

# Interim report

## January - September 2014



October 30, 2014

### Interim report for the period January - September 2014

#### *Third quarter July – September 2014*

- Group net sales in the third quarter 2014 amounted to 118.5 MSEK (103.4), an increase by 14.6 percent compared to the corresponding quarter 2013. At comparable exchange rates sales increased by 7.2 percent for the quarter.
- Operating profit (EBIT) for the quarter increased to 12.6 MSEK (7.6).
- Result after tax for the period amounted to 11.0 MSEK (6.9).
- Earnings per share amounted to 0.17 SEK (0.10).
- The cash flow from operating activities amounted to 16.5 MSEK (14.2).
- Net cash at September 30 amounted to 72.9 MSEK compared to 61.8 MSEK at June 30.

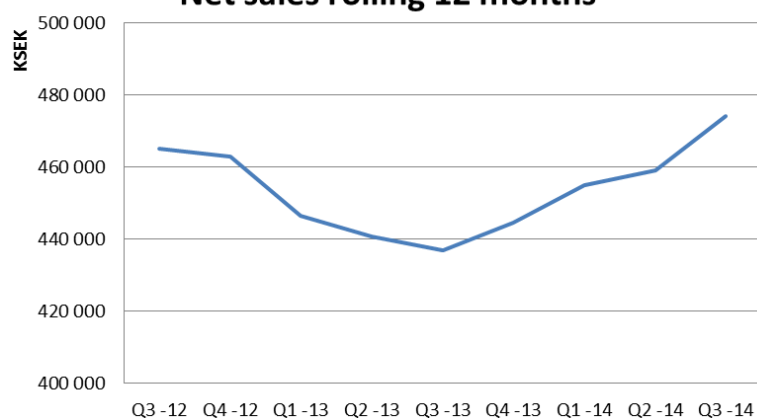
#### *Nine months, January - September 2014*

- Group net sales in the first nine months 2014 increased by 9.2 percent to 352.6 MSEK (323.0). At comparable exchange rates sales increased by 6.2 percent for the nine months period.
- Operating profit (EBIT) for the nine month period increased to 35.6 MSEK (25.8).
- Result after tax amounted to 34.5 MSEK (22.9).
- Earnings per share amounted to 0.53 SEK (0.34).
- The cash flow from operating activities amounted to 51.9 MSEK (36.4).
- Net cash at September 30 amounted to 72.9 MSEK compared to 85.0 MSEK at December 31, 2013.
- Dividends to shareholders were paid in May to the amount of 38.8 MSEK (34.9).
- At the end of the reported period Biotage had no holding of own shares. No shares have been acquired under the repurchasing program decided by the 2014 Annual General Meeting. The previous holding of 5,146,883 shares acquired under the previous repurchasing program were cancelled in May according to the resolution by the 2014 AGM.

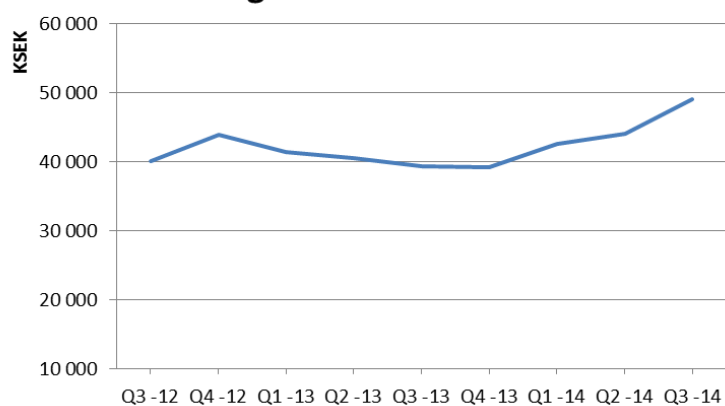
## Group financial development in brief

Amounts in SEK millions	3rd quarter	3rd quarter	9 months	9 months	12 months
	Jul-Sep	Jul-Sep	Jan -Sep	Jan -Sep	Jan-Dec
	2014	2013	2014	2013	2013
Net sales	118.5	103.4	352.6	323.0	444.6
Cost of sales	-53.9	-44.9	-160.6	-140.3	-195.1
Gross profit	64.7	58.6	192.0	182.7	249.6
Operating expenses	-52.1	-51.0	-156.4	-157.0	-210.4
Operating profit/loss	12.6	7.6	35.6	25.8	39.2
Financial items	-0.9	-0.4	2.0	-1.9	1.2
Profit/loss before tax	11.7	7.2	37.6	23.9	40.4
Tax expenses	-0.7	-0.3	-3.1	-1.0	1.0
<b>Total profit/loss for the period</b>	<b>11.0</b>	<b>6.9</b>	<b>34.5</b>	<b>22.9</b>	<b>41.4</b>
Gross profit margin	54.6%	56.6%	54.5%	56.6%	56.1%
Operating profit margin	10.6%	7.4%	10.1%	8.0%	8.8%

### Net sales rolling 12 months



### Operating profit (EBIT) rolling 12 months



## Comments by CEO Torben Jörgensen

Biotage maintains good momentum in its operations and shows organic growth for the fourth consecutive quarter. The development of the Swedish currency contributes to the high growth percentage for the quarter, 14.6 percent. At comparable exchange rates, the growth for the third quarter is 7.2 percent. With a 6.2 percent growth on a rolling 12 month basis at the end of September we are approaching our long term goal of 8 percent average annual growth.

Operating profit (EBIT) for the quarter improved by 65 percent compared to last year, to 12.6 MSEK. For the first nine months of the year it amounts to 35.6 MSEK, which is a 38 percent improvement. In the third quarter as well as on a rolling 12 month basis we just exceed our 10 percent EBIT margin target.

All geographical areas except Japan show growth compared to the corresponding quarter last year. For the nine month period also Japan reports growth despite a weak Japanese economy after the VAT raise in April this year. The measures initiated last quarter with a geographic division of the distributor sales in the rest of the world and an increased focus on the single distributors have already started to yield results. The negative trend for the indirect sales seen earlier in the year has been broken.

The product area Purification in organic chemistry continues to develop well. So do the sales of our Sample Prep products in analytical chemistry. These product areas are Biotage's biggest ones and a positive sales development in these is important. During the quarter the preparations for the launch of our automated Sample Prep system Extrahera have been intense. The customer feedback from the demo systems has been very positive. Extrahera was launched on October 1 and we expect that this novel technology platform will not only grow our systems sales, but also drive the sales of consumables in analytical chemistry. In the product area Industrial Resins we have closed yet another collaboration agreement with a new customer and we also received some large orders that we bring with us into the fourth quarter as sales back log.

The gross margin amounts to 54.6 percent for the quarter as well as on a rolling 12 month basis. The distribution of sales between systems and consumables/service is 45 percent systems and 55 percent service and consumables on a rolling 12 month basis. Biotage's target is that aftermarket products shall constitute at least 60 percent of the sales, as they generally have a better margin and are less cyclical. With the last two years' successful launches of new systems, a higher share of system sales is expected also in the coming year. Despite the relatively high share of system sales the gross margin for the quarter is on the same level as the preceding quarter. System sales have increased from 43 to 45 percent of the total sales in the quarter and considering this, I am satisfied that the gross margin remains unchanged.

## Group result, financial position and cash flow

### Third quarter July - September 2014

Group net sales in the third quarter 2014 amounted to 118.5 MSEK (103.4), which is an increase by 14.6 percent. At comparable exchange rates sales increased by 7.2 percent compared to the corresponding quarter 2013. America was the biggest market with 43 percent (42) of the net sales. The EU contributed 35 percent (34), Japan 11 percent (15), China 5 percent (4) and the rest of the world 6 percent (5) of the net sales.

The Group's gross margin was 54.6 percent (56.6). The currency development, above all of the USD, has contributed positively to the sales proceeds at the same time as the production costs in GBP and USD rise when these currencies are strong compared to the SEK. An increased share of systems in the Group's sales contribute to a lower gross margin compared to last year, as system sales give a lower gross margin contribution than sales of consumables and service.

The operating expenses amounted to 52.1 MSEK (51.0). The operating profit increased to 12.6 MSEK (7.6) corresponding to an operating margin of 10.6 percent (7.4). Net financial income amounted to -0.9 MSEK (-0.4). The result after tax increased to 11.0 MSEK (6.9).

The cash flow from operating activities was 16.5 MSEK (14.2). The investments amounted to 6.7 MSEK (11.1) and the amortizations to 7.3 MSEK (6.3). 4.9 MSEK (5.6) of the investments were capitalized development costs and 4.8 MSEK (4.1) of the amortizations were amortizations of capitalized development costs.

### Nine month period January - September 2014

Group net sales increased by 9.2 percent in the first nine months of 2014 and amounted to 352.6 MSEK (323.0). At comparable exchange rates net sales increased by 6.2 percent. America was the biggest market with 41 percent (39) of the net sales. The EU area contributed 35 percent (35), Japan 14 percent (15), China 5 percent (4) and the rest of the world 5 percent (7) of the net sales.

The Group's gross margin for the period was 54.4 percent (56.6). The relatively high share of the total sales consisting of systems sales had a negative impact on the profitability figure for the period. The strengthened GBP also contributed negatively at the translation of production costs in Cardiff, Wales.

The operating expenses amounted to 156.4 MSEK (157.0). The operating profit increased to 35.6 MSEK (25.8) with an operating margin of 10.1 percent (8.0). Other operating income is mainly exchange rate effects on operating receivables and payables. Net financial income amounted to 2.0 MSEK (-1.9). The result after tax amounted to 34.5 MSEK (22.9), an increase by 50 percent.

The cash flow from operating activities was 51.9 MSEK (36.4). The investments amounted to 24.4 MSEK (32.9) and the amortizations to 23.1 MSEK (21.0). 17.1 MSEK (21.7) of the investments were capitalized development costs and 13.7 MSEK (12.0) of the amortizations were amortizations of capitalized development costs.

### Balance sheet items

At September 30 2014 the Group's cash and cash equivalents amounted to 78.0 MSEK compared to 66.9 MSEK at June 30 and 90.8 MSEK at December 31, 2013. The Group's interest-bearing liabilities amounted to 5.1 MSEK at the end of the reported period, compared to 5.1 MSEK at June 30 and 5.7 MSEK at December 31, 2013. Net cash at September 30 thus amounted to 72.9 MSEK compared to 61.8 MSEK at June 30 and 85.0 MSEK at December 31, 2013. In May dividends to the shareholders were paid to the amount of 38.8 MSEK.

The Group reports a total goodwill of 104.0 MSEK at September 30, the same amount as at June 30 as well as December 31, 2013. The reported goodwill relates to the acquisitions of MIP Technologies AB and two product lines from Caliper Life Sciences Inc. in 2010. Other intangible fixed assets amounted to 126.1 MSEK, compared to 126.7 MSEK at June 30 and 126.0 MSEK at December 31, 2013. Of this sum patents and license rights amounted to 34.2 MSEK, compared to 37.5 MSEK at December 31, 2013 and capitalized development costs to 91.9 MSEK, compared to 88.4 MSEK at December 31, 2013.

The inventory amounted to 103.1 MSEK compared to 96.6 MSEK at June 30 and 85.9 MSEK at 31 December 2013. The increase is explained by a strategic decision to increase finished goods inventories of certain consumables primarily in the US to meet customer delivery requirements, launches of new products and currency translation effects.

At September 30 the equity capital amounted to 480.8 MSEK, compared to 476.8 MSEK at December 31, 2013. The change in equity capital during the nine month period is attributable to the net result, 34.5 MSEK, dividends to the shareholders, -38.8 MSEK, repurchasing of shares -0.1 MSEK, and hedging and currency effects at the translation of foreign subsidiaries, 8.4 MSEK.

### **Repurchasing program**

During the quarter no own shares were acquired under the repurchasing program decided by the 2014 Annual General Meeting. The total of 5,146,883 own shares acquired by Biotage under the previous repurchasing program have been cancelled according to the resolution by the 2014 AGM. Complete documentation from the AGM is available at [www.biotage.com](http://www.biotage.com).

### **Patent dispute in the US**

Biotage has, as previously reported, been sued for alleged patent infringement in the US. These law suits are declared stayed by the court awaiting the results of reexamination cases of the validity of the patents by the US Patent and Trademark Office.

The US Patent and Trademark Office's Patent Trial and Appeal Board has declared all patent claims in US patents 7,138,061, 7,381,327 and 7,410,571 invalid. The decision has been appealed by the other party to the US Court of Appeals for the Federal Circuit. The U.S. Court of Appeals for the Federal Circuit affirmed the rejections of all claims on September 10, 2014.

The reexamination cases concerning US patents 8,066,875 and 7,381,327 are in progress at the US Patent and Trademark Office and there is nothing new to report from these two

cases. Biotage's analysis indicates that the company has a strong position and that the other party lacks good cause for the alleged patent infringement.

### **Major events after the reported period**

There are no major events after the reported period to report.

### **Human resources**

The Group had 291 employees at September 30, 2014, compared to 292 at June 30 and 290 at the start of the year.

### **Parent company**

The Group's parent company, Biotage AB, has wholly owned subsidiaries in Sweden, the United States, United Kingdom, Germany, France, Italy, Japan and China. The parent company is responsible for group management, strategic business development and administrative functions at group level and towards subsidiaries.

The parent company's net income amounted to 0.6 MSEK (0.6) in the third quarter and to 1.9 MSEK (1.8) in the nine month period January – September. The result after financial items was -22.0 MSEK (-2.7) in the third quarter and -28.7 MSEK (33.6) for the nine month period. Results from holdings in group companies amounted to -15.6 MSEK for the first nine months 2014 and relates to a write-down of inter-company balances in connection with a merger of two subsidiaries in Cardiff, Wales. The comparative figure for the corresponding period 2013 was 42.8 MSEK and 153.6 MSEK for the full year 2013, mainly consisting of reversed write-downs of receivables from subsidiaries resulting from inter-company transfer of the product lines RapidTrace® and TurboVap®.

The parent company's investments in intangible fixed assets amounted to 0.3 MSEK (0.5) in the third quarter and to 0.8 MSEK (0.8) the first nine months.

The parent company's cash and bank balance amounted to 0.5 MSEK at September 30, compared to 0.3 MSEK at June 30 and 30.1 MSEK at December 31, 2013. The change in the parent company's cash and bank balance is mainly attributable to dividends to the shareholders, changes in inter-company balances and the period's result.

### **Risks and uncertainties**

As an international Group, Biotage is exposed to various risks that affect the possibilities to achieve the established targets. There are operational risks, such as the risk that competitive situations affect price levels and sales volumes, and the risk that the economic development in the markets and segments where the Group operates is not stable. There are also financial risks, such as currency risks, interest risks and credit risks. No major changes in significant risks or uncertainty factors have occurred during the period. A detailed account of Biotage's risks and uncertainty factors and the handling of these can be found in the company's Annual Report for 2013. Readers wishing to study the Annual Report can download this from Biotage AB's website [www.biotage.com](http://www.biotage.com) or order it from Biotage AB, Box 8, SE-751 03 Uppsala or [info@biotage.com](mailto:info@biotage.com).

## Nomination committee

In a press release issued on October 23 it was announced that a nomination committee consisting of shareholders representatives and the Chairman of the Board has been formed for Biotage AB. The nomination committee shall, before the Annual General Meeting 2015, prepare proposals for the election of chairman and other members of the board of directors, the election of chairman of the AGM, election of auditors, the determination of fees and matters pertaining thereto. The members of the nomination committee are:

Ove Mattsson, Chairman of the Board, holding through endowment insurance  
Anders Walldov, Brohuvudet AB and direct holding  
Pia Axelsson, The Fourth Swedish National Pension Fund  
Andreas Bladh, Varenne AB

Shareholders wishing to submit a proposal for members of the board of directors may do so by sending an e-mail to the Chairman of the Board at: [info@biotage.com](mailto:info@biotage.com)

## Reports relating to 2014 and 2015

The year-end report for 2014 will be issued on February 12, 2015.  
The interim report for the first quarter 2015 will be issued on April 28, 2015.  
The Annual General Meeting will be held on April 28, 2015.  
The interim report for the second quarter 2015 will be issued on August 13, 2015.  
The interim report for the third quarter 2015 will be issued on October 30, 2015.  
The year-end report for 2015 will be issued on February 11, 2016.  
The Annual Report for 2014 is planned to be published in week 14 2015.

*This report has been reviewed by the company's auditor.*

Uppsala October 30, 2014

Torben Jörgensen  
President and CEO

For further information, please contact:

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*The information is of the kind that Biotage AB (publ) is required to make public according to the Financial Instruments Trading Act. The information was released for publication at 08.30 on October 30, 2014.*

### **About Biotage**

*Biotage offers efficient separation technologies from analysis to industrial scale and high quality solutions for analytical chemistry from research to commercial analysis laboratories. Biotage's products are used by government authorities, academic institutions, pharmaceutical and food companies, among others. The company is headquartered in Uppsala and has offices in the US, UK, China and Japan. Biotage has approx. 290 employees and had sales of 445 MSEK in 2013. Biotage is listed on the NASDAQ OMX Stockholm stock exchange. Website: [www.biotage.com](http://www.biotage.com)*

## Financial reports summary

**Biotage AB (publ)**

**Interim report**

**2014-01-01 -- 2014-09-30**

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousands	2014-07-01 2014-09-30	2013-07-01 2013-09-30	2014-01-01 2014-09-30	2013-01-01 2013-09-30	2013-01-01 2013-12-31
Net sales	118,525	103,418	352,625	322,996	444,644
Cost of sales	-53,868	-44,851	-160,614	-140,285	-195,061
<b>Gross profit</b>	<b>64,656</b>	<b>58,567</b>	<b>192,010</b>	<b>182,711</b>	<b>249,583</b>
Distribution costs	-34,330	-32,990	-101,776	-101,009	-134,712
Administrative expenses	-11,051	-8,941	-33,890	-30,491	-42,687
Research and development costs	-9,202	-8,153	-26,778	-25,662	-33,483
Other operating income	2,518	-873	6,037	204	494
Total operating expenses	-52,065	-50,957	-156,406	-156,958	-210,388
<b>Operating profit/loss</b>	<b>12,591</b>	<b>7,610</b>	<b>35,604</b>	<b>25,753</b>	<b>39,196</b>
Financial net income	-865	-431	1,971	-1,885	1,173
<b>Profit/loss before income tax</b>	<b>11,727</b>	<b>7,179</b>	<b>37,575</b>	<b>23,868</b>	<b>40,369</b>
Tax expenses	-728	-260	-3,117	-962	1,023
<b>Total profit/loss for the period</b>	<b>10,998</b>	<b>6,919</b>	<b>34,458</b>	<b>22,906</b>	<b>41,392</b>
<b>Other comprehensive income</b>					
Components that may be reclassified to net income:					
Translation differences related to non Swedish subsidiaries	5,191	-5,509	8,913	-2,705	-236
Cash flow hedges	-155	-	-463	-228	-52
<b>Total other comprehensive income</b>	<b>5,036</b>	<b>-5,509</b>	<b>8,450</b>	<b>-2,932</b>	<b>-288</b>
<b>Total comprehensive income for the period</b>	<b>16,035</b>	<b>1,410</b>	<b>42,908</b>	<b>19,973</b>	<b>41,104</b>



**Biotage AB (publ)**  
**Interim report**  
**2014-01-01 -- 2014-09-30**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continuing)**

	<b>2014-07-01</b>	<b>2013-07-01</b>	<b>2014-01-01</b>	<b>2013-01-01</b>	<b>2013-01-01</b>
	<b>2014-09-30</b>	<b>2013-09-30</b>	<b>2014-09-30</b>	<b>2013-09-30</b>	<b>2013-12-31</b>
Attributable to parent company's shareholders:					
Total profit/loss for the period	10,998	6,919	34,458	22,906	41,392
Attributable to parent company's shareholders:					
Total comprehensive income for the period	16,035	1,410	42,908	19,973	41,104
Average shares outstanding (*)	64,714,447	65,898,639	64,714,447	68,139,330	67,375,712
Average shares outstanding after dilution (*)	64,714,447	65,898,639	64,714,447	68,139,330	67,375,712
Shares outstanding at end of reporting period (*)	64,714,447	69,861,330	64,714,447	69,861,330	69,861,330
Total profit/loss for the period per share SEK	0.17	0.10	0.53	0.34	0.61
Total profit/loss for the period per share SEK after dilution	0.17	0.10	0.53	0.34	0.61
Earnings per share relates to:					
Continuing operations	0.17	0.10	0.53	0.34	0.61
Total comprehensive income for the period per share SEK	0.25	0.02	0.66	0.29	0.61
Total comprehensive income for the period per share after dilution SEK	0.25	0.02	0.66	0.29	0.61

(\*) Of the numbers of shares outstanding are repurchased as per end of reporting period - 4,398,685 - 4,398,685 5,137,609  
Average numbers of shares outstanding are reported excluding numbers shares repurchased.

<b>Quarterly summary 2014 and 2013</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
<b>Amounts in KSEK</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>
Net Sales	118,525	120,383	113,717	121,649	103,418	116,344	103,234
Cost of sales	-53,868	-54,724	-52,022	-54,776	-44,851	-50,489	-44,945
Gross profit	<b>64,656</b>	<b>65,659</b>	<b>61,695</b>	<b>66,872</b>	<b>58,567</b>	<b>65,855</b>	<b>58,288</b>
Gross margin	54.6%	54.5%	54.3%	55.0%	56.6%	56.6%	56.5%
Operating expenses	-52,065	-52,110	-52,231	-53,430	-50,957	-53,789	-52,211
Operating profit/loss	<b>12,591</b>	<b>13,549</b>	<b>9,464</b>	<b>13,443</b>	<b>7,610</b>	<b>12,066</b>	<b>6,077</b>
Finansnetto	-865	2,384	451	3,058	-431	1,007	-2,461
Profit/loss before income tax	<b>11,727</b>	<b>15,933</b>	<b>9,916</b>	<b>16,501</b>	<b>7,179</b>	<b>13,073</b>	<b>3,616</b>
Tax expenses	-728	-539	-1,850	1,985	-260	-165	-537
<b>Total profit/loss for the period</b>	<b>10,998</b>	<b>15,394</b>	<b>8,066</b>	<b>18,486</b>	<b>6,919</b>	<b>12,908</b>	<b>3,079</b>

**Biotage AB (publ)**  
**Interim report**  
**2014-01-01 -- 2014-09-30**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>Amounts in SEK thousands</b>	<b>2014-09-30</b>	<b>2013-12-31</b>
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, plant and equipment	43,266	41,608
Goodwill	104,023	104,023
Other intangible assets	126,097	125,964
Financial assets	2,052	1,224
Deferred tax asset	44,914	44,914
<b>Total non-current assets</b>	<b>320,351</b>	<b>317,732</b>
<b>Current assets</b>		
Inventories	103,126	85,887
Trade and other receivables	102,167	97,860
Cash and cash equivalents	77,991	90,769
<b>Total current assets</b>	<b>283,284</b>	<b>274,515</b>
<b>TOTAL ASSETS</b>	<b>603,635</b>	<b>592,247</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to equity holders of the parent company</b>		
Share capital	89,953	89,423
Other paid-in capital	4,993	4,993
Reserves	-99,639	-108,090
Retained earnings	485,454	490,447
<b>Total equity</b>	<b>480,760</b>	<b>476,774</b>
<b>Non-current liabilities</b>		
Liabilities to credit institutions	4,569	5,293
Other financial liabilities	14,610	19,194
Deferred tax liability	2,012	1,835
Non-current provisions	1,234	1,202
<b>Total non-current liabilities</b>	<b>22,424</b>	<b>27,523</b>
<b>Current liabilities</b>		
Trade and others liabilities	91,696	81,767
Other financial liabilities	6,697	3,217
Tax liabilities	598	1,307
Liabilities to credit institutions	487	444
Current provisions	972	1,214
<b>Total current liabilities</b>	<b>100,450</b>	<b>87,950</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>603,635</b>	<b>592,247</b>

**Biotage AB (publ)**  
**Interim report**  
**2014-01-01 -- 2014-09-30**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<b>Amounts in SEK thousands</b>	<b>Share capital</b>	<b>Other payed-in capital</b>	<b>Accumulated translation reserve</b>	<b>Hedging reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Opening balance January 1, 2013</b>	<b>89,372</b>	<b>4,993</b>	<b>-108,029</b>	<b>228</b>	<b>544,267</b>	<b>530,829</b>
<b>Changes in equity in the period of January 1 -September 30, 2013</b>						
Total comprehensive income	-	-	-2,705	-228	22,906	19,973
<b>Total non-owners changes</b>	<b>-</b>	<b>-</b>	<b>-2,705</b>	<b>-228</b>	<b>22,906</b>	<b>19,973</b>
<b>Transactions with equity holders of the company</b>						
Cancellation of treasury shares (*)	-4,141	-	-	-	4,141	-
Increase of share capital without the issue of new shares, bonus issue (*)	4,192	-	-	-	-4,192	-
Dividend to shareholders of the parent company	-	-	-	-	-34,931	-34,931
Share buy-back by parent company (*)	-	-	-	-	-52,837	-52,837
<b>Closing balance September 30, 2013</b>	<b>89,423</b>	<b>4,993</b>	<b>-110,734</b>	<b>-</b>	<b>479,355</b>	<b>463,037</b>
<b>Changes in equity in the period of October 1, - December 31, 2013</b>						
Total comprehensive income	-	-	2,469	176	18,486	21,131
<b>Total non-owners changes</b>	<b>-</b>	<b>-</b>	<b>2,469</b>	<b>176</b>	<b>18,486</b>	<b>21,131</b>
<b>Transactions with equity holders of the company</b>						
Share buy-back by parent company (*)	-	-	-	-	-7,394	-7,394
<b>Closing balance December 31, 2013</b>	<b>89,423</b>	<b>4,993</b>	<b>-108,265</b>	<b>176</b>	<b>490,447</b>	<b>476,774</b>
<b>Changes in equity in the period of January 1 - June 30, 2014</b>						
Total comprehensive income	-	-	3,722	-308	23,459	26,872
<b>Total non-owners changes</b>	<b>-</b>	<b>-</b>	<b>3,722</b>	<b>-308</b>	<b>23,459</b>	<b>26,872</b>
<b>Transactions with equity holders of the company</b>						
Cancellation of treasury shares (*)	-6,588	-	-	-	6,588	-
Increase of share capital without the issue of new shares, bonus issue (*)	7,119	-	-	-	-7,119	-
Dividend to shareholders of the parent company	-	-	-	-	-38,829	-38,829
Share buy-back by parent company (*)	-	-	-	-	-93	-93
<b>Closing balance June 30, 2014</b>	<b>89,953</b>	<b>4,993</b>	<b>-104,543</b>	<b>-132</b>	<b>474,455</b>	<b>464,725</b>
<b>Changes in equity in the period of July 1, - September 30, 2014</b>						
Total comprehensive income	-	-	5,191	-155	10,999	16,036
<b>Total non-owners changes</b>	<b>-</b>	<b>-</b>	<b>5,191</b>	<b>-155</b>	<b>10,999</b>	<b>16,036</b>
<b>Transactions with equity holders of the company</b>						
Share buy-back by parent company (*)	-	-	-	-	-	-
<b>Closing balance September 30, 2014</b>	<b>89,953</b>	<b>4,993</b>	<b>-99,352</b>	<b>-287</b>	<b>485,454</b>	<b>480,760</b>

\*<sup>1</sup>) Repurchased shares, cancellation of repurchased shares and bonus issue.

The Annual General Meeting 2013 resolved to authorize the Board to carry out a repurchasing program comprising a maximum of 10 percent of the company's outstanding shares. At the time of the Annual General Meeting of April 28, 2014 the company had in accordance with the authorization repurchased 5,146,883 shares at an average share price of 9.07 SEK.

In accordance with the proposal of the Board, the Annual General Meeting 2014 resolved that the repurchased shares should be cancelled. The company's share capital therefore decreased by 6,588 KSEK. At the same time it was decided that the company's share capital should be increased by 7,119 KSEK through a bonus issue where the issue sum was transferred from the parent company's non-restricted reserves. After realization of the AGM's decisions the registered share capital is 89,953,081 SEK and the number of outstanding shares 65,714,447.

The Annual General Meeting also resolved to authorize the Board to continue to let the company repurchase shares up until the Annual General Meeting 2015, so that the company's holding of own shares amounts to a maximum of 10 percent of the number of registered shares. At the balance sheet date September 30, 2014, the company held no repurchased shares.

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**CONSOLIDATED STATEMENT OF CASH FLOWS**

	2014-07-01	2013-07-01	2014-01-01	2013-01-01	2013-01-01
Amounts in SEK thousands	2014-09-30	2013-09-30	2014-09-30	2013-09-30	2013-12-31
<b>Operating activities</b>					
Profit/loss before income tax	11,727	7,179	37,575	23,868	40,369
Adjustments for non-cash items	11,882	4,833	31,330	27,165	32,460
	<b>23,608</b>	<b>12,012</b>	<b>68,905</b>	<b>51,033</b>	<b>72,829</b>
Income tax paid	-572	-2,164	-2,488	-4,938	-4,319
<b>Cash flow from operating activities before changes in working capital</b>	<b>23,036</b>	<b>9,848</b>	<b>66,417</b>	<b>46,096</b>	<b>68,510</b>
Cash flow from changes in working capital:					
Increase (-)/ decrease (+) in inventories	-6,558	1,436	-17,239	-5,235	-2,755
Increase (-)/ decrease (+) in trade receivables	-1,076	11,464	-4,483	-523	-9,507
Increase (-)/ decrease (+) in other current receivables	-401	4,622	-2,500	8,705	8,099
Increase (+)/ decrease (-) in other liabilities	1,489	-13,207	9,720	-12,639	-7,592
<b>Cash flow from operating activities</b>	<b>16,489</b>	<b>14,164</b>	<b>51,914</b>	<b>36,404</b>	<b>56,757</b>
<b>Investing activities</b>					
Acquisition of intangible assets	-5,341	-6,743	-18,302	-23,628	-32,513
Acquisition of property, plant and equipment	-1,354	-4,467	-6,131	-8,362	-8,815
Acquisition of financial assets	-	-	-	-912	-144
Sale of financial assets	-	-	-	-	-
<b>Cash flow from investing activities</b>	<b>-6,695</b>	<b>-11,210</b>	<b>-24,432</b>	<b>-32,902</b>	<b>-41,472</b>
<b>Financing activities</b>					
Dividend to shareholders	-	-	-38,829	-34,931	-34,931
Buy-back of shares	-	-7,299	-93	-52,837	-60,230
Loan raised	-	-	1,076	179	-
Repayment of loans	-341	-430	-3,704	-	66
<b>Cash flow from financial activities</b>	<b>-342</b>	<b>-7,728</b>	<b>-41,549</b>	<b>-87,588</b>	<b>-95,095</b>
<b>Cash flow for the period</b>	<b>9,453</b>	<b>-4,774</b>	<b>-14,067</b>	<b>-84,086</b>	<b>-79,810</b>
Cash and cash equivalents opening balance	66,912	88,627	90,769	170,917	170,917
Exchange differences in liquid assets	1,627	2,378	1,290	-599	-337
<b>Cash and equivalents closing balance</b>	<b>77,991</b>	<b>86,231</b>	<b>77,991</b>	<b>86,231</b>	<b>90,769</b>
<b>Additional information:</b>					
<i>Adjustments for non-cash items</i>					
Depreciations and impairments	7,700	6,317	23,950	21,012	30,609
Other items	4,182	-1,484	7,380	6,153	1,851
Total	11,882	4,833	31,330	27,165	32,460
Interest received	-56	219	110	868	1,084
Interest paid	102	-65	-44	-382	-437

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**INCOME STATEMENT, PARENT**

	<b>2014-07-01</b>	<b>2013-07-01</b>	<b>2014-01-01</b>	<b>2013-01-01</b>	<b>2013-01-01</b>
<b>Amounts in SEK thousands</b>	<b>2014-09-30</b>	<b>2013-09-30</b>	<b>2014-09-30</b>	<b>2013-09-30</b>	<b>2013-12-31</b>
Net sales	<b>634</b>	<b>601</b>	<b>1,859</b>	<b>1,798</b>	<b>2,405</b>
Administrative expenses	-4,237	-4,632	-13,631	-13,784	-17,170
Research and development costs	-809	-330	-1,615	-1,421	-1,699
Other operating items	-43	-73	-81	-43	-148
<i>Operating expenses</i>	-5,089	-5,036	-15,327	-15,248	-19,016
<b>Operating profit/loss</b>	<b>-4,456</b>	<b>-4,435</b>	<b>-13,468</b>	<b>-13,450</b>	<b>-16,611</b>
<b>Profit/loss from financial investments:</b>					
Interest income from receivables from group companies	13	2,615	2,068	7,735	7,424
Interest expense from liabilities to group companies	-934	-736	-2,663	-2,149	-2,927
Result from participations in group companies	-15,579	-	-15,579	42,817	153,633
Other interest and similar income	0	207	139	754	915
Other interest and similar income	-1,078	-352	840	-2,079	251
Group contribution received	-	-	-	-	35,954
Financial net income	-17,578	1,734	-15,195	47,078	195,249
<b>Profit/loss before income tax</b>	<b>-22,033</b>	<b>-2,701</b>	<b>-28,663</b>	<b>33,628</b>	<b>178,638</b>
Tax expenses	-	-	-	-	3,181
<b>Total profit/loss for the period</b>	<b>-22,033</b>	<b>-2,701</b>	<b>-28,663</b>	<b>33,628</b>	<b>181,819</b>

**STATEMENT OF COMPREHENSIVE INCOME, PARENT**

Total profit/loss for the period	-22,033	-2,701	-28,663	33,628	181,819
<b>Other comprehensive income:</b>					
Translation differences related to non Swedish subsidiaries	-	-1,114	-	-427	687
<b>Total comprehensive income, parent</b>	<b>-22,033</b>	<b>-3,815</b>	<b>-28,663</b>	<b>33,201</b>	<b>182,506</b>

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**BALANCE SHEET, PARENT**

Amounts in SEK thousands	2014-09-30	2013-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Intangible assets</i>		
Patents and licenses	8,149	7,986
<i>Financial assets</i>		
Investments in group companies	481,628	481,628
Receivables from group companies	14,561	36,529
Deferred tax asset	44,914	44,914
	<b>541,103</b>	<b>563,071</b>
<b>Total non-current assets</b>	<b>549,252</b>	<b>571,057</b>
<b>Current assets</b>		
<i>Current receivables</i>		
Receivables from group companies	38,602	46,266
Other receivables	370	474
Prepaid expenses and accrued income	287	1,297
	<b>39,260</b>	<b>48,037</b>
Cash and cash equivalents	<b>542</b>	<b>30,112</b>
<b>Total current assets</b>	<b>39,802</b>	<b>78,149</b>
<b>TOTAL ASSETS</b>	<b>589,055</b>	<b>649,206</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>		
<b>Equity</b>		
<i>Restricted equity</i>		
Share capital	89,953	89,423
	<b>89,953</b>	<b>89,423</b>
<i>Unrestricted equity</i>		
Fair value reserve	-66,055	-66,055
Retained earnings	496,284	353,918
Profit/loss for the year	-28,663	181,819
	<b>401,567</b>	<b>469,682</b>
<b>Total equity</b>	<b>491,520</b>	<b>559,104</b>
<b>Provisions</b>		
	<b>12,801</b>	<b>19,194</b>
<b>Current liabilities</b>		
Other financial liabilities	6,410	3,217
Trade payables	559	824
Liabilities to group companies	73,631	63,556
Other current liabilities	483	106
Accrued expenses and prepaid income	3,651	3,205
	<b>84,734</b>	<b>70,908</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>589,055</b>	<b>649,206</b>
Pledged assets	22,500	22,500
Contingent liabilities	-	-

## Accounting principles

Biotage's Group reporting is based on International Financial Reporting Standards as adopted by the EU. The Group's interim report is prepared in accordance with IAS 34 *Interim Reporting* and the Swedish Accounting Act. The parent company's interim report is prepared in accordance with the Swedish Accounting Act and The Swedish Financial Reporting Board's recommendation RFR 2 *Reporting for Legal Entities*. The Group and the parent company have applied the same accounting principles and calculation methods in the interim report as in the latest annual report. Revised and new standards and interpretations from IASB and IFRS Interpretations Committee which have come into effect and apply to the fiscal year 2014 have not had any effect on the Group's financial reporting.

### Fair value

Biotage has a financial debt concerning additional purchase sums in connection with acquired operations which has been measured as fair value allocated to the result. The additional purchase sums, relating to the acquisition of MIP Technologies AB, are based on the distribution of gross profit applying to certain areas and may be paid until the end of 2015. The agreement with the sellers does not stipulate a maximum sum, as there is considerable uncertainty about the future outcome. Calculations of fair value are based on level 3 in the fair value hierarchy, which means that fair value has been established according to a valuation model where essential inputs are based on unobservable data. The measurement has been made based on expected future cash flows.

<b>Financial debt measured at fair value</b>	<b>2014-09-30</b>	<b>2013-09-30</b>
Additional purchase sum, long-term part	12,801	20,385
Additional purchase sum, short-term part	6,410	2,026
Total	19,211	22,411

The change in financial debt in 2014 is presented below:

<b>Opening value January 1, 2014</b>	<b>22,411</b>
Profit/loss reported as result	0
Adjusted during the year	- 3,199
<b>Value carried forward September 30, 2014</b>	<b>19,211</b>

Other financial assets and financial debts are measured according to accrued acquisition value and the value reported for these is considered to be a good approximation of fair value.

In the preparation of the Group's and the parent company's interim reports, the same accounting principles and calculation methods were in all other respects applied as in the preparation of Biotage's Annual Report for 2013. These are described on pp. 36-43 in the Annual Report.

## **Review report**

### ***Introduction***

We have reviewed the condensed financial information (interim report) for Biotage AB (publ) as per 30 September 2014 and the nine-month period ended on this date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### ***Scope of Review***

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 30 October 2014

Deloitte AB

Marcus Sörländer

Authorized Public Accountant