INNOVATING FOR HEALTH

BIOHIT GROUP HALF YEAR FINANCIAL REPORT 2017

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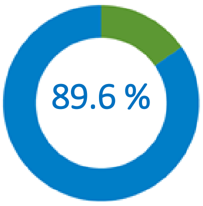
Biohit Oyj Half Year Financial Report 17 August 2017 at 9:30 am local time (EEST)

SUMMARY

January-June 2017

- Net sales grew by 6.7 % compared to H1/2016
- Net sales EUR 4.1 million (EUR 3.8 million)
- Operating profit EUR 7.4 million including the profit of EUR 8.4 million booked from the joint venture exit (EUR -2.1 million)
- The profit for the reporting period was EUR 7.2 million (EUR -2.1 million)
- Net sales from international operations 95.0 % (90.5 %) of total net sales
- Equity ratio 89.6 % (85.4 %)

Net sales grew 6.7 % compared to H1/2016



Equity ratio 89.6 %

Net sales from international operations 95 %

PRESIDENT & CEO SEMI KORPELA:

”During the first half of the year 2017 our net sales grew by 6.7 % compared to the reference period H1/2016. Growth in net sales was driven by GastroPanel® and our quick tests. The increase in net sales was negatively impacted by the strengthening of the euro against the pound and delays in deliveries due to certain Chinese customs formalities, resulting in substantial customer deliveries being transferred to the second half of the year, during which growth in net sales is expected to accelerate. During the review period, we were able to complete our exit from our joint venture Biohit HealthCare (Hefei), as a result of which profit of EUR 8.4 million was recorded in the first half of the year, including the share of the joint venture’s profit from January-May 2017. The operating profit for the period improved to EUR 7.4 million (EUR -2.1 million), which was affected by the increase in net sales, above mentioned transaction and the fixed costs decrease compared to the previous year. Fixed costs of the group were EUR 0.5 million less compared to H1/2016 and at the same time gross margin was EUR 0.2 million better. As a result, the company's operating profit improved clearly, while we also continued to grow. Compared to H1/2016 the important net cash flow from operations improved by more than EUR 0.7 million being EUR -0.8 million (EUR -1.6 million). In the first half, we received excellent results from our smoking cessation study and Biohit Oyj's business development focus is on negotiations and preparations for domestic and international distribution related to this indication of use. The results of the smoking cessation study have generated great interest towards our company as well as manufacturing and distribution rights of the product and a number of commercial negotiations are ongoing." We expanded our distributor network and advanced product registrations

We continued expanding our distributors network with new agreements and by reorganizing the existing agreements. In the first half of the year 2017, we signed the following contracts for the distribution of Biohit's diagnostic products: Mast Diagnostics will sell our diagnostic tests in France and Eastern Medical Co. in Vietnam. Afric Phar was appointed as distributor of Biohit Celiac quick test and ColonView® -test in Morocco. In Sri Lanka, GastroPanel® and ColonView®-tests will be distributed by IconnHealthCare Pvt Ltd. GastroPanel® got the sales license for strategically important market areas in Mexico and in Iran during the review period.

During the review period, Hefny Pharma received exclusive right to sell Acetium® in Egypt. In China, Chinmax Medical Systems Inc. will distribute Acetium® Lozenge. Acetium® registration was completed in Vietnam and the deliveries will start under the brand name Athetium®.

In general, the duration of the product registration process is different in each market area. It is not possible to accurately predict the time needed by the authorities to handle and complete the registrations in different countries and for product sales to begin. Our main market areas are 1) China 2) EU, Russia, Middle East, Southeast Asia and Mexico.

Cancer screenings in China and Russia continued

We continued our efforts towards advanced medical practices, especially in cancer screenings. The two pilot screening trials for gastric cancer risk started in China in 2015 continued, using Biohit Oyj's GastroPanel® test. The first of these is a project of the National Clinical Research Centre for Digestive Diseases (Changai Hospital), funded by the Ministry of Science and Technology of China. The Ministry is the coordinator of this multi-centre study screening the risks of early gastric cancer. In the study, at least 20,000 persons will be screened in some 50 hospitals. The screenings where expected to be completed in December 2016, but they are still on-going with some delay.

The second study is being conducted in Chinese healthcare centres by the China Health Promotion Foundation. The foundation is a public organization, administered by the Chinese Ministry of Health. Around half a million 40-80-year-old asymptomatic subjects will be screened in this trial. The sample collection has started in the summer of 2015 and has continued throughout the first half of 2017.

In 2015, Russian Federation started a pilot project for colorectal cancer screening, targeted to 48–75-year-old asymptomatic persons. In the pilot project, around 20,000 persons will be screened, and the results are expected to be available during 2017. Based on these results, the final selection of the screening test to be used in the national screening program will be made, and one of the options is Biohit Oyj`s ColonView® test. The national screening is organised and sponsored by the Russian Federal Government and it will be conducted by local medical centres.

BIOHIT GROUP KEY FIGURES

	1-6/2017	1-6/2016	1-12/2016
Net sales (MEUR)	4.1	3.8	8.2
Operating profit/loss (MEUR)	7.4	-2.1	-3.4
Profit/loss before taxes (MEUR)	7.4	-2.1	-3.3
Profit/loss for the period (MEUR)	7.2	-2.1	-3.3
Average number of personnel	50	55	53
Number of personnel at the end of the period	55	58	49
Equity ratio (%)	89.6 %	85.4 %	83.0 %
Earnings per share (EUR), Undiluted	0.49	-0.14	-0.22
Earnings per share (EUR), Diluted	0.48	-0.14	-0.22
Shareholders' equity per share (EUR)	1.23	0.74	0.73
Average number of shares during the period	14 717 619	14 619 501	14 685 071
Number of shares at the end of the period	14 776 843	14 698 533	14 698 533

REPORTING

Biohit's product portfolio consists of diagnostic tests, analysis systems, products binding carcinogenic acetaldehyde into a harmless compound, monoclonal antibodies, as well as service laboratory operations. The entire product and service portfolio is reported under a single segment.

NET SALES AND RESULT

January-June

Net sales grew by 6.7 % compared to H1/2016.

The operating profit was EUR 7.4 million (EUR -2.1 million H1/2016), including the EUR 8.4 million profit recorded from the joint venture exit, from which the share of patents returned to the balance sheet is EUR 7.1 million. Patents will be amortised over the next five years and it will have a negative impact on the operating profit. As a result of the depreciation base growth, the company will renew its financial reporting in 2017 financial statement release, to clearly distinguish the depreciation from other operating costs. The profit of the review period was EUR 7.2 million (EUR -2.1 million).

Consolidated net sales and operating income

	1-6/2017	1-6/2016	Change	1-12/2016
Net sales MEUR	4.1	3.8	0.3	8.2
Change compared to the previous year (%)	6.7 %			
Operating profit/loss (MEUR)	7.4	-2.1	9.4	-3.4
Change compared to the previous year (%)	456.9 %			
Operating income (% of net sales)	181.6 %	-54.3 %		-41.0 %

BALANCE SHEET

On the 30 June 2017, the balance sheet totalled EUR 20.3 million (EUR 13.0 million 31 Dec 2016). At the end of the reporting period, our equity ratio stood at 89.6 % (83.0 % 31 Dec 2016).

FINANCING AND OPERATIONAL CONTINUITY

Biohit Oyj has a moderate financing position, which allows for the necessary actions towards creating an international distributor network as well as the development and commercialization of new products. Liquidity is at a good level. At the end of the reporting period, the company’s financial assets totalled EUR 7.0 million (31 Dec 2016 EUR 7.7 million) including EUR 3.2 million worth of Genetic Analysis AS shares.

Despite significant financial investments the company has managed to keep its working capital on a good level and the management believes that working capital will cover the operations for the next 12 months and the company is not depended on external financing to be able to guarantee the continuity of its operations. Due to the tight capital controls in China, the transfer of the ca. EUR 1.6 million (after deduction of withholding tax) is a time consuming process with the authorities, but the process is now close to completion and it is further expected to strengthen the company’s working capital structure. Company’s management assessment is that company’s ability to continue its operations is good and there are no indications towards events or circumstances that alone or together might give a significant reason to doubt the organisation’s ability to continue its operations.

RESEARCH AND DEVELOPMENT

R&D operations focus on innovations, as well as product development and improved usability. Biohit also employs external experts and subcontractors in its R&D operations. Development expenditure has not been capitalised. Research and development expenditure during the reporting period amounted to EUR 0.9 million (EUR 1.1 million).

The main focus was in analysing the smoking cessation results and preparing for the commercialisation of the new use indication. We also continued development of the GastroPanel® quick test and made a progress in the performance and clinical testing and software development that are required before starting the sales.

CLINICAL RESEARCH

Ongoing clinical trials continued and new trials were started

To confirm the promising results of the smoking intervention study, which was concluded in November 2015, a new, more comprehensive study with Acetium® lozenge was designed. L-cysteine slowly released from Acetium® Lozenge binds acetaldehyde from cigarette smoke in the saliva and forms compound called MTCA, and in addition, improves oral health. The study setting was similar as in the previous study, in which Acetium® Lozenge was found to be more effective than placebo in assisting the cessation of smoking. The new study with cohort of nearly 2000 smokers started in spring 2016 and was completed in May 2017.

An international study comparing colorectal cancer screening tests in Brazil is completed for clinical work. It has a similar design as the study completed in 2015 but cohort of screened patients is larger. This study that is now completed, compared the sensitivity and specificity of Biohit Oyj's ColonView® FIT test and a traditional guaiac-based method as a screening test for colorectal cancer. Based on the interim results, and abstract was submitted for the 2017 congress of DDW (Digestive Disease Week) in the USA. The research material is currently being reviewed for final analysis. ColonView sensitivity was superior to the comparison guaiac-based test. The sensitivity (92%) of ColonView is superior to the pooled sensitivity (79%) of the current FIT tests on the market, as shown in a recent meta-analysis.

During 2016, the two randomised double-blind trials on patients who suffer from migraine and cluster headaches continued. Due to the slow recruitment of the patients, the progress of these two studies is delayed. There are no interim results available.

Due to the delayed recruitment of patients, it was decided to include two new research centres in Estonia. They will undergo migraine study exactly with the same study setting as in the Finnish multi-centre study. The study has now received an ethical license and the recruitment of the patient will be started during the summer 2017. When the same study setting is in use, these two study results can be combined and there will be sufficient number of patients to achieve the required statistical power. It have been agreed with these two new research centres to examine 160 migraine patients.

During the first half of the year 2017, the long-term treatment trial continued in two clinics in Italy, where the efficacy of Acetium® capsule in the treatment of atrophic gastritis or in intervention of disease progression is tested in a randomised placebo-controlled trial. This study setting necessitates a sufficient number of patients who fulfil the selection criteria and an adequate follow-up period after therapy. Due to these reasons, the total duration of the project will be at least three years.

GastroPanel® is tested with people belonging to special risk groups

A direct follow-up to previously published studies of the Biohit GastroPanel® test is a new study to be started with two especially high-risk patient groups. These high-risk groups are people with class 1 diabetes (DM1) and thyroid autoimmune inflammation (AITD), who are known to have clearly increased risk of autoimmune-based atrophic gastritis. The level of risk varies in different studies, but it is important to determine e.g. how the follow-up treatment of these patients should be organised. The study will be carried out in the Stomach Centre and the Internal Medicine Clinic at the University Hospital of Oulu, where patients with DM1 and AITD volunteers attending the study will be selected in course of their normal visits to the clinic and they will be tested with the GastroPanel®. All of the patients for whom the GastroPanel® test results indicate the risk for atrophic gastritis will be called for the gastroscopy in order to determine the frequency of atrophy in these patient groups. The study has received the necessary ethical license in May 2017 and enrolment for patients starts in August.

INVESTMENTS

Gross investments during the H1/2017 reporting period totalled EUR 0.1 million (EUR 0.1 million). Key investments in the period were related to equipment purchases.

PERSONNEL

During the review period, the Biohit Group employed on average 50 (55) people, of whom 40 (45) were employed by the parent company and 10 (10) by the subsidiaries.

SHORT-TERM RISKS AND UNCERTAINTY FACTORS

Biohit's key risks are related to the investments required for business growth and adequacy of economic resources these require in the medium term. Company's management assessment is that company's ability to continue its operations is good and there are no indications towards events or circumstances that alone or together might give a significant reason to doubt the organisation's ability to continue its operations in the next 12-month-period.

Other risks are involved in areas such as the success of clinical trials, the selection and development of new market areas and distribution channels, personnel recruitment, registration processes, product pricing, and political decision-making affecting the progress of screening programs. Significant short-term risks are associated with the successful selection of new market areas, the timing of expansion into selected markets and product success in these markets. The recent increase in uncertainty factors associated with international politics may have an unfavourable impact on the company's business.

The duration of the product registration process is different in each market area. For this reason, it is not possible to accurately assess the time taken for the authorities to handle registrations in these areas and for product sales to begin.

When investing liquid assets, the objective is to gain a return on investment with a minimum risk of equity loss. The investment portfolio consists of deposits, money market investments and corporate loans. A fundamental aspect in portfolio management is sufficient diversification across different asset classes, investment instruments and counterparties. Biohit conducts its investment activities with at least two partners.

Biohit’s operation’s customer base is widely diversified, with the exception of GastroPanel® sales in China, which currently represents a major single business for Biohit. Due to this reason, the company is dependent on the continuation of this business relationship. Otherwise, the company is not significantly dependent on individual customers or project deliveries. Most of the company’s business is conducted in euro, and the indirect effects of currency exchange rate fluctuations are considered insignificant.

OUTLOOK FOR 2017

Together with its distributors and license partners Biohit has several product registrations ongoing in a number of different markets, which is affecting net sales development. A number of such registrations are expected to be completed in 2017. In addition, negotiations are in progress with new partners, including on the launch of major screening projects, but a number of political risks are affecting the progress of such projects.

Biohit's cost structure is characterised by high investment in research to obtain further evidence on the efficacy of Biohit's diagnostic tests in various clinical settings and in population-based screenings. In 2016, Biohit Oyj started the confirmatory study on smoking intervention, together with research agency Kuulas Helsinki, which was completed in 2017 with excellent results. Biohit believes that this product has a high demand on the market due to the product's proven efficacy, innovativeness, differentiation from the competitors and because it has no side-effects. Biohit will launch the new smoking cessation product on the domestic markets in 2018, followed by other launches together with the selected partners. The product will also be licenced with selected partners globally and these negotiations are ongoing.

In late 2016, Biohit announced the launch of the GastroPanel® quick test. GastroPanel® quick test differs from the current version by being able to give the result already during a single clinical appointment. GastroPanel® quick test will be available in Europe after the performance and clinical tests required by the CE certification process are completed.

We aim to grow profitable and are strongly committed to taking necessary actions in order to build a profitable future for the company. Net sales growth is expected in 2017. The company does not assess when the result adjusted for items affecting comparability will turn positive.

MAIN EVENTS IN THE FIRST HALF OF THE YEAR (H1)

Ownership arrangement in Biohit Oyj's Chinese Joint Venture – 2017 operating result to be positive

Biohit Oyj and Anhui Wisdom-Win Investment Co. Ltd have signed a resolution authorised by shareholders of Biohit HealthCare (Hefei) Co. Ltd, a joint venture operating in Hefei, China, concerning reduction of the joint venture share capital for an amount equal to Biohit Oyj's shareholding. Biohit Oyj owns 40% of the company, and the agreement is for reduction of the entire share capital. As a result of the transaction Biohit Oyj estimates its operating result to turn clearly positive for 2017.

Biohit Oyj B-shares subscribed with Stock Options I 2013 B

A total number of 21 858 new Biohit Oyj B-shares were subscribed for with stock options I 2013 B between 2 December 2016 and 9 March 2017. These shares have been entered into the trade register on 20 April 2017, as of which date the new shares established equal shareholder rights with the company's existing B-shares. Public trading begun on NASDAQ Helsinki as of 21 April 2017 together with the existing B-shares.

Decisions of the Annual General Meeting of Biohit Oyj

The Annual General Meeting (AGM) of Biohit Oyj held on Wednesday 26 April 2017 approved the financial statements of the parent company and the consolidated financial statements, and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2016.

Distribution of dividends

The AGM approved the Board of Directors proposal that no dividend shall be paid for the financial period ended on 31 December 2016.

Members of the Board of Directors

The AGM decided that the number of members of the Board of Directors would be five (5) and elected the following Board members until the end of the next AGM: Professor (h.c.) Osmo Suovaniemi, CEO Franco Aiolfi, emeritus professor Matti Härkönen, professor Stina Syrjänen and Commercial Counsellor Eero Lehti.

Additionally, the AGM decided that the Chairman of the Board of Directors would be paid a meeting fee of EUR 1,500 and the other Board members would be paid a meeting fee of EUR 1,500.

Election and remuneration of the Auditor

The AGM elected authorized public accountants PricewaterhouseCoopers Oy as the company's auditor until the end of the next AGM. The auditor will be paid remuneration against the auditor's invoice.

All decisions of the AGM were made unanimously.

Constitutive meeting of Biohit Oyj's Board of Directors

Biohit Oyj's Board of Directors has elected Mr Osmo Suovaniemi as the Chairman of the Board of Directors.

Lea Paloheimo appointed Biohit Oyj's R&D and production director

Lea Paloheimo, PhD (clinical biochemistry), has been appointed Biohit Oyj's R&D and production director. Lea Paloheimo has been a member of the Biohit Oyj's management team since 2006.

Biohit Acetium® lozenge is a highly effective means to stop smoking – results confirmed in a new large-scale trial

The second smoking intervention study started in 2016 with Biohit Acetium lozenge has been completed confirming the efficacy of Acetium lozenge as an effective way to assist in smoking cessation. This new trial was designed to be adequately powered to confirm the results of the first intervention study indicating that Acetium is a potential new tool in assisting smoking cessation (1). This novel indication of Acetium lozenge is based on its capacity to effectively bind cigarette smoke-derived acetaldehyde in the saliva (2), thus potentially reducing the known effects of acetaldehyde in the maintenance of smoking dependence (3).

In this new double-blind, randomized intervention trial, a cohort of 1998 volunteer smokers was enrolled, randomly allocated into two study arms of equal size: Acetium (n=996) and Placebo (n=1002). Except for a shorter duration (6 months instead of 12), the study setting was similar as in the first study (1); smokers were instructed to continue their regular smoking habits, one group using Acetium lozenge and the other group using placebo lozenges with each smoked cigarette. The most important study instrument was the smoking diary recording the use of cigarettes and lozenges as well as different sensations of smoking experience on daily basis. Customary to clinical trials, the results were analysed separately for the study subjects who followed the protocol to perfection (PP), and for those who did so with minor violations (mITT).

The principal investigator, Chief Medical Director of Biohit Oyj, Professor Kari Syrjänen: ‘Having now been confirmed in an adequately powered study, these results represent a breakthrough in the development of smoking intervention methods. The new intervention trial closely reproduces the results of the first study (1), confirming that Acetium lozenge is markedly more effective than placebo in assisting smoking cessation. This study is also adequately powered to confirm the statistical significance of these results. In the Acetium (PP) arm, 45.3 % could stop smoking as compared to 35.4% in the placebo group (i.e., Acetium was 27.9 % more effective) (p=0.004). Statistically this is a remarkable difference. Compared to the placebo, the likelihood of smoking quit among Acetium users was 1.51-fold (95 % Confidence Interval 1.12 - 2.02) (p=0.006). This efficacy favorably competes with the results reported for nicotine replacement therapy (NRT) (4), and most importantly, even with the efficacy (i.e., OR 1.5) of the most effective current medication (combination of bupropion and varenicline) (5).’

CEO Semi Korpela, Biohit Oyj: 'Acetium lozenge is a safe and efficient smoking cessation product. No side effects. No nicotine dependencies. The efficacy is comparable to nicotine replacement therapy. The study result confirms that the Biohit Oyj innovation represents a breakthrough in the smoking cessation product market currently dominated by two main product types, prescription drugs and nicotine replacement. The product is CE-marked and available. Cessation of smoking is not easy, and in all cases, the final decision to quit has to be made in person. Acetium lozenge has an added clinical value while effectively eliminating smoking-derived carcinogenic acetaldehyde in the saliva (2) and promoting oral health. Biohit Oyj recommends refraining from smoking because of its known multiple health hazards.’

Biohit Oyj B-shares subscribed with Stock Options I 2013 B

A total number of 56 452 new Biohit Oyj B-shares were subscribed for with stock options I 2013 B between 10 March 2017 and 4 May 2017. These shares were entered into the trade register on May 29, 2017, as of which date the new shares established equal shareholder rights with the company's existing B-shares. Public trading is begun on NASDAQ Helsinki as of May 30, 2017 together with the existing B-shares.

Ownership arrangement in Biohit Oyj’s Chinese Joint Venture completed

On the 2nd of January 2017 Biohit Oyj made an announcement regarding the share capital reduction of its joint venture Biohit HealthCare (Hefei) Co. Ltd thereby assigning ownership in the company.

The transaction has received the necessary approval from the authority and the company’s share capital has been reduced by an amount equal to Biohit Oyj’s shareholding. Resulting from the transaction, a profit of approximately EUR 8.4 million will be recorded in the first half of Biohit Oyj's operating result impairing comparability. Out of this profit, approximately EUR 7.1 million will be booked to the balance sheet as intellectual property rights. Additionally a cash payment will be received as part of the transaction which corresponds to ca. EUR 1.6 million calculated with CNY rate at the date of this release. Due to the capital movement restrictions in force, the payment of the cash sum will require approval from the State Administration of Foreign Exchange, which is expected to be completed during the second half of 2017. Biohit HealthCare (Hefei) Co. Ltd is no longer Biohit Oyj's joint venture and it is no longer consolidated to the group balance sheet starting from 1st of June 2017.

Chinmax Medical Systems Inc. to distribute Acetium® Lozenge in China

Biohit Oyj and Chinmax Medical Systems Inc. have signed an agreement for the distribution of the Acetium lozenge in China. The agreement has been signed for a preliminary period of seven years and includes an option and a letter of intent for a joint venture arrangement and local production if the sales targets set out in the agreement are met.

MAJOR EVENTS AFTER THE CLOSE OF THE REVIEW PERIOD

The results of Biohit's second smoking intervention trial have been published

The results of the Biohit's second large-scale smoking intervention trial have been published in the international cancer journal: Anticancer Research. This randomized placebo-controlled trial (RCT) comprising almost 2000 smokers was completed in May 2017. This study confirmed the previous results obtained in the first RCT, based on a smaller sample size. According to these results, Acetium® lozenge is an effective means to assist smoking quit, completely free of any side effects.

Chief Medical Director, Professor Kari Syrjänen, Biohit Oyj: "Acetium lozenge is a safe and effective measure in smoking intervention, because it is a natural product containing xylitol and slow-releasing l-cysteine that binds acetaldehyde from saliva. This product is free from side effects, has no restrictions of use or recommended upper dose limit. A smoker shall take a lozenge together with each smoked cigarette, and the efficacy is based on the principle that after some period of regular use (2-3 months), the taste of the cigarette will change and the sensations of pleasure obtained from smoking will decline, making the decision to quit more easy."

CEO Semi Korpela, Biohit Oyj: "This study confirms the results of the previous study, indicating that the likelihood of smoking cessation among regular users of Acetium lozenge was 1.5-fold as compared with the placebo users. Despite all available intervention methods, the decision to stop smoking needs to be made in person."

Biohit GastroPanel® was shown to be an accurate predictor of gastric cancer risk during a 12-year follow-up of 12.000 people in China

A Chinese research group headed by Prof. Yuan Yuan (Shenyang City, Liaoning, China), collaborating with scientists from MD Anderson Cancer Center (Houston, Texas, USA), published an important study in a leading gastroenterology journal (American Journal of Gastroenterology 2017;112:704–715)(1).

The study analysed the value of the four biomarkers of the Biohit GastroPanel®: pepsinogen I (PGI), pepsinogen II (PGII), anti- Helicobacter pylori (HP) antibody, gastrin-17 (G-17) as well as PGI/PGII ratio, as predictors of either prevalent or incident gastric cancer (GC). This population-based study comprised a cohort of over 12.000 study subjects prospectively followed-up for almost 12 years in an ongoing population-based screening program in Northern China, using both serology and gastroscopy (1).

The authors used an elegant (multi-phase) study design involving both a cross-sectional analysis, prospective follow-up, and a risk prediction modeling (1). In the cross-sectional analysis, PGI, PGI/II ratio, and HP-positivity were associated with precancer lesions or GC at enrolment. During the follow-up, low PGI levels and PGI/II ratios were associated with an increased risk of incident GC. Interestingly, both low (<0.5 pmol/l) and high (>4.7 pmol/l) G-17 levels increased the risk of GC as well (1). In the risk prediction modeling, higher scores of the GastroPanel biomarkers at study onset were associated with an increased risk of incident GC during the follow-up (P<0.001)(1).

Chief Medical Director, Prof. Kari Syrjänen, Biohit Oyj: "The design of this Chinese study bears many similarities in common to the study published last year by a research group in Novosibirsk (Russia), collaborating with Biohit Oyj (2). Using a slightly different statistical approach, also our study demonstrated that the PGI/PGII ratio was the single most powerful independent predictor of incident GC (2). Of interest is the observation in the Chinese study that both low and high G-17 levels were associated with an increased risk of GC. This is neatly explained by the well-established association of low G-17 levels with atrophic antrum gastritis and high G-17 levels with atrophic corpus gastritis."

CEO Semi Korpela, Biohit Oyj: "The results of this independent research team confirm the view that in addition to being the primary test for dyspepsia and HP diagnosis (3), this a unique GastroPanel is an applicable screening test to find the risk patients requiring gastroscopy (www.biohithealthcare.com/additional-information). Unlike gastroscopy, which is not suitable for population screening, GastroPanel provides an efficient method for cost-effective (4) population-based screening of gastric cancer risks by a simple blood test."

References

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3. Syrjänen K. Serological Biomarker Panel (GastroPanel®): A Test for Non-Invasive Diagnosis of Dyspeptic Symptoms and for Comprehensive Detection of Helicobacter pylori Infection. Biomark. J 2017;3:1-10.
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ADMINISTRATION

Biohit's financial reporting and Annual General Meeting in 2017

Biohit will publish the schedule for financial reporting and Annual General Meeting 2018 later this year.

Biohit Oyj's Management Team

The members of Biohit's Management Team are: CEO Semi Korpela, CFO Niklas Nordström, Production & Research and Development Director Lea Paloheimo, Sales and Marketing Director Ilari Patrakka, Quality and Regulatory Affairs Director Daniela Söderström and Chief Medical Director Kari Syrjänen.

SHARES AND SHAREHOLDERS

Biohit Oyj’s number of shares is 14 776 843 (14 698 533), of which 2 975 500 (2 975 500) are Series A shares and 11 801 343 (11 723 033) are Series B shares. The Series B shares are quoted on NASDAQ Helsinki in the Small cap/Healthcare group under the code BIOBV.

Supposing that the market capitalisation for series A and B shares is equal, the total market capitalisation at the end of the period was EUR 88.2 million (EUR 72.8 million 30 June 2016). Shares’ trade value during the period amounted to approximately EUR 8.3 million.

BIOBV/NASDAQ OMX Helsinki	1-6/2017	1-6/2016	1-12/2016
High (EUR)	6.85	6.15	6.42
Low (EUR)	5.17	4.71	4.71
Average (EUR)	5.75	5.48	5.57
Closing (EUR)	5.97	4.95	6.05
Turnover (EUR)	8 286 133	7 060 808	11 988 747
Turnover volume	1 429 151	1 286 255	2 158 791

Shareholders

At the end of the reporting period on 30 June 2017, the company had 6 329 shareholders (6 505 on 30 June 2016). Private households held 76.29 % (76.14%), companies 18.45 % (19.43 %) and public sector organisations 0.01 % (0.02 %). Foreign ownership or nominee registrations accounted for 4.25 % (4.29 %) of shares.

Further information on the shares, major shareholders and management shareholdings is available on the company's website at www.biohithealthcare.com/investors .

ACCOUNTING PRINCIPLES

This half year financial report has been prepared in accordance with the requirements of the IAS 34 Interim Financial Reporting standard. Biohit Oyj has applied the same accounting principles in preparing this half year financial report as for its financial statements 2016.

The figures in the half year financial report have not been audited.

CONSOLIDATED INCOME STATEMENT

EUR million	1-6/2017	1-6/2016	Change	1-12/2016
Net sales	**4.1**	**3.8**	**0.3**	**8.2**
Material and service expenses	-1.8	-1.7	-0.1	-4.0
Gross margin	**2.2**	**2.1**	**0.2**	**4.2**
Other operating income	8.2	0.1	8.2	0.1
Sales and marketing expenses	-1.0	-1.1	0.1	-2.2
Administration expenses	-1.4	-1.5	0.1	-3.3
Research and development expenses	-0.9	-1.1	0.3	-2.0
Share of profit/loss in Joint Venture	0.2	-0.4	0.6	-0.2
Operating profit/loss	**7.4**	**-2.1**	**9.4**	**-3.4**
Financial income	0.1	0.1	0.0	0.2
Financial expenses	0.0	-0.1	0.1	-0.2
Profit/loss before taxes	**7.4**	**-2.1**	**9.5**	**-3.3**
Income taxes	-0.2	0.0	-0.2	0.0
Profit/loss for the financial period	**7.2**	**-2.1**	**9.3**	**-3.3**
Available-for-sale financial assets	0.0	0.5	-0.5	1.0
Translation differences	0.0	-0.1	0.0	-0.1
Items of comprehensive income that may later be	0.0	0.4	-0.5	0.9

reclassified through profit and loss				
Total comprehensive income for the period	**7.2**	**-1.7**	**8.8**	**-2.4**

Earnings per share calculated from earnings attributable to the owners of the parent company

	1-6/2017	1-6/2016	1-12/2016
Earnings per share (EUR), Undiluted	0.49	-0.14	-0.22
Earnings per share (EUR), Diluted	0.48	-0.14	-0.22

CONSOLIDATED BALANCE SHEET

EUR million	30.6.2017	30.6.2016	31.12.2016
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8.0	1.3	1.2
Property, plant and equipment	0.8	0.8	0.7
Ownership stake in joint ventures	0.0	0.2	0.4
Deferred tax assets	0.1	0.1	0.1
Total non-current assets	**8.9**	**2.3**	**2.4**
CURRENT ASSETS			
Inventories	0.9	0.7	0.9
Trade and other receivables	3.4	1.8	2.0
Other current financial assets	6.5	7.6	7.1
Cash and cash equivalents	0.5	0.5	0.6
Total current assets	**11.4**	**10.5**	**10.6**
TOTAL ASSETS	**20.3**	**12.8**	**13.0**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to the owners of the parent company			
Share capital	2.4	2.4	2.4
Invested unrestricted equity fund	4.5	4.3	4.3
Translation differences	-0.1	-0.1	-0.1
Retained earnings	11.4	4.3	4.1
Total shareholders' equity	**18.2**	**10.9**	**10.7**

NON-CURRENT LIABILITIES			
Deferred tax liabilities	0.4	0.3	0.4
Non-current interest-bearing liabilities	0.1	0.0	0.0
Total non-current liabilities	**0.5**	**0.3**	**0.4**

CURRENT LIABILITIES			
Trade payables	0.8	0.7	1.0
Other liabilities	0.8	0.9	0.8
Total current liabilities	**1.6**	**1.6**	**1.8**

Total liabilities	**2.1**	**1.9**	**2.2**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**20.3**	**12.8**	**13.0**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Statement of changes in consolidated shareholders' equity on 30 June 2017

EUR million	Share capital	Invested unrestricted equity fund	Translation differences	Fair value reserve	Retained earnings	Shareholders' equity
Shareholders' equity 1 Jan 2017	2.4	4.3	-0.1	1.0	3.1	10.7
Share based payments					0.1	0.1
Exercise of share options		0.2				0.2
Total comprehensive income for the period			0.0	0.0	7.2	7.2
Shareholders' equity 30 June 2017	2.4	4.5	-0.1	1.0	10.4	18.2

Statement of changes in consolidated shareholders' equity on 30 June 2016

EUR million	Share capital	Invested unrestricted equity fund	Translation differences	Fair value reserve	Retained earnings	Shareholders' equity
Shareholders' equity 1 Jan 2015	2.4	2.4	0.0	0.0	5.5	10.3
Direct share issue		2.0				2.0
Share based payments					0.3	0.3

Total comprehensive income for the period			-0.1	0.5	-2.1	-1.7
Shareholders' equity 30 June 2016	2.4	4.3	-0.1	0.6	3.7	10.9

CASH FLOW STATEMENT

EUR million	1-6/2017	1-6/2016	1-12/2016
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period	7.2	-2.1	-3.3
Adjustments	-6.3	0.9	1.3
Change in working capital	-1.8	-0.3	-0.5
Interest paid and payments on other operating financial expenses	0.0	-0.1	-0.1
Interest received	0.1	0.1	0.3
Realised exchange rate gains and losses	0.0	0.0	0.0
Income taxes paid	0.0	0.0	-0.1
Net cash flow from operating activities	**-0.8**	**-1.6**	**-2.5**
CASH FLOW FROM INVESTMENTS			
Investments in tangible and intangible assets	-0.1	-0.1	-0.1
Revenue from disposal of tangible and intangible assets			0.0
Net investments in funds and deposits	0.6	1.5	2.6
Net cash flow from investments	**0.5**	**1.5**	**2.5**
CASH FLOW FROM FINANCING ACTIVITIES			
Rights issue	0.2		
Proceeds from non-current loans	0.1		
Repayment of loans	0.0	-0.1	-0.1
Net cash flow from financing activities	**0.3**	**-0.1**	**-0.1**
Increase (+)/decrease (-) in cash and cash equivalents	0.0	-0.2	-0.1
Cash and cash equivalents at the beginning of the period	0.6	0.7	0.7
Effect of exchange rates on cash and cash equivalents	0.0	-0.1	-0.1
Cash and cash equivalents at the end of the period	**0.5**	**0.5**	**0.6**

RELATED PARTY TRANSACTIONS

Biohit Oyj’s goods and service sales for our joint venture Biohit Healthcare (Hefei) Co. Ltd was EUR 1.9 million (EUR 1.4 million) in the first half of the year. Joint venture exit took place on 1 June 2017.

Biohit Oyj B-shares subscribed with stock options I 2013 during the 1-6/2017 reporting period

A total number of 78 310 new Biohit Oyj B-shares have been subscribed for with stock options I 2013 B. These shares have been entered into the trade register on 4 April 2017 and 29 May 2017, as of which date the new shares established equal shareholder rights with the company's existing B-shares.

The share subscription price was 2.2766 per share respectively. The entire subscription price of EUR 178 280.55 is credited to the reserve for invested non-restricted equity, and the company share capital remains unchanged. The shares have no nominal value.

After the subscriptions the number of all Biohit Oyj's shares increased to 14 776 843 shares and the number of B-shares to 11 801 343 shares.

The share subscription period with stock options I 2013 B began on 1 June 2015 and will end 31 May 2019. The terms and conditions of the option schemes with additional information are available on Biohit Oyj website at www.biohithealthcare.com.

In order to redeem the stock options, the stock option holder has paid the subscription price in accordance with the stock option plan. The option holder also pays the income tax on the option income.

COLLATERAL, CONTINGENT LIABILITIES, AND OTHER COMMITMENTS

	30.6.2017	30.6.2016	31.12.2016
Collateral granted on behalf of the parent company			
Guarantees	0.1	0.0	0.1
Other liabilities			
Leasing commitments			
Due for payment in less than one year	0.0	0.0	0.1
Due for payment in more than one year but less than five years	0.0	0.0	0.1
Due for payment beyond five years	0.0	0.0	0.0
Total	**0.1**	**0.1**	**0.1**
Other rental commitments			
Due for payment in less than one year	0.2	0.2	0.3
Due for payment in more than one year but less than five years	0.4	0.6	0.5
Due for payment beyond five years	0.0	0.0	0.0
Total	**0.6**	**0.8**	**0.7**
Other contingent liabilities	**0.7**	**0.8**	**0.8**
Collateral and contingent liabilities total	**0.8**	**0.8**	**0.9**

NEXT FINANCIAL REPORT

Biohit will publish a schedule for financial reporting and Annual General Meeting 2018 later this year.

Helsinki 17 August 2017
Biohit Oyj
Board of Directors

Additional information:
CEO Semi Korpela
tel. +358 9 773 861
investor.relations@biohit.fi
www.biohithealthcare.com

Biohit Oyj in brief

Biohit is a globally operating Finnish biotechnology company. Biohit mission is "Innovating for Health" – we produce innovative products and services to promote research and early diagnosis. Biohit is headquartered in Helsinki, Finland, and has subsidiaries in Italy and the UK. Biohit Series B share (BIOBV) is quoted on Nasdaq Helsinki in the Small cap/Healthcare group. www.biohithealthcare.com