

# Interim report

## January - September 2013



October 25, 2013

### Interim report for the period January - September 2013

#### Third quarter July – September 2013

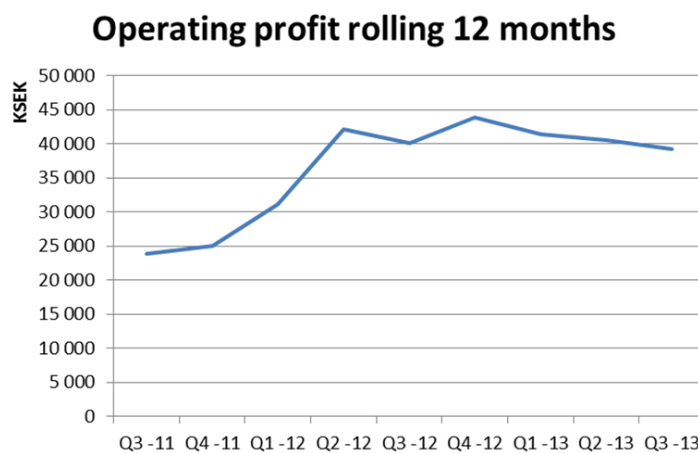
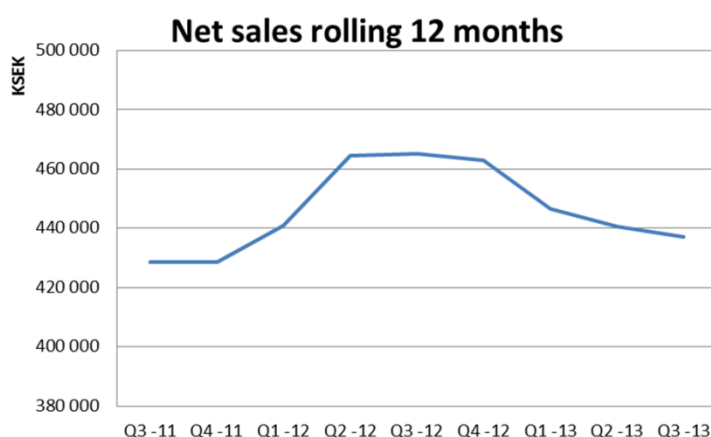
- Group net sales in the third quarter 2013 decreased by 3 percent to 103.4 MSEK (107.1). At comparable exchange rates sales increased by 1 percent.
- Operating profit in the quarter amounted to 7.6 MSEK (8.9).
- The result after tax amounted to 6.9 MSEK (3.7).
- Earnings per share amounted to 0.10 SEK (0.05).
- The cash flow from operating activities amounted to 14.1 MSEK (12.2).
- Net cash at September 30 amounted to 80.5 MSEK, compared to 82.7 MSEK at June 30.

#### Nine month period January – September 2013

- Group net sales in the first nine months 2013 decreased by 7 percent to 323.0 MSEK (349.0). At comparable exchange rates sales decreased by 1 percent compared to the corresponding period last year.
- Operating profit in the nine month period amounted to 25.8 MSEK (30.3).
- The result after tax amounted to 22.9 MSEK (24.7).
- Earnings per share amounted to 0.34 SEK (0.34).
- The cash flow from operating activities excluding discontinued operations amounted to 36.4 MSEK (37.5).
- Net cash at September 30 amounted to 80.5 MSEK, compared to 165.4 MSEK at December 31, 2012.
- Dividends to shareholders were paid in May to the amount of 34.9 MSEK (29.3).
- At the end of the reported period Biotage had a holding of 4,398,685 own shares acquired under the repurchasing program decided at the 2013 Annual General Meeting.

## Group result development in brief

Amounts in SEK millions	3 <sup>rd</sup> quarter Jun-Sep 2013	3 <sup>rd</sup> quarter Jun-Sep 2012	9 months Jan -Sep 2013	9 months Jan -Sep 2012	12 months Jan-Dec 2012
Net sales	103.4	107.1	323.0	349.0	462.9
Cost of sales	-44.9	-42.5	-140.3	-145.7	-191.5
Gross profit	58.6	64.6	182.7	203.3	271.4
Operating expenses	-51.0	-55.7	-157.0	-173.0	-227.6
Operating profit/loss	7.6	8.9	25.8	30.3	43.8
Financial items	-0.4	-3.9	-1.9	-2.4	-5.5
Profit/loss before tax	7.2	5.0	23.9	27.9	38.3
Tax expenses	-0.3	-1.3	-1.0	-2.9	0.3
Profit/loss after tax for continuing operations	6.9	3.7	22.9	25.0	38.6
Profit/loss after tax for discontinued operations	-	-	-	-0.3	-0.3
<b>Total profit/loss for the period</b>	<b>6.9</b>	<b>3.7</b>	<b>22.9</b>	<b>24.7</b>	<b>38.3</b>
Gross profit margin	56.6%	60.3%	56.6%	58.3%	58.6%
Operating profit margin	7.4%	8.3%	8.0%	8.7%	9.5%



## Comments by CEO Torben Jörgensen

Continued budget restrictions and uncertainties regarding the future affect the willingness to invest among many of our customers. Not least does this apply to the academic world, particularly in the US, where the uncertain political situation contributes to the deteriorating business climate. Despite this, our underlying operations grew by one percent compared to the corresponding quarter last year.

The currency development continues to be unfavorable for Biotage, primarily the strong Swedish krona and a weak Japanese yen. A comparison of the sales reported in the quarter with the corresponding period last year shows a three percent decrease, but at comparable exchange rates the underlying business grew by one percent. The currency effect at a comparison of sales between the third quarters in 2012 and 2013 amounts to -4.5 MSEK and to no less than -24.1 MSEK for the nine month period.

Overall we see the weakest sales development in India and China. Otherwise the lack of sales growth is relatively evenly distributed between the various geographic regions.

On the positive side I note that we emerged from the quarter with a larger order book than normally, partly due to orders that had not yet been delivered at the end of the period, partly due to sales in countries where we only deliver against bank documents and where these documents were not in place at the end of the quarter.

During the period we have carried out a large number of demonstrations of our recently launched Flash and Mass detector instrument Isolera™ Dalton. The system is appreciated in the market and we are hopeful that we can translate the great interest into sales. We have also managed to win important customers for our consumables in the Purification product area. The strategically important product area Sample Prep grew in the quarter and contributes to an increase in the relative share of consumables in our sales. In the product area Industrial Resins we have closed an agreement concerning continued collaboration with one of our existing customers. The contract runs until the end of 2015 and concerns development work as well as deliveries of products for continued evaluation.

The operating margin amounts to 56.6 percent for the quarter as well as for the nine month period, and on a rolling 12 month basis we achieve 57.4 percent. During the quarter instrument sales contributed 41 percent of the sales and consumables 59 percent. On a rolling 12 month basis this relation is 42 and 58 percent, respectively.

The transfer of the production of the product lines TurboVap® och RapidTrace® from the contract manufacturer in the US to our own factory in Cardiff, Wales was successfully completed during the quarter. The transfer led to non-recurring costs to the amount of 0.5 MSEK in the quarter. Our intention is to further develop this production unit.

## Group result, financial position and cash flow

### Third quarter July – September 2013

Group net sales decreased by 3 percent and amounted to 103.4 MSEK, compared to 107.1 MSEK the corresponding period 2012. At comparable exchange rates sales increased by 1 percent. The US was the biggest single market with 42 percent of the net sales. The EU contributed 34 percent, Japan 15 percent, China 4 percent and the rest of the world 5 percent of the net sales.

The Group's gross margin was 56.6 percent (60.3). Biotage's products are priced in local currency in the bigger markets. The currency development, primarily of USD and JPY in relation to SEK, is therefore the main reason for the decreased gross margin.

The operating expenses amounted to 51.0 MSEK (55.7). All functions contribute to the cost reduction. Other operating items are primarily composed of currency effects on operations related debts and receivables.

The operating profit amounted to 7.6 MSEK (8.9) with an operating margin of 7.4 percent (8.3). Net financial income amounted to -0.4 MSEK (-3.9). Net financial income for the quarter includes a net effect of -0.6 MSEK relating to currency effects from inter-company and other financial items. The result after tax amounted to 6.9 MSEK (3.7).

The investments amounted to 11.1 MSEK (8.3) and the amortizations to 6.3 MSEK (7.3). 5.6 MSEK (6.6) of the investments were capitalized development costs and 4.1 MSEK (4.2) of the amortizations were amortizations of capitalized development costs. The cash flow from operating activities amounted to 14.1 MSEK (12.2).

### Nine month period January – September 2013

Group net sales decreased by 7 percent and amounted to 323.0 MSEK (349.0) in the first nine months of the year. At comparable exchange rates net sales decreased by 1 percent. The US was the biggest single market with 39 percent of the net sales. The EU area contributed 35 percent, Japan 15 percent, China 4 percent and the rest of the world 7 percent of the net sales.

The Group's gross margin was 56.6 percent (58.3). An unfavorable development of currency rates, above all for USD and JPY, had a negative impact on the gross margin for the period. The profitability figure is also influenced by the sales volume, variations in product mix, the relative distribution between different sales channels, and the geographic mix of the sales.

The operating expenses amounted to 157.0 MSEK (173.0). The operating profit amounted to 25.8 MSEK (30.3) with an operating margin of 8.0 percent (8.7). Net financial income amounted to -1.9 MSEK (-2.4). Net financial income for the period includes a net effect of -1.7 MSEK relating to currency effects from inter-company and other financial items. The result after tax amounted to 22.9 MSEK (24.7).

The investments amounted to 32.9 MSEK (29.8) and the amortizations to 21.0 MSEK (21.9). 21.7 MSEK (19.7) of the investments were capitalized development costs and 12.0 MSEK (12.0) of the amortizations were amortizations of capitalized development costs. The cash flow from operating activities amounted to 36.4 MSEK (37.5) excluding discontinued operations.

### Balance sheet items

At September 30, 2013 the Group's cash and securities amounted to 86.2 MSEK, compared to 170.9 MSEK at December 31, 2012. The Group's interest-bearing liabilities amounted to 5.7 MSEK at the end of the reported period, compared to 5.6 MSEK at December 31, 2012. Net cash at September 30, 2013 thus amounted to 80.5 MSEK, compared to 165.4 at December 31, 2012.

The Group reports at total goodwill of 101.2 MSEK at September 30, 2013, compared to 102.1 MSEK at December 31, 2012. The reported goodwill relates to the acquisitions of MIP Technologies AB and two product lines from Caliper Life Sciences Inc. in 2010. This year's change in reported value is due to currency effects.

Other intangible fixed assets amounted to 122.8 MSEK, compared to 116.3 at December 31, 2012. Of this sum patents and license rights amounted to 37.7 MSEK, compared to 41.0 MSEK at December 31, 2012, and capitalized development costs to 85.1 MSEK, compared to 75.2 MSEK at December 31, 2012. The increase in capitalized development costs is mainly due to major development projects relating to instruments launched during the year and to instruments planned for launch in 2014.

At September 30, 2013 the equity capital amounted to 463.0 MSEK, compared to 530.8 MSEK at December 31, 2012. The change in equity capital during the nine month period is attributable to the period's result, 22.9 MSEK, dividends to the shareholders, -34.9 MSEK, repurchasing of the company's own shares, -52.8 MSEK, and cash flow hedges and currency effects at the translation of foreign subsidiaries, -2.9 MSEK.

### **Repurchasing program**

After the resolution at the Annual General Meeting on April 25 to cancel all 3,394,375 shares repurchased under previous repurchasing programs, the number of shares in Biotage totals 69,861,330.

At the end of the reported period Biotage had a holding of 4,398,685 own shares acquired during the second and third quarters under the repurchasing program decided at the 2013 AGM. Biotage owns more than 5 percent of the outstanding shares. A disclosure noticed was issued on June 14, 2013.

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

Biotage has, as previously reported, been sued for alleged patent infringement in the US. These claims 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.

The US Patent and Trademark Office's Patent Trial and Appeal Board has declared all patent demands 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 appellate procedure is in progress and there is currently nothing to report.

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 additional to report in relation to 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**

At September 30, 2013 the Group had 292 (282) employees, compared to 290 at the start of the year and 294 at June 30, 2013.

### **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 towards subsidiaries.

In the third quarter 2013 the parent company's net income amounted to 0.6 MSEK (0.5). In the nine month period January – September net income amounted to 1.8 MSEK (1.6). The result after financial items in the third quarter was -2.7 MSEK (-2.0). The first nine months the result after financial items was 33.6 MSEK (-8.4). Of this sum 43.5 MSEK refers to reversed write-downs of receivables from subsidiaries.

The parent company's investments in intangible fixed assets amounted to 0.5 MSEK (0.3) in the third quarter and to 0.8 MSEK (1.0) the first nine months.

Of the parent company's long-term receivables from group companies, receivables to a gross amount of 120 MSEK at September 30, 2013 (163 MSEK at December 31, 2012) are receivables classified as part of the investments in foreign operations, which means that changes in the value of the items due to changed currency exchange rates are reported as other total result.

The parent company's cash and bank balance amounted to 40.9 MSEK at September 30, 2013 and to 52.3 MSEK at December 31, 2012. The change in the parent company's cash and bank balance is mainly attributable to dividends paid to shareholders, repurchasing of own shares, changes in Group dealings 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, uncertainty factors and the handling of these can be found in the company's Annual Report for 2012. Readers wishing to study the risks and uncertainties reported in the 2012 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 September 26 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 2014, 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:

Anders Walldov, Brohuvudet AB and direct holding  
Jesper Bonnevier, Länsförsäkringar Fonder  
Tommy Jacobsson, Varenne AB  
Ove Mattsson, Chairman of the Board

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 2013

The year-end report for 2013 will be issued on February 13, 2014.  
The interim report for the first quarter 2014 will be issued on April 28, 2014.  
The Annual General Meeting will be held on April 28, 2014.  
The interim report for the second quarter 2014 will be issued on August 14, 2014.  
The interim report for the third quarter 2014 will be issued on October 30, 2014.  
The year-end report for 2014 will be issued on February 12, 2015.

The Annual Report for 2013 is planned to be published in week 14 2014.

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

Uppsala October 25, 2013

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 25, 2013.*

## About Biotage

Biotage offers solutions, knowledge and experience in the areas of analytical chemistry, medicinal chemistry, separation and purification. The customers include pharmaceutical and biotech companies, food producers and leading academic institutions. 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 463 MSEK in 2012. Biotage is listed on the NASDAQ OMX Nordic Stockholm stock exchange. Website: [www.biotage.com](http://www.biotage.com)

**Biotage AB (publ)**

**Interim report**

**2013-01-01 -- 2013-09-30**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	2013-07-01	2012-07-01	2013-01-01	2012-01-01	2012-01-01
Amounts in SEK thousands	2013-09-30	2012-09-30	2013-09-30	2012-09-30	2012-12-31
Net sales	103,418	107,134	322,996	349,000	462,942
Cost of sales	-44,851	-42,532	-140,285	-145,683	-191,508
<b>Gross profit</b>	<b>58,567</b>	<b>64,602</b>	<b>182,711</b>	<b>203,317</b>	<b>271,434</b>
Distribution costs	-32,990	-35,325	-101,009	-107,572	-141,865
Administrative expenses	-8,941	-9,315	-30,491	-34,994	-47,416
Research and development costs	-8,153	-9,547	-25,662	-29,119	-36,848
Other operating income	-873	-1,540	204	-1,303	-1,457
Total operating expenses	-50,957	-55,727	-156,958	-172,988	-227,586
<b>Operating profit/loss</b>	<b>7,610</b>	<b>8,875</b>	<b>25,753</b>	<b>30,329</b>	<b>43,848</b>
Financial net income	-431	-3,862	-1,885	-2,424	-5,531
<b>Profit/loss before income tax</b>	<b>7,179</b>	<b>5,013</b>	<b>23,868</b>	<b>27,905</b>	<b>38,317</b>
Tax expenses	-260	-1,345	-962	-2,899	308
Profit/loss after tax for continuing operations	6,919	3,669	22,906	25,007	38,624
Profit/loss after tax for discontinued operations	-	-	-	-288	-288
<b>Total profit/loss for the period</b>	<b>6,919</b>	<b>3,669</b>	<b>22,906</b>	<b>24,719</b>	<b>38,336</b>
<b>Other comprehensive income</b>					
Components that may be reclassified to net income:					
Translation differences related to non Swedish subsidiaries	-5,509	-9,306	-2,705	-7,945	-7,485
Cash flow hedges	0	1,276	-228	1,282	632
<b>Total other comprehensive income</b>	<b>-5,508</b>	<b>-8,030</b>	<b>-2,932</b>	<b>-6,663</b>	<b>-6,853</b>
<b>Total comprehensive income for the period</b>	<b>1,410</b>	<b>-4,361</b>	<b>19,973</b>	<b>18,055</b>	<b>31,483</b>



**Biotage AB (publ)**  
**Interim report**  
**2013-01-01 -- 2013-09-30**

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

	<b>2013-07-01</b> <b>2013-09-30</b>	<b>2012-07-01</b> <b>2012-09-30</b>	<b>2013-01-01</b> <b>2013-09-30</b>	<b>2012-01-01</b> <b>2012-09-30</b>	<b>2012-01-01</b> <b>2012-12-31</b>
Attributable to parent company's shareholders:					
Total profit/loss for the period	6,919	3,669	22,906	24,719	38,336
Attributable to parent company's shareholders:					
Total comprehensive income for the period	1,410	-4,361	19,973	18,055	31,483
Average shares outstanding (*)	65,898,639	73,105,028	68,139,330	73,601,569	73,258,156
Average shares outstanding after dilution (*)	65,898,639	73,105,028	68,139,330	73,601,569	73,258,156
Shares outstanding at end of reporting period (*)	69,861,330	73,255,705	69,861,330	73,255,705	73,255,705
Total profit/loss for the period per share SEK	0.10	0.05	0.34	0.34	0.52
Total profit/loss for the period per share SEK after dilution	0.10	0.05	0.34	0.34	0.52
Earnings per share relates to:					
Continuing operations	0.10	0.05	0.34	0.34	0.52
Discontinued operations	-	0.00	-	0.00	0.00
Total comprehensive income for the period per share SEK	0.02	-0.06	0.29	0.25	0.43
Total comprehensive income for the period per share after dilution SEK	0.02	-0.06	0.29	0.25	0.43
(*) Of the numbers of shares outstanding are repurchased as per end of reporting period	4,398,685	411,731	4,398,685	411,731	1,782,906
Average numbers of shares outstanding are reported excluding numbers shares repurchased.					

<b>Quarterly summary 2013 and 2012</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>	<b>2012</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	103,418	116,344	103,234	113,941	107,134	122,287	119,579
Cost of sales	-44,851	-50,489	-44,945	-45,825	-42,532	-51,889	-51,262
Gross profit	<b>58,567</b>	<b>65,855</b>	<b>58,288</b>	<b>68,117</b>	<b>64,602</b>	<b>70,398</b>	<b>68,317</b>
Gross margin	56.6%	56.6%	56.5%	59.8%	60.3%	57.6%	57.1%
Operating expenses	-50,957	-53,789	-52,211	-54,599	-55,727	-57,532	-59,729
Operating profit/loss	<b>7,610</b>	<b>12,066</b>	<b>6,077</b>	<b>13,518</b>	<b>8,875</b>	<b>12,866</b>	<b>8,588</b>
Finansnetto	-431	1,007	-2,461	-3,108	-3,862	625	813
Profit/loss before income tax	<b>7,179</b>	<b>13,073</b>	<b>3,616</b>	<b>10,410</b>	<b>5,013</b>	<b>13,491</b>	<b>9,401</b>
Tax expenses	-260	-165	-537	3,207	-1,345	-304	-1,250
Profit/loss after tax for continuing operations	6,919	12,908	3,079	13,618	3,669	13,187	8,151
Profit/loss after tax for discontinued operations	-	-	-	-	-	-	-288
<b>Total profit/loss for the period</b>	<b>6,919</b>	<b>12,908</b>	<b>3,079</b>	<b>13,618</b>	<b>3,669</b>	<b>13,187</b>	<b>7,863</b>

**Biotage AB (publ)**  
**Interim report**  
**2013-01-01 -- 2013-09-30**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>Amounts in SEK thousands</b>	<b>2013-09-30</b>	<b>2012-12-31</b>
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, plant and equipment	40,960	40,695
Goodwill	101,200	102,054
Other intangible assets	122,819	116,260
Financial assets	2,020	1,205
Deferred tax asset	41,733	41,733
<b>Total non-current assets</b>	<b>308,732</b>	<b>301,946</b>
<b>Current assets</b>		
Inventories	87,542	84,119
Trade and other receivables	89,298	97,092
Cash and cash equivalents	86,230	170,916
<b>Total current assets</b>	<b>263,071</b>	<b>352,128</b>
<b>TOTAL ASSETS</b>	<b>571,802</b>	<b>654,074</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to equity holders of the parent company</b>		
Share capital	89,423	89,372
Other paid-in capital	4,993	4,996
Reserves	-110,734	-107,801
Retained earnings	479,355	544,266
<b>Total equity</b>	<b>463,037</b>	<b>530,829</b>
<b>Non-current liabilities</b>		
Liabilities to credit institutions	5,255	5,124
Deferred tax liability	1,733	1,752
Non-current provisions	21,852	24,179
<b>Total non-current liabilities</b>	<b>28,840</b>	<b>31,055</b>
<b>Current liabilities</b>		
Trade and others liabilities	76,499	88,268
Tax liabilities	107	1,354
Liabilities to credit institutions	429	434
Current provisions	2,891	2,134
<b>Total current liabilities</b>	<b>79,926</b>	<b>92,190</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>571,802</b>	<b>654,074</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousands	Share capital	Other paid-in capital	Accumulated translation reserve	Hedging reserve	Retained earnings	Total equity
<b>Opening balance January 1, 2012</b>	<b>89,194</b>	<b>4,993</b>	<b>-100,544</b>	<b>-404</b>	<b>570,659</b>	<b>563,898</b>
<b>Changes in equity in the period of January 1 -September 30, 2012</b>						
Total comprehensive income	-	-	-7,945	1,282	24,719	18,055
<b>Total non-owners changes</b>	<b>-</b>	<b>-</b>	<b>-7,945</b>	<b>1,282</b>	<b>24,719</b>	<b>18,055</b>
<b>Transactions with equity holders of the company</b>						
Cancellation of treasury shares (*)	-7,148	-	-	-	7,148	0
Increase of share capital without the issue of new shares, bonus issue (*)	7,326	-	-	-	-7,326	1
Dividend to shareholders of the parent company	-	-	-	-	-29,302	-29,302
Share buy-back by parent company (*)	-	-	-	-	-23,946	-23,946
<b>Closing balance September 30, 2012</b>	<b>89,372</b>	<b>4,993</b>	<b>-108,490</b>	<b>878</b>	<b>541,953</b>	<b>528,705</b>
<b>Changes in equity in the period of October 1, - December 31, 2012</b>						
Total comprehensive income	-	-	460	-650	13,618	13,428
<b>Total non-owners changes</b>	<b>-</b>	<b>-</b>	<b>460</b>	<b>-650</b>	<b>13,618</b>	<b>13,428</b>
<b>Transactions with equity holders of the company</b>						
Share buy-back by parent company (*)	-	-	-	-	-11,303	-11,303
<b>Closing balance December 31, 2012</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 - June 30, 2013</b>						
Total comprehensive income	-	-	2,805	-228	15,987	18,565
<b>Total non-owners changes</b>	<b>0</b>	<b>0</b>	<b>2,805</b>	<b>-228</b>	<b>15,987</b>	<b>18,564</b>
<b>Transactions with equity holders of the company</b>						
Cancellation of treasury shares (*)	-4,141	-	-	-	4,141	0
Increase of share capital without the issue of new shares, bonus issue (*)	4,192	-	-	-	-4,192	0
Dividend to shareholders of the parent company	-	-	-	-	-34,931	-34,931
Share buy-back by parent company (*)	-	-	-	-	-45,538	-45,538
<b>Closing balance June 30, 2013</b>	<b>89,423</b>	<b>4,993</b>	<b>-105,224</b>	<b>0</b>	<b>479,735</b>	<b>468,925</b>
<b>Changes in equity in the period of July 1, - September 30, 2013</b>						
Total comprehensive income	-	-	-5,510	-	6,919	1,411
<b>Total non-owners changes</b>	<b>0</b>	<b>0</b>	<b>-5,510</b>	<b>0</b>	<b>6,919</b>	<b>1,411</b>
<b>Transactions with equity holders of the company</b>						
Share buy-back by parent company (*)	-	-	-	-	-7,299	-7,299
<b>Closing balance September 30, 2013</b>	<b>89,423</b>	<b>4,993</b>	<b>-110,734</b>	<b>0</b>	<b>479,355</b>	<b>463,037</b>

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

The Annual General Meeting of April 26, 2012 resolved to authorize the Board to carry out a new repurchasing program comprising a maximum of 10 percent of the company's outstanding shares. At the time of the Annual General Meeting of April 25, 2013 the company had in accordance with the authorization repurchased 3,394,375 shares at an average share price of 8.35 SEK.

In accordance with the proposal of the Board, the Annual General Meeting 2013 resolved that the repurchase shares should be cancelled. The company's share capital therefore decreased by 4,141 KSEK. At the same time it was decided that the company's share capital should be increased by 4,192 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 89,422,502 SEK and the number of outstanding shares 69,861,330.

The Annual General Meeting also resolved to authorize the Board to continue to let the company repurchase shares up until the Annual General Meeting 2014, 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, 2013, the company has, in accordance with this authorization, repurchased 4,398,685 shares at an average price of 8.89 SEK.

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**CONSOLIDATED STATEMENT OF CASH FLOWS**

	2013-07-01	2012-07-01	2013-01-01	2012-01-01	2012-01-01
Amounts in SEK thousands	2013-09-30	2012-09-30	2013-09-30	2012-09-30	2012-12-31
<b>Operating activities</b>					
Profit/loss before income tax	7,179	5,012	23,868	27,906	38,316
Adjustments for non-cash items	4,833	10,706	27,165	29,957	36,546
	<b>12,012</b>	<b>15,718</b>	<b>51,033</b>	<b>57,863</b>	<b>74,862</b>
Income tax paid	-2,164	2,740	-4,938	-1,962	978
<b>Cash flow from operating activities before changes in working capital</b>	<b>9,849</b>	<b>18,458</b>	<b>46,096</b>	<b>55,900</b>	<b>75,840</b>
Cash flow from changes in working capital:					
Increase (-)/ decrease (+) in inventories	1,436	-210	-5,235	-564	982
Increase (-)/ decrease (+) in trade receivables	11,464	4,100	-523	-1,376	4,806
Increase (-)/ decrease (+) in other current receivables	4,622	-8,607	8,705	-6,928	-5,659
Increase (+)/ decrease (-) in other liabilities	-13,207	-1,575	-12,639	-9,505	-8,508
	<b>14,164</b>	<b>12,166</b>	<b>36,404</b>	<b>37,527</b>	<b>67,461</b>
Cash flow from operating activities - continuing operations	<b>14,164</b>	<b>12,166</b>	<b>36,404</b>	<b>37,527</b>	<b>67,461</b>
Cash flow from operating activities - discontinued operations	-	-	0	7,012	7,012
<b>Cash flow from operating activities</b>	<b>14,164</b>	<b>12,166</b>	<b>36,404</b>	<b>44,539</b>	<b>74,473</b>
<b>Investing activities</b>					
Acquisition of intangible assets	-6,743	-6,915	-23,628	-21,067	-29,586
Acquisition of property, plant and equipment	-4,467	-1,290	-8,362	-8,476	-10,373
Acquisition of financial assets	0	-56	-912	-261	-300
Acquisitions of companies and product lines	-	-	-	-	-
Sale of property, plant and equipment	-	-	-	-	-
Sale of financial assets	-	112	0	195	261
	<b>-11,210</b>	<b>-8,149</b>	<b>-32,902</b>	<b>-29,609</b>	<b>-39,998</b>
Cash flow from investing activities - continuing operations	<b>-11,210</b>	<b>-8,149</b>	<b>-32,902</b>	<b>-29,609</b>	<b>-39,998</b>
Cash flow from investing activities - discontinued operations	-	-	-	-	-
<b>Cash flow from investing activities</b>	<b>-11,210</b>	<b>-8,149</b>	<b>-32,902</b>	<b>-29,609</b>	<b>-39,998</b>
<b>Financing activities</b>					
Dividend to shareholders	0	-	-34,931	-29,302	-29,302
Buy-back of shares	-7,299	-3,435	-52,837	-23,946	-35,249
Repayment of loans	-430	-150	179	-472	-625
	<b>-7,728</b>	<b>-3,585</b>	<b>-87,588</b>	<b>-53,720</b>	<b>-65,176</b>
Cash flow from financing activities - continuing operations	<b>-7,728</b>	<b>-3,585</b>	<b>-87,588</b>	<b>-53,720</b>	<b>-65,176</b>
Cash flow from financing activities - discontinued operations	-	-	-	-	-
<b>Cash flow from financial activities</b>	<b>-7,728</b>	<b>-3,585</b>	<b>-87,588</b>	<b>-53,720</b>	<b>-65,176</b>
<b>Cash flow for the period</b>	<b>-4,774</b>	<b>432</b>	<b>-84,086</b>	<b>-38,790</b>	<b>-30,701</b>
Cash and cash equivalents opening balance	88,627	164,364	170,917	204,711	204,711
Exchange differences in liquid assets	2,378	-1,979	-599	-3,104	-3,093
<b>Cash and equivalents closing balance</b>	<b>86,231</b>	<b>162,817</b>	<b>86,231</b>	<b>162,817</b>	<b>170,917</b>
<b>Additional information:</b>					
<i>Adjustments for non-cash items</i>					
Depreciations and impairments	6,317	7,273	21,012	21,855	28,612
Other items	-1,484	3,432	6,153	8,102	7,934
Total	4,833	10,705	27,165	29,957	36,546
Interest received	219	498	868	2,055	2,447
Interest paid	-65	-46	-382	-165	-206

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**INCOME STATEMENT, PARENT**

	<b>2013-07-01</b>	<b>2012-07-01</b>	<b>2013-01-01</b>	<b>2012-01-01</b>	<b>2012-01-01</b>
<b>Amounts in SEK thousands</b>	<b>2013-09-30</b>	<b>2012-09-30</b>	<b>2013-09-30</b>	<b>2012-09-30</b>	<b>2012-12-31</b>
Net sales	<b>601</b>	<b>527</b>	<b>1,798</b>	<b>1,593</b>	<b>2,117</b>
Administrative expenses	-4,632	-5,009	-13,784	-16,964	-22,295
Research and development costs	-330	-517	-1,421	-1,078	-1,383
Other operating items	-73	-218	-43	-458	-1,883
<i>Operating expenses</i>	<i>-5,036</i>	<i>-5,745</i>	<i>-15,248</i>	<i>-18,500</i>	<i>-25,561</i>
<b>Operating profit/loss</b>	<b>-4,435</b>	<b>-5,218</b>	<b>-13,450</b>	<b>-16,907</b>	<b>-23,444</b>
<b>Profit/loss from financial investments:</b>					
Interest income from receivables from group companies	2,615	2,174	7,735	7,133	9,958
Interest expense from liabilities to group companies	-736	-479	-2,149	-1,468	-2,200
Result from participations in group companies	0	2,722	42,817	2,722	-10,568
Other interest and similar income	207	348	754	1,638	6,067
Other interest and similar income	-352	-1,525	-2,079	-1,527	-2,700
Group contribution received	-	-	0	-	35,649
Financial net income	1,734	3,240	47,078	8,499	36,206
<b>Profit/loss before income tax</b>	<b>-2,701</b>	<b>-1,978</b>	<b>33,628</b>	<b>-8,408</b>	<b>12,762</b>
Tax expenses	0	0	0	75	2,372
<b>Total profit/loss for the period</b>	<b>-2,701</b>	<b>-1,977</b>	<b>33,628</b>	<b>-8,333</b>	<b>15,134</b>

**STATEMENT OF COMPREHENSIVE INCOME, PARENT**

Total profit/loss for the period	-2,701	-1,977	33,628	-8,333	15,134
<b>Other comprehensive income:</b>					
Translation differences related to non Swedish subsidiaries	-1,114	-10,972	-427	-10,671	-13,509
<b>Total comprehensive income, parent</b>	<b>-3,815</b>	<b>-12,949</b>	<b>33,201</b>	<b>-19,004</b>	<b>1,625</b>

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**BALANCE SHEET, PARENT**

Amounts in SEK thousands	2013-09-30	2012-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Intangible assets</i>		
Patents and licenses	7,842	7,718
<i>Financial assets</i>		
Investments in group companies	481,628	481,728
Receivables from group companies	46,218	7,789
Deferred tax asset	41,733	41,733
	<b>569,579</b>	<b>531,250</b>
<b>Total non-current assets</b>	<b>577,421</b>	<b>538,968</b>
<b>Current assets</b>		
<i>Current receivables</i>		
Receivables from group companies	12,689	11,762
Other receivables	517	4,891
Prepaid expenses and accrued income	565	1,399
	<b>13,771</b>	<b>18,051</b>
Cash and cash equivalents	<b>40,886</b>	<b>52,286</b>
<b>Total current assets</b>	<b>54,657</b>	<b>70,337</b>
<b>TOTAL ASSETS</b>	<b>632,078</b>	<b>609,305</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>		
<b>Equity</b>		
<i>Restricted equity</i>		
Share capital	89,423	89,372
	<b>89,423</b>	<b>89,372</b>
<i>Unrestricted equity</i>		
Fair value reserve	-67,169	-66,742
Retained earnings	361,311	433,996
Profit/loss for the year	33,628	15,133
	<b>327,770</b>	<b>382,387</b>
<b>Total equity</b>	<b>417,192</b>	<b>471,759</b>
<b>Provisions</b>	<b>22,411</b>	<b>24,024</b>
<b>Current liabilities</b>		
Trade payables	228	2,157
Liabilities to group companies	188,441	106,026
Other current liabilities	0	1,273
Accrued expenses and prepaid income	3,806	4,065
	<b>192,475</b>	<b>113,522</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>632,078</b>	<b>609,305</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*. Revised and new standards and interpretations from IASB and IFRS Interpretations Committee which have come into effect and apply to the fiscal year 2013 have not had any effect on the Group's financial reporting besides increased disclosure requirements.

The changes in IAS 1 Presentation of Financial Statements have resulted in items in other total result being grouped in two categories: a) items which will not be allocated to the result and b) items which will be allocated to the result if certain criteria are met.

The new standard IFRS 13 *Fair Value Measurement* is applicable at fair value measurements of financial as well as non-financial items. IFRS 13 has been applied future-oriented from January 1 2013, but has not had any influence on the figures reported. IFRS 13 requires that quantitative and qualitative information on fair value measurements are presented in the annual report. As a result of the new standard, the disclosure requirements in IAS 34 *Interim Reporting* have also been extended with requirements that interim reports shall include specific information concerning financial instruments reported at fair value. The change in IAS 34 also means that information shall be given in the annual report concerning the fair value of financial instruments reported as accrued acquisition value. See below.

### 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>2013-09-30</b>	<b>2012-12-31</b>
Additional purchase sum, long-term part	21 111	22 642
Additional purchase sum, short-term part	1 300	1 382
Total	22 411	24 024

The change in financial debt in 2013 is presented below:

<b>Opening value January 1, 2013</b>	<b>24 024</b>
Profit/loss reported as result	0
Adjusted during the year	-1 614
<b>Value carried forward September 30, 2013</b>	<b>22 411</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 2012. These are described on pp. 34-43 in the Annual Report. Readers wishing to study the accounting principles presented in the 2012 Annual Report can download this report from Biotage AB's website [www.biotage.com](http://www.biotage.com) or order it from Biotage AB, Box 8, SE-751 03 Uppsala, Sweden, or [info@biotage.com](mailto:info@biotage.com).

## **Review report**

### *Introduction*

We have reviewed the interim report for Biotage AB for the period January 1 - September 30, 2013. 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 Standard on Review Engagements (SÖG) 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 smaller in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS 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 25, 2013

Deloitte AB

Marcus Sörlander

Authorized Public Accountant