and other current liabilities | (657) | 15 |
| Inventories | (380) | (143) |
| Cash outflow from operating activities | 206 | (714) |
| Interest paid | (336) | (28) |
| Net cash outflow from operating activities | (131) | (742) |
| Investing activities: | | |
| Business acquisitions, net of cash acquired | (0) | (5,656) |
| Investments in property, plant and equipment and intangible assets | (326) | (358) |
| Investments in development expenses recognized as an asset | (183) | (216) |
| Cash outflow from investing activities | (509) | (6,230) |
| Financing activities: | | |
| Cash in(out)flow due to changes of current financial liabilities | (1,728) | 1,544 |
| Capital increase by way of cash contribution (less costs of issuing equity) | (34) | 4,544 |
| Cash inflow from financing activities | (1,762) | 6,088 |
| Net change in cash and cash equivalents | (2,402) | (883) |
| Exchange differences | 25 | 1 |
| Cash and cash equivalents at the beginning of the period | 6,238 | 1,954 |
| Cash and cash equivalents at the end of the period | 3,861 | 1,072 |

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About Expedeon AG: www.expedeon.com

Expedeon is an enabler of exciting advances in medical science and patient care. The Company's core technologies, innovative products and services are used in research laboratories around the world, enabling scientists to push the boundaries of research and product development, and play an integral part in new diagnostic tools being brought to market. With applications spanning the entire workflows in genomics, proteomics and immunology, Expedeon's technologies both accelerate and simplify research and make new and cost-effective processes available to biopharmaceutical and diagnostic organisations alike, thereby underpinning its customers' development and commercialisation objectives. Expedeon's products are sold through a direct sales force and several distribution partners in Europe, the USA and Asia. Expedeon AG has offices in Germany, Spain, UK, USA and Singapore. The Company is listed on the Prime Standard segment of the Frankfurt Stock Exchange (Ticker: EXN; ISIN: DE000A1RFM03).

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