



CENTOGENE Reports Third Quarter 2021 Financial Results

November 24, 2021

Second Consecutive Quarter of Core Business Growth, Phasing Out COVID-19 Testing and Restructuring Organization for Core Rare Disease Business

CAMBRIDGE, Mass. and ROSTOCK, Germany and BERLIN, Nov. 24, 2021 (GLOBE NEWSWIRE) -- Centogene N.V. (Nasdaq: CNTG), a commercial-stage company focused on generating data-driven insights to diagnose, understand, and treat rare diseases, today announced financial results for the third quarter ended September 30, 2021, and provided a recent business update.

Executive Commentary

"We are encouraged by the progress achieved in Q3 on our continued path to return focus and growth to our rare disease business, driving strategic Core Business execution," stated Andrin Oswald, M.D., Chief Executive Officer at CENTOGENE. "We saw continued recovery trends in the Diagnostics segment, with over 40% increase in revenues compared to Q3 2020. While recovery in Pharma revenues is lagging, we remain optimistic for acceleration in the fourth quarter, given the ongoing growth in signed contract value as our new management team gains traction with current and prospective Pharma partners."

Q3 Financial Highlights

- Overall revenues of €30.2 million in Q3 2021, a 17% decrease compared to €36.3 million in Q3 2020
- Revenues from the Company's Pharma and Diagnostics segments ("Core Business") increased 13%, including Diagnostics revenues (excl. COVID) of €7.3 million, an increase of 43% compared to €5.1 million in Q3 2020, and Pharma revenues of €2.7 million in Q3 2021, a decrease of 28% compared to €3.8 million in Q3 2020
- Commercial COVID-19 testing revenues of €20.2 million in Q3 2021, down from €27.4 million in Q3 2020
- Total segment adjusted EBITDA of €(2.5) million compared to €9.2 million in Q3 2020 from the Company's Pharma, Diagnostics, and COVID-19 testing segments, mainly reflecting the adjusted EBITDA contribution from COVID-19 testing having decreased by €13.4 million compared to the same quarter last year, partially offset by stronger adjusted EBITDA contribution from the Core Business segments
- Cash and cash equivalents of €25.7 million as of September 30, 2021, compared to €34.8 million for the period ending June 30, 2021. There is uncertainty about the Company's ability to continue as a going concern. Please refer to the Company's Q3 2021 interim financial statements and related disclosures.

"While the business team's full focus is on the Core Business, we are also prudently managing the phaseout of our ancillary COVID-19 testing business. We will leverage this process to also streamline the operational footprint for the Core Business and fully align with the strategic framework unveiled to the shareholders in June. This is expected to lead to savings of up to EUR 15 million annualized excluding restructuring costs, predominantly reflecting a reduction in personnel-related and operational expenditures and will reduce the Company's cash burn rate," added René Just, Chief Financial Officer of CENTOGENE.

Recent Business Highlights

Corporate

- Added approximately 22,000 individuals to rare disease-centric Bio/Databank in Q3 2021. This is a one-of-a-kind real-world data repository which includes samples as well as data and cell lines for rare diseases from patients from over 120 countries
- Published a research study in the *New England Journal of Medicine* highlighting ground-breaking family genetic research and path to a potential cure for structural birth defects. The study utilized insights gained from CENTOGENE's Bio/Databank as part of a cross-organizational international team that analyzed data of more than 20,000 families. The findings provide a deeper understanding of syndromic structural birth defects and pave the way to advancing pharmacological treatment for the approximately 4 million infants every year that are born with these types of defects
- Authored nine peer-reviewed scientific publications in Q3 2021, focused on generating critical insights into an array of diseases, including Parkinson's disease, as well as structural birth defects

Pharma

- Enrolled first patient in frontotemporal dementia (FTD) clinical study, which aims to enroll and complete data-rich genetic

testing for more than 3,000 FTD patients at participating centers in Belgium, Germany, Greece, Italy, Portugal, Spain, and Turkey. The observational EFRONT Study is being conducted with support from Alector, Inc. Patients displaying the progranulin gene mutation (FTD-GRN) will have the option to enroll in Alector's Phase 3 INFRONT-3 clinical trial

- Expanded partnership with Agios Pharmaceuticals, Inc. to generate novel insights into rare blood diseases. CENTOGENE will provide genetic testing and clinical trial support via a three-year fee-for-service agreement for Agios' three global, pivotal trials in thalassemia and sickle cell disease
- Currently leading 12 observational longitudinal clinical studies to validate/monitor biomarkers, covering several disease categories, such as Parkinson's disease, transthyretin amyloidosis, and inborn errors of metabolism

Diagnostic

- Reported order intake of 14,770, which represents a 46% increase compared to 10,150 in the same period in 2020
- Combined the Company's expertise with Twist Bioscience to develop advanced sequencing tools to make genetic testing rapidly accessible for more patients with rare diseases

COVID-19 Testing & Organizational footprint

- Leveraged CENTOGENE's diagnostic expertise and resources with continued COVID-19 testing, including the processing of 342,300 test requests for SARS-CoV-2 testing in Q3 2021
- Announced the phasing out of the non-core COVID-19 testing services by early 2022 and alignment of Company's operational footprint with the strategic priorities on Core Business execution. As part of this restructuring, the Company will be eliminating approximately 80 positions in its Core Business employee base, which had a baseline of approximately 530 at the end of September 2021

2021 Financial Guidance

The Company updated its overall topline guidance and expects total revenue growth for FY2021 between 30-40% versus the prior year, driven mainly by COVID-19 related revenues. The portion of total revenues derived from COVID-19 testing has declined over the past three quarters and is expected to decline further in the fourth quarter – leading to a phaseout by the end of Q1 2022. After a decline of 20% from FY2019 to FY2020, the Company expects its Core Business to return to growth for FY2021 in the mid to high single digits.

Webcast and Conference Call Information

Management will host a conference call and webcast today at 2 p.m. CET/8 a.m. ET on November 24, 2021, to discuss financial results and recent developments. To access the conference call and webcast, please register at: <http://emea.directeventreg.com/registration/6469305>

Upon registering, each participant will be provided with Participant Dial-in information, a Direct Event Passcode, and a unique Registrant ID. Registrants can then join up to 10 minutes prior to the start of the call.

The webcast of the conference call and the slide deck will also be available on the Investor Relations page of the Company's website at <http://investors.centogene.com>.

These results reflect another step forward for CENTOGENE's mission to enable the cure of 100 rare diseases within the next 10 years. To learn more, visit: <https://www.centogene.com/virtual-investor-event>

About CENTOGENE

CENTOGENE engages in diagnosis and research around rare diseases transforming real-world clinical, genetic, and multiomic data to diagnose, understand, and treat rare diseases. Our goal is to bring rationality to treatment decisions and to accelerate the development of new orphan drugs by using our extensive rare disease knowledge and data. CENTOGENE has developed a global proprietary rare disease platform based on our real-world data repository of over 600,000 patients representing over 120 different countries.

The Company's platform includes epidemiologic, phenotypic, and genetic data that reflects a global population, as well as a biobank of patients' blood samples and cell cultures. CENTOGENE believes this represents the only platform focused on comprehensive analysis of multi-level data to improve the understanding of rare hereditary diseases. It allows for better identification and stratification of patients and their underlying diseases to enable and accelerate discovery, development, and access to orphan drugs. As of December 31, 2020, the Company collaborated with over 30 pharmaceutical partners.

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Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the U.S. federal securities laws. Statements contained herein that are not clearly historical in nature are forward-looking, and the words "anticipate," "believe," "continues," "expect," "estimate," "intend," "project," and similar expressions and future or conditional verbs such as "will," "would," "should," "could," "might," "can," and "may," are generally intended to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, and other important factors that may

cause CENTOGENE's actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, negative worldwide economic conditions and ongoing instability and volatility in the worldwide financial markets, the effects of the COVID-19 pandemic on our business and results of operations, possible changes in current and proposed legislation, regulations and governmental policies, pressures from increasing competition and consolidation in our industry, the expense and uncertainty of regulatory approval, including from the U.S. Food and Drug Administration, our reliance on third parties and collaboration partners, including our ability to manage growth and enter into new client relationships, our dependency on the rare disease industry, our ability to manage international expansion, our reliance on key personnel, our reliance on intellectual property protection, fluctuations of our operating results due to the effect of exchange rates, our ability to streamline cash usage, our requirement for additional financing and our ability to continue as a going concern, or other factors. For further information on the risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to CENTOGENE's business in general, see CENTOGENE's risk factors set forth in CENTOGENE's Form 20-F filed on April 15, 2021, with the Securities and Exchange Commission (the "SEC") and subsequent filings with the SEC. Any forward-looking statements contained in this press release speak only as of the date hereof, and CENTOGENE's specifically disclaims any obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

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Unaudited interim condensed consolidated statements of comprehensive loss for the three and nine months ended September 30, 2021, and 2020 (in EUR k)

	Note	For the three months ended September 30		For the nine months ended September 30	
		2021	2020	2021	2020
Revenue	4, 5	30,196	36,305	147,027	58,129
Cost of sales		35,618	26,059	131,325	39,892
Gross (loss)/ profit		(5,422)	10,246	15,702	18,237
Research and development expenses		3,821	4,796	12,209	10,606
General administrative expenses		10,406	8,373	32,496	24,038
Selling expenses		2,206	1,300	6,097	6,012
Impairment of financial assets	7	502	1,147	1,177	2,821
Other operating income	6.1	1,011	679	2,653	2,425
Other operating expenses	6.2	—	53	36	191
Operating loss		(21,346)	(4,744)	(33,660)	(23,006)
Interest and similar income		—	—	—	6
Interest and similar expense		263	793	734	1,504
Financial costs, net		(263)	(793)	(734)	(1,498)
Loss before taxes		(21,609)	(5,537)	(34,394)	(24,504)
Income tax expenses		35	103	159	232
Loss for the period		(21,644)	(5,640)	(34,553)	(24,736)
Other comprehensive income/ (loss), all attributable to equity holders of the parent		86	(66)	16	4
Total comprehensive loss		(21,558)	(5,706)	(34,537)	(24,732)
Attributable to:					
Equity holders of the parent		(21,610)	(5,708)	(34,635)	(24,671)
Non-controlling interests		52	2	98	(61)
		(21,558)	(5,706)	(34,537)	(24,732)
Loss per share - Basic and diluted (in EUR)		(0.96)	(0.27)	(1.55)	(1.20)

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

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Unaudited interim condensed consolidated statements of financial position as at September 30, 2021, and December 31, 2020 (in EUR k)

Assets	Note	Sep 30, 2021	Dec 31, 2020
Non-current assets			
Intangible assets		11,407	12,407
Property, plant and equipment		12,160	16,590
Right-of-use assets		19,241	22,120
Other assets	7	2,973	1,967
		45,781	53,084
Current assets			

Inventories		4,922	11,405
Trade receivables and contract assets	7	13,907	29,199
Other assets	7	5,848	8,286
Cash and cash equivalents	8	25,732	48,156
		<u>50,409</u>	<u>97,046</u>
		<u>96,190</u>	<u>150,130</u>

Equity and liabilities	Note	Sep 30, 2021	Dec 31, 2020
Equity			
Issued capital	9	2,701	2,654
Capital reserve	9	132,005	125,916
Retained earnings and other reserves		(97,523)	(62,888)
Non-controlling interests		193	95
		<u>37,376</u>	<u>65,777</u>
Non-current liabilities			
Non-current loans	10.1	100	401
Lease liabilities	10.1	15,560	17,677
Deferred tax liabilities		248	207
Government grants	10.2	8,228	8,950
		<u>24,136</u>	<u>27,235</u>
Current liabilities			
Government grants	10.2	1,375	1,342
Current loans	10.1	3,842	2,492
Lease liabilities	10.1	3,221	3,528
Trade payables	10.2	8,810	31,736
Liabilities from income taxes	10.2	177	58
Other liabilities	10.2	17,253	17,962
		<u>34,678</u>	<u>57,118</u>
		<u>96,190</u>	<u>150,130</u>

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

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Unaudited interim condensed consolidated statements of cash flows for the nine months ended September 30, 2021, and 2020 (in EUR k)

		For the nine months ended September 30	
	Note	2021	2020
Operating activities			
Loss before taxes		(34,394)	(24,504)
Adjustments to reconcile loss to cash flow from operating activities			
Depreciation and amortization	5	13,476	6,943
Inventory write-off		1,795	—
Interest income		—	(6)
Interest expense		734	1,504
Loss on the disposal of property, plant and equipment		352	—
Expected credit loss allowances on trade receivables and contract assets	7	1,177	2,821
Share-based payment expenses	11	6,136	2,542
Tax expense		160	—
Other non-cash items		(300)	(1,800)
Changes in operating assets and liabilities			
Inventories		4,688	(5,482)
Trade receivables and contract assets	7	14,115	(12,015)
Other assets	7	594	5,605

Trade payables	10.2	(22,926)	3,498
Other liabilities	10.2	(590)	1,225
Cash flow used in operating activities		(14,983)	(19,669)
Investing activities			
Cash paid for investments in intangible assets	5	(2,567)	(4,781)
Cash paid for investments in property, plant and equipment	5	(2,829)	(6,641)
Grants received for investment in property, plant and equipment	10.2	—	390
Interest received		—	6
Cash flow used in investing activities		(5,396)	(11,026)
Financing activities			
Cash received from issuance of shares		—	22,430
Cash paid for acquisition of non-wholly owned subsidiary		—	(75)
Cash received from loans	10.1	1,910	1,114
Cash repayments of loans	10.1	(467)	(1,260)
Cash repayments of lease liabilities	10.1	(3,301)	(2,833)
Interest paid		(187)	(1,028)
Cash flow used in/ generated from financing activities		(2,045)	18,348
Changes in cash and cash equivalents		(22,424)	(12,347)
Cash and cash equivalents at the beginning of the period		48,156	41,095
Cash and cash equivalents at the end of the period		25,732	28,748

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

Reconciliation of Segment Adjusted EBITDA to Group Loss for the Period

	2021	2020
For the three months ended September 30		
Reported segment Adjusted EBITDA	(2,545)	9,177
Corporate expenses	(10,135)	(10,261)
	(12,680)	(1,084)
Share-based payment expenses (Note 11)	(1,860)	(1,149)
Depreciation and amortization	(6,806)	(2,511)
Operating loss	(21,346)	(4,744)
Financial costs, net	(263)	(793)
Income tax expenses	(35)	(103)
Loss for the three months ended September 30	(21,644)	(5,640)
For the nine months ended September 30		
Reported segment Adjusted EBITDA	17,650	12,848
Corporate expenses	(31,698)	(26,369)
	(14,048)	(13,521)
Share-based payment expenses (Note 11)	(6,136)	(2,542)
Depreciation and amortization	(13,476)	(6,943)
Operating loss	(33,660)	(23,006)
Financial costs, net	(734)	(1,498)
Income tax expenses	(159)	(232)
Loss for the nine months ended September 30	(34,553)	(24,736)

Media Contact:
CENTOGENE
Lennart Streibel

Investor Relations
Investor.Relations@centogene.com

Ben Legg
Corporate Communications
Ben.Legg@centogene.com

Stern IR
Brendan Payne
+1 (212) 698 8695
brendan.payne@sternir.com