

# Interim report

January - September 2015



October 30, 2015

## Interim report for the period January - September 2015

### Third quarter, July - September 2015

- Group net sales in the third quarter 2015 amounted to 149.7 MSEK (118.5), an increase by 26 percent compared to the corresponding quarter last year. At comparable exchange rates sales increased by 7 percent.
- Operating profit (EBIT) for the quarter increased to 19.0 MSEK (12.6).
- Result after tax for the period amounted to 18.3 MSEK (11.0).
- Earnings per share amounted to 0.28 SEK (0.17).
- The cash flow from operating activities amounted to 33.9 MSEK (16.5).
- Net cash at September 30 amounted to 110.6 MSEK compared to 85.3 MSEK at June 30.

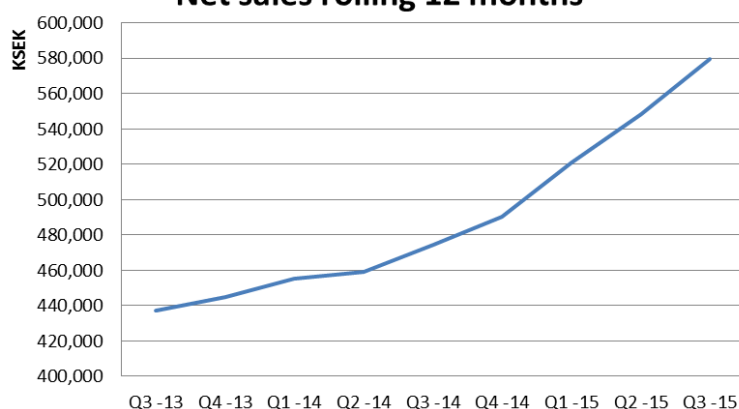
### Nine months, July - September 2015

- Group net sales in the first nine months 2015 increased by 25 percent to 442.0 MSEK (352.6). At comparable exchange rates sales increased by 7 percent.
- Operating profit (EBIT) for the nine month period increased to 54.6 MSEK (35.6).
- Result after tax amounted to 52.5 MSEK (34.5).
- Earnings per share amounted to 0.81 SEK (0.53).
- The cash flow from operating activities amounted to 86.8 MSEK (51.9).
- Net cash at September 30 amounted to 110.6 MSEK compared to 95.0 MSEK at December 31, 2014.
- Dividends to the shareholders to the amount of 48.5 MSEK (38.8) were paid in May.

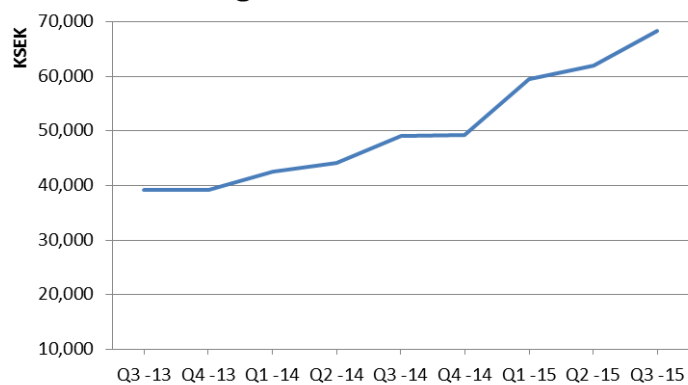
## Group financial development in brief

Amounts in SEK millions	3 <sup>rd</sup> quarter	3 <sup>rd</sup> quarter	9 months	9 months	12 months
	Jul-Sep	Jul-Sep	Jan -Sep	Jan -Sep	Jan-Dec
	2015	2014	2015	2014	2014
Net sales	149.7	118.5	442.0	352.6	490.4
Cost of sales	-65.9	-53.9	-193.7	-160.6	-223.5
Gross profit	83.8	64.7	248.3	192.0	266.9
Operating expenses	-64.9	-52.1	-193.6	-156.4	-217.6
Operating profit/loss (EBIT)	19.0	12.6	54.6	35.6	49.3
Financial items	0.5	-0.9	2.1	2.0	5.5
Profit/loss before tax	19.5	11.7	56.8	37.6	54.9
Tax expenses	-1.3	-0.7	-4.2	-3.1	-3.7
<b>Total profit/loss for the period</b>	<b>18.3</b>	<b>11.0</b>	<b>52.5</b>	<b>34.5</b>	<b>51.1</b>
<i>Gross profit margin</i>	<i>56.0%</i>	<i>54.6%</i>	<i>56.2%</i>	<i>54.5%</i>	<i>54.4%</i>
<i>Operating profit margin (EBIT)</i>	<i>12.7%</i>	<i>10.6%</i>	<i>12.4%</i>	<i>10.1%</i>	<i>10.1%</i>

### Net sales rolling 12 months



### Operating profit (EBIT) rolling 12 months



## Comments by CEO Torben Jörgensen

Biotage again delivers a strong quarter with good organic growth and profitability. It is with great satisfaction that I report a 26 percent sales increase for the quarter and 25 percent so far this year compared to the corresponding periods last year. Also this period these comparative figures are positively influenced by currency effects, primarily the strengthened US dollar. At comparable exchange rates the organic growth is 7 percent, for the quarter as well as the nine month period, 1 percentage better than the half-year result. I am also satisfied that we at the same time are increasing the profitability of our operations. On a rolling 12 month basis the operating margin at EBIT level is 11.8 percent, which exceeds our financial target of 10 percent.

The product area Analytical Chemistry with the Sample Prep products is still leading the sales successes. The sales of the technology platform Extrahera™ continue to develop well and contribute to the growth in analytical chemistry. The product area Sample Prep is now our single biggest product area, having surpassed our traditionally biggest area, Purification in Organic Chemistry. The latter is also growing, although not as fast as the Sample Prep products. Seen over the first nine months of the year practically all product areas are growing. In the third quarter Industrial Products reported the biggest growth expressed as a percentage and this product area now contributes 7 percent of Biotage's sales.

Practically all regions where we have direct sales are growing and especially the Americas and China had a good third quarter. Also the sales in Europe grew in the third quarter, which is encouraging after a somewhat slow start of the year. During the latest twelve month period Europe shows an 8 percent growth. Distributor sales in the EMEA (Europe, Middle East and Africa) and APAC (Asia Pacific) regions have still not reached the desired level. We continue our focused efforts to improve this sales channel. In EMEA we are also affected by the political unrest in the Middle East and the low oil prices, which together have resulted in a considerably worsened investment climate.

The distribution of sales for systems versus aftermarket products (consumables and service) was 44 and 56 percent, respectively, in the quarter as well as the first nine months of the year. Our goal is that aftermarket products should constitute at least 60 percent of the sales. We do not achieve as high a gross margin in the third quarter as in the second. On a rolling 12 month basis the positive trend continues, however. At the end of September we achieved 55.7 percent compared to 55.4 percent at the end of June. The gross margin can vary considerably between different periods, as it is affected by changes in product mix, geographical distribution and currency effects, among other things.

We continue our efforts to improve the efficiency of the production plant in Cardiff, Wales. We are currently manufacturing three of our instrument systems at this plant and as the work progresses we will be able to automate more production lines for our consumables. We believe that this will lead to improved gross margins long-term. Work is also in progress to obtain environmental certification for this production plant. Environmental certification is demanded by many customers and is well in line with our internal guidelines for sustainable production.

It is with pleasure and confidence that I note that our long-term strategic efforts to grow sales in Analytical Chemistry and develop commercially attractive instrument platforms in all our areas are paying off.

## **Group result, financial position and cash flow**

### Third quarter July - September 2015

Group net sales in the third quarter 2015 amounted to 149.7 MSEK (118.5), which is an increase by 26 percent. At comparable exchange rates sales increased by 7 percent compared to the corresponding quarter last year. The Americas was the biggest market with 45 (43) percent of the net sales. The EU area contributed 32 (35) percent, Japan 11 (11) percent, China 7 (5) percent, EMEA 2 percent and APAC 3 percent. Together EMEA and APAC, previously called ROW, contributed 5 (6) percent of the net sales.

The Group's gross margin improved to 56.0 percent (54.6). Efficiency improvements in the in-house production contribute to the improved profitability. Also this quarter stronger currency rates, primarily for USD and EUR, give positive effects at the comparison of the sales reported in SEK with the corresponding period last year. At the same time this effect is partly counteracted by the fact that the strong GBP makes the costs for manufacturing in Wales higher at the translation to SEK.

The operating expenses amounted to 64.9 MSEK (52.1). Of this sum 67 percent (66) were sales costs, amounting to 43.5 MSEK (34.3). The increase in sales costs by 9.2 MSEK compared to the corresponding period last year is attributable to an increase in the number of employees, a higher outcome of the salespersons' variable remunerations, and currency effects. Research and development costs increased by 2.8 MSEK to 12.0 MSEK (9.2), primarily as a result of increased amortizations and reduced capitalization of development costs. Other operating items, 2.4 MSEK (2.5), primarily consists of currency effects on operations related liabilities and receivables.

The operating profit improved by 51 percent to 19.0 MSEK (12.6), corresponding to an operating margin (EBIT) of 12.7 percent (10.6). Net financial income amounted to 0.5 MSEK (-0.9). The result after tax amounted to 18.3 MSEK (11.0).

The cash flow from operating activities was 33.9 MSEK (16.5). The investments amounted to 9.0 MSEK (6.7) and the amortizations to 8.9 MSEK (7.3). 3.6 MSEK (4.9) of the investments were capitalized development costs and 4.9 MSEK (4.8) of the amortizations were amortizations of capitalized development costs.

### Nine months January - September 2015

Group net sales increased by 25 percent in the first nine months of the year and amounted to 442.0 MSEK (352.6). At comparable exchange rates net sales increased by 7 percent. The Americas was the biggest market with 44 (41) percent of the net sales. The EU area contributed 32 (35) percent, Japan 12 (14) percent, China 6 (5) percent, EMEA 3 percent and APAC 3 percent. Together EMEA and APAC, previously called ROW contributed 6 (5) percent of the net sales.

The Group's gross margin for the nine month period was 56.2 percent (54.5).

The operating expenses amounted to 193.6 MSEK (156.4). The sales costs increased by 24.1 MSEK compared to the corresponding period last year and amounted to 125.9 MSEK (101.8). The increase is partly due to currency effects, as a large part of the costs are in USD and EUR, but it also reflects the investments that are being made in the sales organization. The research and development costs increased by 8.7 MSEK, largely due to reduced capitalization of development costs and higher amortizations. The operating profit improved by 53 percent and amounted to 54.6 MSEK (35.6), corresponding to an operating margin (EBIT) of 12.4 percent (10.1) Net financial income amounted to 2.1 MSEK (2.0). The result after tax amounted to 52.5 MSEK (34.5), an increase by 52 percent.

The cash flow from operating activities was 86.8 MSEK (51.9). The effects of changes in working capital, primarily lower inventory build-up than during the corresponding period last year, contribute to the improvement of the cash flow. The investments amounted to 21.9 MSEK (24.4) and the amortizations to 27.6 MSEK (23.1). 13.7 MSEK (17.1) of the investments were capitalized development costs and 15.9 MSEK (13.7) of the amortizations were amortizations of capitalized development costs. The cash flow from financing operations was -51.3 MSEK (-41.5), primarily consisting of dividends to the shareholders amounting to -48.5 MSEK (-38.8).

#### Balance sheet items

At September 30, 2015 the Group's cash and cash equivalents amounted to 115.7 MSEK compared to 90.3 MSEK at June 30 and 100.0 MSEK at December 31, 2014. The Group's interest-bearing liabilities amounted to 5.1 MSEK at the end of the reported period compared to 5.0 MSEK at June 30 and 5.0 MSEK at December 31, 2014. Net cash at September 30 thus amounted to 110.6 MSEK compared to 85.3 MSEK at June 30 and 95.0 MSEK at December 31, 2014. In May dividends to the shareholders were paid to the amount of 48.5 MSEK (38.8).

The Group reports a total goodwill of 90.5 MSEK at September 30, the same amount as at June 30 and December 31, 2014.

Other intangible fixed assets amounted to 119.5 MSEK compared to 121.7 MSEK at June 30 and 124.8 MSEK at December 31, 2014. Of this sum patents and license rights amounted to 30.2 MSEK, compared to 31.4 MSEK at June 30 and 33.3 MSEK at December 31, 2014, and capitalized development costs amounted to 89.2 MSEK compared to 90.3 MSEK at June 30 and 91.5 MSEK at December 31, 2014.

At September 30 the equity capital amounted to 514.1 MSEK, compared to 496.1 MSEK at June 30 and 502.6 MSEK at December 31, 2014. The change in equity capital during the first nine months is attributable to the net result, 52.5 MSEK, dividends to the shareholders, -48.5 MSEK, and hedging and currency effects at the translation of foreign subsidiaries, 7.4 MSEK.

### **Repurchasing program**

Biotage had no holding of own shares at the end of the reported period. No shares were acquired under the repurchasing program decided at the 2015 Annual General Meeting. Complete documentation from the 2015 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 by Scientific Plastic Products, Inc. ("SPP"). These complaints are declared resting by the court awaiting the results of reexamination cases of the validity of the patents by the US Patent and Trademark Office (USPTO).

SPP has exhausted all possibilities to request reexamination of USPTO's decision to declare the US patents 7,138,061, 7,381,327 and 7,410,571 ("the Patents") invalid. USPTO has issued reexamination certificates canceling all claims of the Patents and the court in the alleged infringement case and has dismissed all claims in the infringement suit concerning the Patents.

Biotage has also filed requests for reexamination of all patent claims in the US patents 8,066,875 B2, which is a continuation of US patent 7,381,327, and US patent 8,070,957, which is a continuation of the US patent 7,410,571. The claims of the patents 8,066,875 B2 and 8,070,957 are rejected, and SPP has appealed to the USPTO Patent Trial and Appeal Board. These patents are subject to a separate infringement case in court which is also declared resting awaiting the reexamination proceedings.

Biotage's analysis indicates that the company has a strong position and that the other party lacks good cause for the alleged patent infringement. Thus no reserves have been booked due to the conflict.

### **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, 2015, compared to 284 at June 30 and 293 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 0.7 MSEK (0.6) in the third quarter 2015 and to 2.0 MSEK (1.9) in the period January – September. The operating expenses amounted to 4.6 MSEK (5.1) in the quarter and to 14.7 MSEK (15.3) in the nine month period. The operating result was -4.0 MSEK (-4.5) for the quarter and -12.6 MSEK (-13.5) for the nine month period.

The parent company's net financial income for the quarter was -0.1 MSEK (-17.6). Of this sum net interest income from liabilities to group companies was -0.4 MSEK (-0.9). For the nine month period the parent company's net financial income amounted to -0.9 MSEK (-15.2). The parent company's result after financial items was -4.0 MSEK (-22.0) for the quarter and -13.6 MSEK (-28.7) for the nine month period. In the comparative period 2014 the result from shares in group companies amounted to -15.6 MSEK for the first nine months, referring to a write-down of an inter-company receivable in connection with the merger of two subsidiaries in Cardiff, Wales.

Investments in intangible fixed assets amounted to 0.1 MSEK (0.3) in the quarter and to 0.6 MSEK (0.8) in the nine month period. The parent company's cash and bank balance amounted to 1.0 MSEK at September 30, compared to 1.0 MSEK at June 30 and 1.0 MSEK at December 31, 2014.

### **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. Our assessment thus remains the same as described in the Annual Report 2014. An account of Biotage's risks and uncertainty factors and the handling of these can be found in the company's Annual Report for 2014. 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 20 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 2016, 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  
Thomas Ehlin, The Fourth Swedish National Pension Fund  
Andreas Bladh, Varenne AB

Shareholders wishing to submit a proposal for members of the board of Biotage may do so by sending an e-mail to Biotage's Chairman of the Board: [ove.mattsson@swipnet.se](mailto:ove.mattsson@swipnet.se) not later than seven weeks before the AGM.

## Reports relating to 2015 and 2016

The year-end report for 2015 will be issued on February 11, 2016.

The interim report for the first quarter 2016 will be issued on April 28, 2016.

The Annual General Meeting will be held on April 28, 2016.

The interim report for the second quarter 2016 will be issued on August 11, 2016.

The interim report for the third quarter 2016 will be issued on November 10, 2016.

The year-end report for 2016 will be issued on February 9, 2017.

The Annual Report for 2015 is planned for publication in week 14 2016.

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

Uppsala October 30, 2015

Torben Jörgensen  
President and CEO

For further information, please contact:

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*The information in this press release 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, 2015.*

### **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 490 MSEK in 2014. Biotage is listed on the NASDAQ OMX Stockholm stock exchange. Website: [www.biotage.com](http://www.biotage.com)*



**Biotage AB (publ)****Interim report**

2015-01-01 -- 2015-09-30

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<b>Amounts in SEK thousands</b>	<b>2015-07-01</b>	<b>2014-07-01</b>	<b>2015-01-01</b>	<b>2014-01-01</b>	<b>2014-01-01</b>
	<b>2015-09-30</b>	<b>2014-09-30</b>	<b>2015-09-30</b>	<b>2014-09-30</b>	<b>2014-12-31</b>
Net sales	149,697	118,525	441,987	352,625	490,381
Cost of sales	-65,865	-53,868	-193,726	-160,614	-223,462
<b>Gross profit</b>	<b>83,832</b>	<b>64,656</b>	<b>248,261</b>	<b>192,010</b>	<b>266,919</b>
Distribution costs	-43,547	-34,330	-125,900	-101,776	-139,201
Administrative expenses	-11,773	-11,051	-36,781	-33,890	-47,650
Research and development costs	-11,969	-9,202	-35,450	-26,778	-38,450
Other operating income	2,432	2,518	4,503	6,037	7,695
Total operating expenses	-64,856	-52,065	-193,628	-156,406	-217,606
<b>Operating profit/loss</b>	<b>18,976</b>	<b>12,591</b>	<b>54,633</b>	<b>35,604</b>	<b>49,313</b>
Financial net income	549	-865	2,147	1,971	5,548
<b>Profit/loss before income tax</b>	<b>19,525</b>	<b>11,727</b>	<b>56,779</b>	<b>37,575</b>	<b>54,861</b>
Tax expenses	-1,252	-728	-4,245	-3,117	-3,749
<b>Total profit/loss for the period</b>	<b>18,273</b>	<b>10,998</b>	<b>52,535</b>	<b>34,458</b>	<b>51,112</b>
<b>Other comprehensive income</b>					
Components that may be reclassified to net income:					
Translation differences related to non Swedish subsidiaries	1	5,191	7,436	8,913	13,861
Cash flow hedges	-285	-155	0	-463	-176
<b>Total other comprehensive income</b>	<b>-285</b>	<b>5,036</b>	<b>7,436</b>	<b>8,450</b>	<b>13,685</b>
<b>Total comprehensive income for the period</b>	<b>17,988</b>	<b>16,035</b>	<b>59,970</b>	<b>42,908</b>	<b>64,797</b>

**Biotage AB (publ)**  
**Interim report**  
**2015-01-01 -- 2015-09-30**

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

	<b>2015-07-01</b>	<b>2014-07-01</b>	<b>2015-01-01</b>	<b>2014-01-01</b>	<b>2014-01-01</b>
	<b>2015-09-30</b>	<b>2014-09-30</b>	<b>2015-09-30</b>	<b>2014-09-30</b>	<b>2014-12-31</b>
Attributable to parent company´s shareholders:					
Total profit/loss for the period	18,273	10,998	52,535	34,458	51,112
Attributable to parent company´s shareholders:					
Total comprehensive income for the period	17,988	16,035	59,970	42,908	64,797
Average shares outstanding	64,714,447	64,714,447	64,714,447	64,714,447	64,714,447
Shares outstanding at end of reporting period	64,714,447	64,714,447	64,714,447	64,714,447	64,714,447
Total profit/loss for the period per share SEK	0.28	0.17	0.81	0.53	0.79
Total profit/loss for the period per share SEK after dilution	0.28	0.17	0.81	0.53	0.79
Earnings per share relates to:					
Continuing operations	0.28	0.17	0.81	0.53	0.79
Total comprehensive income for the period per share SEK	0.28	0.25	0.93	0.66	1.00
Total comprehensive income for the period per share after dilution SEK	0.28	0.25	0.93	0.66	1.00

<b>Quarterly summary 2014 and 2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2014</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	149,697	148,115	144,175	137,757	118,525	120,383	113,717
Cost of sales	-65,865	-63,665	-64,196	-62,848	-53,868	-54,724	-52,022
Gross profit	<b>83,832</b>	<b>84,450</b>	<b>79,978</b>	<b>74,909</b>	<b>64,656</b>	<b>65,659</b>	<b>61,695</b>
Gross margin	56.0%	57.0%	55.5%	54.4%	54.6%	54.5%	54.3%
Operating expenses	-64,856	-66,746	-62,026	-61,200	-52,065	-52,110	-52,231
Operating profit/loss	<b>18,976</b>	<b>17,704</b>	<b>17,952</b>	<b>13,709</b>	<b>12,591</b>	<b>13,549</b>	<b>9,464</b>
Finansnetto	549	-346	1,944	3,577	-865	2,384	451
Profit/loss before income tax	<b>19,525</b>	<b>17,358</b>	<b>19,896</b>	<b>17,286</b>	<b>11,727</b>	<b>15,933</b>	<b>9,916</b>
Tax expenses	-1,252	-1,701	-1,292	-633	-728	-539	-1,850
<b>Total profit/loss for the period</b>	<b>18,273</b>	<b>15,658</b>	<b>18,604</b>	<b>16,653</b>	<b>10,998</b>	<b>15,394</b>	<b>8,066</b>

**Biotage AB (publ)**  
**Interim report**  
**2015-01-01 -- 2015-09-30**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY**

Amounts in SEK thousands	2015-09-30	2014-12-31
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, plant and equipment	43,903	43,057
Goodwill	90,523	90,523
Other intangible assets	119,470	124,822
Financial assets	2,214	808
Deferred tax asset	44,765	44,765
<b>Total non-current assets</b>	<b>300,875</b>	<b>303,974</b>
<b>Current assets</b>		
Inventories	104,773	108,379
Trade and other receivables	116,241	106,612
Cash and cash equivalents	115,717	100,045
<b>Total current assets</b>	<b>336,731</b>	<b>315,036</b>
<b>TOTAL ASSETS</b>	<b>637,606</b>	<b>619,010</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to equity holders of the parent company</b>		
Share capital	89,953	89,953
Other paid-in capital	0	4,993
Reserves	-86,969	-94,404
Retained earnings	511,100	502,108
<b>Total equity</b>	<b>514,085</b>	<b>502,650</b>
<b>Non-current liabilities</b>		
Liabilities to credit institutions	3,981	4,537
Other financial liabilities	1,147	5,072
Deferred tax liability	2,579	2,465
Non-current provisions	1,354	1,369
<b>Total non-current liabilities</b>	<b>9,061</b>	<b>13,444</b>
<b>Current liabilities</b>		
Trade and others liabilities	106,835	98,457
Other financial liabilities	3,698	1,900
Tax liabilities	1,428	848
Liabilities to credit institutions	1,159	502
Current provisions	1,341	1,210
<b>Total current liabilities</b>	<b>114,460</b>	<b>102,916</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>637,606</b>	<b>619,010</b>

**Biotage AB (publ)**  
**Interim report**  
**2015-01-01 -- 2015-09-30**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY**

Amounts in SEK thousands	Share capital	Other payed-in capital	Accumulated translation reserve	Hedging reserve	Retained earnings	Total equity
<b>Opening balance January 1, 2014</b>	<b>89,423</b>	<b>4,993</b>	<b>-108,266</b>	<b>176</b>	<b>490,447</b>	<b>476,774</b>
<b>Changes in equity in the period of January 1 -September 30, 2014</b>						
Total comprehensive income	-	-	8,913	-463	34,458	42,908
<b>Total non-owners changes</b>	<b>-</b>	<b>-</b>	<b>8,913</b>	<b>-463</b>	<b>34,458</b>	<b>42,908</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 September 30, 2014</b>	<b>89,954</b>	<b>4,993</b>	<b>-99,353</b>	<b>-287</b>	<b>485,454</b>	<b>480,760</b>
<b>Changes in equity in the period of October 1, - December 31, 2014</b>						
Total comprehensive income	-	-	4,949	287	16,653	21,889
<b>Total non-owners changes</b>	<b>-</b>	<b>-</b>	<b>4,949</b>	<b>287</b>	<b>16,653</b>	<b>21,889</b>
<b>Closing balance December 31, 2014</b>	<b>89,953</b>	<b>4,993</b>	<b>-94,404</b>	<b>-</b>	<b>502,107</b>	<b>502,650</b>
<b>Changes in equity in the period of January 1 - June 30, 2015</b>						
Total comprehensive income	-	-	7,435	285	34,262	41,982
<b>Total non-owners changes</b>	<b>0</b>	<b>0</b>	<b>7,435</b>	<b>285</b>	<b>34,262</b>	<b>41,982</b>
<b>Transactions with equity holders of the company</b>						
Dividend to shareholders of the parent company					-48,536	-48,536
<b>Closing balance June 30, 2015</b>	<b>89,953</b>	<b>4,993</b>	<b>-86,969</b>	<b>285</b>	<b>487,833</b>	<b>496,096</b>
<b>Changes in equity in the period of July 1, - September 30, 2015</b>						
Total comprehensive income	-	-	1	-285	18,273	17,989
<b>Total non-owners changes</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-285</b>	<b>18,273</b>	<b>17,989</b>
<b>Transactions with equity holders of the company</b>						
Reclassification expired share option program	-	-4,993	-	-	4,993	0
<b>Closing balance September 30, 2015</b>	<b>89,953</b>	<b>0</b>	<b>-86,969</b>	<b>0</b>	<b>511,098</b>	<b>514,085</b>

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

The 2015 Annual General Meeting resolved to authorize the Board to continue to let the company repurchase shares up until the AGM 2016, 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, 2015, the company held no repurchased shares.

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**CONSOLIDATED STATEMENT OF CASH FLOWS**

	2015-07-01	2014-07-01	2015-01-01	2014-01-01	2014-01-01
<b>Amounts in SEK thousands</b>	<b>2015-09-30</b>	<b>2014-09-30</b>	<b>2015-09-30</b>	<b>2014-09-30</b>	<b>2014-12-31</b>
<b>Operating activities</b>					
Profit/loss before income tax	19,525	11,727	56,779	37,575	54,861
Adjustments for non-cash items	8,575	11,882	34,266	31,330	45,154
	<b>28,100</b>	<b>23,608</b>	<b>91,045</b>	<b>68,905</b>	<b>100,016</b>
Income tax paid	-858	-572	-977	-2,488	-4,631
<b>Cash flow from operating activities before changes in working capital</b>	<b>27,241</b>	<b>23,036</b>	<b>90,068</b>	<b>66,417</b>	<b>95,384</b>
Cash flow from changes in working capital:					
Increase (-)/ decrease (+) in inventories	1,972	-6,558	3,605	-17,239	-22,492
Increase (-)/ decrease (+) in trade receivables	4,144	-1,076	-4,151	-4,483	-9,702
Increase (-)/ decrease (+) in other current receivables	-2,242	-401	-10,853	-2,500	1,916
Increase (+)/ decrease (-) in other liabilities	2,818	1,489	8,112	9,720	15,800
<b>Cash flow from operating activities</b>	<b>33,934</b>	<b>16,489</b>	<b>86,781</b>	<b>51,914</b>	<b>80,906</b>
<b>Investing activities</b>					
Acquisition of intangible assets	-4,160	-5,341	-15,000	-18,302	-23,410
Acquisition of property, plant and equipment	-4,854	-1,354	-6,755	-6,131	-8,767
Acquisition of financial assets	-28	-	-96	-	-
<b>Cash flow from investing activities</b>	<b>-9,042</b>	<b>-6,695</b>	<b>-21,851</b>	<b>-24,432</b>	<b>-32,177</b>
<b>Financing activities</b>					
Dividend to shareholders	0	0	-48,536	-38,829	-38,829
Buy-back of shares	-	-	-	-93	-93
Loan raised	-	0	-	1,076	1,391
Repayment of loans	-64	-341	-2,797	-3,704	-3,894
<b>Cash flow from financial activities</b>	<b>-64</b>	<b>-342</b>	<b>-51,333</b>	<b>-41,549</b>	<b>-41,425</b>
<b>Cash flow for the period</b>	<b>24,829</b>	<b>9,453</b>	<b>13,598</b>	<b>-14,067</b>	<b>7,304</b>
Cash and cash equivalents opening balance	90,307	66,912	100,045	90,769	90,769
Exchange differences in liquid assets	582	1,627	2,075	1,290	1,972
<b>Cash and equivalents closing balance</b>	<b>115,718</b>	<b>77,991</b>	<b>115,717</b>	<b>77,991</b>	<b>100,045</b>
<b>Additional information:</b>					
<i>Adjustments for non-cash items</i>					
Depreciations and impairments	8,865	7,700	27,560	23,950	33,869
Other items	-290	4,182	6,706	7,380	11,285
Total	8,575	11,882	34,266	31,330	45,154
Interest received	435	-56	454	110	128
Interest paid	-24	102	-122	-44	-292

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**INCOME STATEMENT, PARENT IN SUMMARY**

	<b>2015-07-01</b>	<b>2014-07-01</b>	<b>2015-01-01</b>	<b>2014-01-01</b>	<b>2014-01-01</b>
<b>Amounts in SEK thousands</b>	<b>2015-09-30</b>	<b>2014-09-30</b>	<b>2015-09-30</b>	<b>2014-09-30</b>	<b>2014-12-31</b>
Net sales	<b>677</b>	<b>634</b>	<b>2,038</b>	<b>1,859</b>	<b>2,502</b>
Administrative expenses	-4,263	-4,237	-12,853	-13,631	-18,437
Research and development costs	-506	-809	-1,759	-1,615	-2,398
Other operating items	136	43	-64	-81	13,245
Operating expenses	-4,634	-5,089	-14,676	-15,327	-7,590
<b>Operating profit/loss</b>	<b>-3,957</b>	<b>-4,456</b>	<b>-12,637</b>	<b>-13,468</b>	<b>-5,088</b>
<b>Profit/loss from financial investments:</b>					
Interest income from receivables from group companies	-	13	-	2,068	2,383
Interest expense from liabilities to group companies	-409	-934	-871	-2,663	-3,614
Result from participations in group companies	-	-15,579	-38	-15,579	24,624
Other interest and similar income	-	-	2	139	110
Other interest and similar income	356	-1,078	-52	840	1,708
Group contribution received	-	-	-	-	27,011
Financial net income	-53	-17,578	-959	-15,195	52,223
<b>Profit/loss before income tax</b>	<b>-4,010</b>	<b>-22,033</b>	<b>-13,596</b>	<b>-28,663</b>	<b>47,135</b>
Tax expenses	-	-	-	-	-149
<b>Total profit/loss for the period</b>	<b>-4,010</b>	<b>-22,033</b>	<b>-13,596</b>	<b>-28,663</b>	<b>46,986</b>
<b>STATEMENT OF COMPREHENSIVE INCOME, PARENT</b>					
Total profit/loss for the period	-4,010	-22,033	-13,596	-28,663	46,986
<b>Other comprehensive income:</b>					
Components that may be reclassified to net income:					
Translation differences related to non Swedish subsidiaries	-	-	-	-	-
<b>Total comprehensive income, parent</b>	<b>-4,010</b>	<b>-22,033</b>	<b>-13,596</b>	<b>-28,663</b>	<b>46,986</b>

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**BALANCE SHEET, PARENT**

<b>Amounts in SEK thousands</b>	<b>2015-09-30</b>	<b>2014-12-31</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Intangible assets</i>		
Patents and licenses	8,260	8,224
<i>Financial assets</i>		
Investments in group companies	468,128	468,128
Receivables from group companies	11,163	14,763
Deferred tax asset	44,765	44,765
	<b>524,056</b>	<b>527,657</b>
<b>Total non-current assets</b>	<b>532,316</b>	<b>535,881</b>
<b>Current assets</b>		
<i>Current receivables</i>		
Receivables from group companies	22,318	61,791
Other receivables	305	498
Prepaid expenses and accrued income	777	964
	<b>23,400</b>	<b>63,254</b>
Cash and cash equivalents	<b>838</b>	<b>974</b>
<b>Total current assets</b>	<b>24,238</b>	<b>64,227</b>
<b>TOTAL ASSETS</b>	<b>556,555</b>	<b>600,108</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>		
<b>Equity</b>		
<i>Restricted equity</i>		
Share capital	89,953	89,953
	<b>89,953</b>	<b>89,953</b>
<i>Unrestricted equity</i>		
Fair value reserve	-66,055	-66,055
Retained earnings	494,734	496,284
Profit/loss for the year	-13,596	46,986
	<b>415,083</b>	<b>477,216</b>
<b>Total equity</b>	<b>505,036</b>	<b>567,169</b>
<b>Provisions</b>		
	-	<b>3,850</b>
<b>Current liabilities</b>		
Other financial liabilities	0	1,900
Trade payables	398	769
Liabilities to group companies	42,877	21,391
Other current liabilities	3,496	778
Accrued expenses and prepaid income	4,747	4,251
	<b>51,518</b>	<b>29,089</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>556,555</b>	<b>600,108</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 2015 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 has been considerable uncertainty about the future outcome. The additional purchase sum that will be paid in 2015 is based on the outcome the fiscal year 2014 and is preliminarily calculated to 1.9 MSEK in the annual accounts for 2014. For the fiscal year 2015, which is the last period for which an additional purchase sum may be paid and which will be settled in 2016, the additional purchase sum is calculated to amount to 3.8 MSEK, which is also the company's best assessment of fair value at December 31, 2014. As the fair value of the additional purchase sum at December 31 is less than the previously reported sum, the difference amounting to 13.5 MSEK has been reported on the 2014 profit and loss statement. 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>2015-09-30</b>	<b>2014-12-31</b>
Additional purchase sum, long-term part	0	3,850
Additional purchase sum, short-term part	3,698	1,900
Total	3,698	5,750

The change in financial debt in 2015 is presented below:

<b>Opening value January 1, 2015</b>	<b>5,750</b>
Adjusted during the year	-2,052
<b>Value carried forward September 30, 2015</b>	<b>3,698</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 2014. These are described on pp. 37-44 in the Annual Report.



## **Review report**

### ***Introduction***

We have performed a review of the financial information in the interim report for Biotage AB at September 30, 2015 and the nine month period ending 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 Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### ***Focus and 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 to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially smaller in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices in Sweden. 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, October 30, 2015

Deloitte AB

Fredrik Walméus  
Authorized Public Accountant