

# Interim report

## January - September 2017



November 2, 2017

### Continued strong momentum in Biotage's operations

#### Third quarter

- Net sales amounted to 177.7 MSEK (167.0), which is an increase by 6.4 percent compared to the corresponding quarter last year. At comparable exchange rates\* net sales increased by 9.8 percent.
- Operating profit increased by 7.5 percent to 29.3 MSEK (27.2).
- Result after tax increased by 12.4 percent to 31.1 MSEK (27.7).
- Earnings per share amounted to 0.48 SEK (0.43) before and after dilution.
- The cash flow from operating activities amounted to 30.5 MSEK (30.8).
- Net cash\* at September 30 amounted to 119.6 MSEK (128.6), compared to 101.6 MSEK at June 30.
- At the end of the reported period Biotage had no holding of own shares. No shares have been acquired under the repurchasing program resolved at the 2017 AGM.

#### Nine months January - September

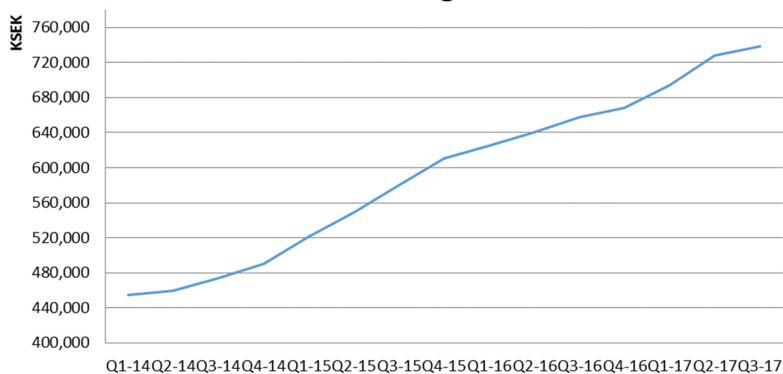
- Net sales amounted to 559.3 MSEK (488.8), which is an increase by 14.4 percent compared to the corresponding period last year. At comparable exchange rates net sales increased by 13.1 percent.
- Operating profit increased by 35 percent to 101.4 MSEK (75.0).
- Result after tax increased by 38 percent to 104.1 MSEK (75.3).
- Earnings per share amounted to 1.61 SEK (1.16) before and after dilution.
- The cash flow from operating activities amounted to 102.8 MSEK (96.7).
- Dividends to the shareholders were paid to the amount of 80.9 MSEK (80.9) in the month of May.

\*See definitions on pp. 18-19

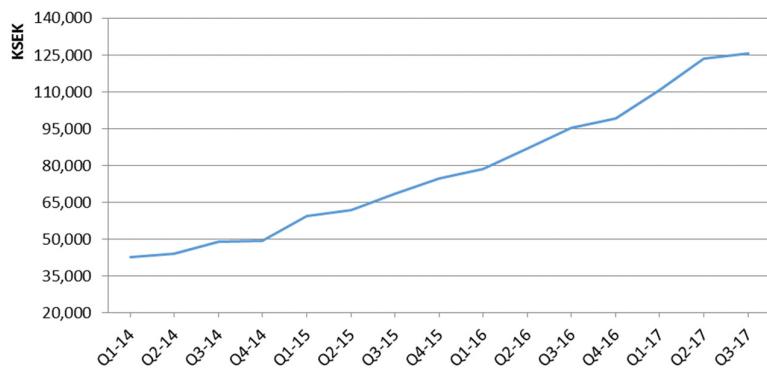
## Group financial development in brief

Amounts in SEK millions	3 <sup>rd</sup> quarter Jul-Sep 2017	3 <sup>rd</sup> quarter Jul-Sep 2016	9 months Jan-Sep 2017	9 months Jan-Sep 2016	12 months Jan-Dec 2016
Net sales	177.7	167.0	559.3	488.8	667.9
Cost of sales	-70.5	-70.8	-218.2	-208.8	-282.1
Gross profit	107.2	96.2	341.0	279.9	385.8
Operating expenses	-78.0	-69.0	-239.6	-204.9	-286.7
Operating profit/loss (EBIT)	29.3	27.2	101.4	75.0	99.1
Financial items	0.7	-2.0	2.6	-0.9	-6.7
Profit/loss before tax	30.0	25.3	104.0	74.2	92.4
Tax expenses	1.1	2.4	0.1	1.1	0.4
<b>Total profit/loss for the period</b>	<b>31.1</b>	<b>27.7</b>	<b>104.1</b>	<b>75.3</b>	<b>92.8</b>
<i>Gross margin</i>	60.3%	57.6%	61.0%	57.3%	57.8%
<i>Operating margin (EBIT)</i>	16.5%	16.3%	18.1%	15.4%	14.8%

### Net sales rolling 12 months



### Operating profit (EBIT) rolling 12 months



\*See definitions on pp. 18-19

## Comments by CEO Torben Jørgensen

Biotage continues to have a good momentum in the operations and the successes from the first six months of the year are followed by yet another strong quarter. For rolling 12 months the sales growth is 12.3 percent. Despite the negative impact of the development of the US dollar on the reported sales in the third quarter, Biotage continues to grow with maintained profitability. The gross margin in the quarter as well as the first nine months of the year and rolling 12 months exceeds 60 percent. The operating margin (EBIT) was 16.5 percent in the quarter and now reaches 14.4 percent on a rolling 36 months basis, to be compared to our goal of an average of 15 percent for the three years 2017-2019. The operating result improved by 7.5 percent compared to the corresponding quarter last year, despite a negative effect of almost 6 MSEK from other operating items, mainly attributable to exchange rate changes.

Larger sales volumes and efficiency improvements in production contribute to profitability improvements. Efficiency programs are being run continuously and not only in manufacturing. An equally natural part is to develop improved and more cost-effective solutions in R&D, beneficial for our customers as well as for Biotage. This often goes hand in hand with Biotage's sustainability efforts. One example of this is Biotage's in-house developed software in the product area purification, which reduces the use of solvents considerably. This results in costs savings for the customers and benefits the environment.

We produce large parts of the product range in our plant in Cardiff, Wales. In addition to the volume increases mentioned above and efficiency improvements, the weakening of the British pound also contributes to our good profitability. Increased consumables sales give a higher gross margin, but also the mix within systems and consumables leads to profitability variations. The relative share of system sales in the quarter was 48 percent, compared to our long-term strategic goal of maximum 40 percent.

All geographic regions with direct sales increased their sales compared to the corresponding quarter last year. Our direct sales in Asia continue to develop well. We see especially strong sales growth in South Korea and Japan. In India, where we have sold only through a distributor, the sales development is weak. Biotage has now established a subsidiary in India. The establishment of our own presence and direct sales has thus been initiated, with the aim to copy our previous recipe for success from South Korea and China. According to the establishment plan we will be operative in India at some time in 2018. The transition to direct sales only in Italy took place in July 2017.

The launch of the new generation of the evaporation system TurboVap® has been very well received in the market, with sales of close to 100 systems already this quarter. TurboVap® is a part of our product offering in analytical chemistry, which also includes the sales of consumables for Sample Prep, and both of these show a double-digit percentage increase in the quarter. In the product area industrial products we have seen a higher activity since the beginning of the year, resulting in more sales of Biotage's biggest purification system Flash 400™ and related consumables.

Finally, it is with satisfaction that we can put the patent dispute in the US aside.

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

#### Third quarter July – September 2017

Group net sales in the third quarter 2017 amounted to 177.7 MSEK (167.0), which is an increase by 6.4 percent. At comparable exchange rates sales increased by 9.8 percent compared to the corresponding quarter last year. The Americas was the biggest market with 45 percent (45) of the net sales. The EU area contributed 26 percent (28), Japan 11 percent (13), China 9 percent (9), South Korea 4 percent (n.a.), APAC 4 percent (3) and EMEA 1 percent (2).

The Group's gross margin was 60.3 percent (57.6). Larger sales volumes and efficiency improvements in production contributed to increasing the profitability, at the same time as the mix of products in the sales during the quarter gave a lower gross margin contribution than during the first six months. As more than half of the Group's sales are made in US dollar the relation between USD and SEK affects the reported gross profit. The distribution between systems and aftermarket products sales was 48 percent (45) and 52 percent (55), respectively, to be compared with the company's goal of a 40/60 distribution.

The operating expenses amounted to 78.0 MSEK (69.0). Of this sum 49.8 MSEK (46.9) were sales costs. The research and development costs amounted to 13.2 MSEK (12.6). The administration costs amounted to 12.4 MSEK (12.7). Other operating items, primarily consisting of currency effect on operations related liabilities and receivables, amounted to -2.6 MSEK (3.2), and thus has a negative effect of 5.8 MSEK on the result compared to the corresponding quarter last year.

Operating profit improved, despite the negative currency effect, by 7.5 percent to 29.3 MSEK (27.2), corresponding to an operating margin (EBIT) of 16.5 percent (16.3). Net financial income amounted to 0.7 MSEK (-2.0). The result after tax improved by 12.4 percent to 31.1 MSEK (27.7).

The cash flow from operating activities was 30.5 MSEK (30.8). The investments amounted to 8.6 MSEK (30.2). The comparative period's investments include the purchase of shares in Chreto Aps to the amount of 19.3 MSEK. Amortizations and write-downs amounted to 8.4 MSEK (11.8). Capitalized development costs accounted for 4.4 MSEK (6.9) of the investments and for 4.6 MSEK (7.7) of the amortizations and write-downs.

### Nine months January - September 2017

Group net sales increased by 14.4 percent and amounted to 559.3 MSEK (488.8). At comparable exchange rates net sales increased by 13.1 percent (10.3). The Americas was the biggest market with 44 percent (44) of the net sales. The EU area contributed 27 percent (29), Japan 13 percent (14), China 9 percent (8), South Korea 3 percent (n.a.), APAC 3 percent (3) and EMEA 1 percent (2).

The Group's gross margin improved to 61.0 percent (57.3). Systems accounted for 45 percent (44) of the sales and aftermarket products for 55 percent (56). Volume increases and improved efficiency in the production plant in Cardiff, Wales, and currency effect at the translation of these costs from GBP to SEK, contribute to the increased profitability in relation to the comparative period.

The operating expenses amounted to 239.6 MSEK (204.9). The 34.7 MSEK increase is mainly attributable to the increase of the sales costs by 17.0 MSEK to 152.7 MSEK (135.7), due to the expansion of the sales organization, and to other operating items, primarily consisting of currency effects on operations related liabilities and receivables, amounting to -7.0 MSEK (7.8) and thus giving a negative effect of 14.8 MSEK compared to the corresponding period last year.

The operating profit improved by 35 percent to 101.4 MSEK (75.0), corresponding to an operating margin (EBIT) of 18.1 percent (15.4). Net financial income amounted to 2.6 MSEK (-0.9). The result after tax was 104.1 MSEK (75.3), an increase by 38 percent.

The cash flow from operating activities improved to 102.8 MSEK (96.7). The investments amounted to 25.4 MSEK (51.3). The comparative period's investments include the purchase of shares in Chreto Aps to the amount of 19.3 MSEK. Amortizations and write-downs amounted to 25.7 MSEK (35.3). Capitalized development costs accounted for 15.1 MSEK (23.3) of the investments and for 13.8 MSEK (24.7) of the amortizations and write-downs.

### Balance sheet items

At September 30, 2017 the Group's cash and cash equivalents amounted to 119.6 MSEK (128.6), compared to 101.6 MSEK at June 30. The Group had no interest-bearing liabilities, neither at the end of the reported period, nor at the end of the comparative period. Net cash at September 30 thus amounted to 119.6 MSEK (128.6). During the year dividends to the shareholders have been paid to the amount of 80.9 MSEK (80.9).

The Group reports a total goodwill of 104.0 MSEK (104.0) at September 30. The reported goodwill is related to the acquisitions of MIP Technologies AB and two product lines from Caliper Life Sciences Inc. in 2010.

Other intangible fixed assets amounted to 114.9 MSEK (116.0), compared to 115.9 MSEK at June 30. Of this sum patents and license rights amounted to 22.8 MSEK (25.2), compared to 23.6 MSEK at June 30, and capitalized development costs to 92.1 MSEK (90.8), compared to 92.3 MSEK at June 30.

At September 30 the equity capital amounted to 569.6 MSEK (563.2), compared to 545.7 MSEK at June 30. The change in equity during the first nine months is primarily attributable to the net result 104.1 MSEK (75.3) and dividends to the shareholders - 80.9 MSEK (-80.9).

### **Repurchasing program**

Biotage had no holding of own shares at the end of the reported period. No shares were acquired under the repurchasing program resolved at the 2017 AGM. Complete documentation from the AGM is available at [www.biotope.com](http://www.biotope.com).

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

As announced on August 16, 2017 a settlement has been made on friendly terms concerning Biotage's alleged infringement of Scientific Plastic Products' American patents US 8,066,875 and 8,070,957. Biotage has not admitted any responsibility and no demands are outstanding against Biotage. As Biotage's assessment has been that the company has had a strong position and that the other party has lacked good cause for the alleged patent infringement no reserves have been reported due to the previous dispute, thus the settlement has no effects in Biotage's reporting.

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

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

### **Human resources**

The Group had 342 employees (319) at September 30, compared to 334 at June 30 and 323 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, China, South Korea, and since October 2017 in India. 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 1.7 MSEK (1.7) in the nine-month period. The operating expenses amounted to 4.9 MSEK (4.5) in the quarter and to 15.8 MSEK (15.3) in the nine-month period. The operating result was -4.3 MSEK (-4.0) for the quarter and -14.0 MSEK (-13.6) for the nine-month period.

The parent company's net financial income was 1.1 MSEK (-1.0) for the quarter and 3.2 MSEK (2.4) for the nine-month period. The parent company's result after financial

items was -3.3 MSEK (-5.0) for the quarter and -10.8 MSEK (-11.1) for the nine-month period.

The investments in intangible fixed assets amounted to 1.2 MSEK (0.4) in the quarter and to 1.2 MSEK (1.4) in the nine-month period. The parent company's cash and bank balance amounted to 0.7 MSEK (1.4) at September 30, compared to 1.5 MSEK at June 30.

### **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 unchanged compared to the description of the company's risks, uncertainty factors and the handling of these in the company's Annual Report for 2016. Readers wishing to study the Annual Report can download this from the company's website [www.biota.com](http://www.biota.com) or order it from Biotage AB, Box 8, SE-751 03, Uppsala, Sweden or [info@biota.com](mailto:info@biota.com).

### **Nomination committee**

On September 18 Biotage announced on the company's website that a nomination committee, consisting of shareholders' representatives and the Chairman of the Board, has been formed. The nomination committee shall, before the Annual General Meeting 2018, prepare proposals for the election of chairman and other members of the board, the election of chairman of the AGM, the election of auditors, the determination of fees and matters pertaining thereto.

The members of the nomination committee are:

Harald Høegh, Vind AS, chairman of the nomination committee

Marianne Flink, Swedbank Robur Fonder

Thomas Ehlin, The Fourth Swedish National Pension Fund

Ove Mattsson, Chairman of the Board, Biotage 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: [info@biota.com](mailto:info@biota.com).

## **Coming financial reports**

The year-end report for 2017 will be issued on February 8, 2018.  
The Annual General Meeting 2018 will be held on April 26, 2018.  
The interim report for the first quarter 2018 will be issued on April 26, 2018.  
The interim report for the second quarter 2018 will be issued on July 16, 2018.  
The interim report for the third quarter 2018 will be issued on November 6, 2018.  
The year-end report for 2018 will be issued on February 7, 2019.

The Annual Report for 2017 is planned for publication in week 14 2018.

All reports are available at Biotage's website from the above dates.

Uppsala November 2, 2017

Torben Jörgensen  
President and CEO

For further information, please contact:

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*This information is information that Biotage AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08.30 CET on November 2, 2017.*

### **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, Japan, South Korea and India. Biotage has approx. 330 employees and had sales of 668 MSEK in 2016. Biotage is listed on NASDAQ Stockholm. Website: [www.biotage.com](http://www.biotage.com)*

## **Review Report**

### ***Introduction***

We have reviewed the interim report for Biotage AB for the period January 1 - September 30, 2017. 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.

### ***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, November 2, 2017

Deloitte AB

Jonas Ståhlberg  
Authorized Public Accountant

**Biotage AB (publ)**

**Interim report**

**2017-01-01 -- 2017-09-30**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY**

<b>Amounts in SEK thousands</b>	<b>2017-07-01</b>	<b>2016-07-01</b>	<b>2017-01-01</b>	<b>2016-01-01</b>	<b>2016-01-01</b>
	<b>2017-09-30</b>	<b>2016-09-30</b>	<b>2017-09-30</b>	<b>2016-09-30</b>	<b>2016-12-31</b>
Net sales	177,716	167,032	559,259	488,766	667,912
Cost of sales	-70,469	-70,849	-218,212	-208,826	-282,098
<b>Gross profit</b>	<b>107,245</b>	<b>96,183</b>	<b>341,045</b>	<b>279,940</b>	<b>385,813</b>
Distribution costs	-49,796	-46,855	-152,651	-135,666	-189,276
Administrative expenses	-12,406	-12,668	-38,447	-39,163	-55,995
Research and development costs	-13,178	-12,642	-41,505	-37,787	-49,188
Other operating income	-2,606	3,215	-7,044	7,708	7,760
<b>Total operating expenses</b>	<b>-77,986</b>	<b>-68,951</b>	<b>-239,647</b>	<b>-204,909</b>	<b>-286,700</b>
<b>Operating profit/loss</b>	<b>29,259</b>	<b>27,232</b>	<b>101,398</b>	<b>75,032</b>	<b>99,114</b>
Financial net income	725	-1,963	2,629	-860	-6,712
<b>Profit/loss before income tax</b>	<b>29,984</b>	<b>25,269</b>	<b>104,027</b>	<b>74,172</b>	<b>92,401</b>
Tax expenses	1,143	2,432	70	1,132	394
<b>Total profit/loss for the period</b>	<b>31,127</b>	<b>27,701</b>	<b>104,097</b>	<b>75,304</b>	<b>92,796</b>
<b>Other comprehensive income</b>					
Components that may be reclassified to net income:					
Translation differences related to					
non Swedish subsidiaries	-6,532	960	-16,306	-1,819	4,460
Cash flow hedges	-630	586	-497	-624	218
<b>Total other comprehensive income</b>	<b>-7,163</b>	<b>1,546</b>	<b>-16,804</b>	<b>-2,443</b>	<b>4,678</b>
<b>Total comprehensive income for the period</b>	<b>23,964</b>	<b>29,247</b>	<b>87,293</b>	<b>72,861</b>	<b>97,474</b>

**Biotage AB (publ)**  
**Interim report**  
**2017-01-01 -- 2017-09-30**

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

	2017-07-01	2016-07-01	2017-01-01	2016-01-01	2016-01-01
	2017-09-30	2016-09-30	2017-09-30	2016-09-30	2016-12-31
Attributable to parent company's shareholders:					
Total profit/loss for the period	31,127	27,701	104,097	75,304	92,796
Attributable to parent company's shareholders:					
Total comprehensive income for the period	23,964	29,247	87,293	72,861	97,474
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	0.48	0.43	1.61	1.16	1.43
Total profit/loss for the period per share SEK after dilution	0.48	0.43	1.61	1.16	1.43
Earnings per share relates to:					
Continuing operations	0.48	0.43	1.61	1.16	1.43
Total comprehensive income for the period per share SEK	0.37	0.45	1.35	1.13	1.51
Total comprehensive income for the period per share after dilution SEK	0.37	0.45	1.35	1.13	1.51

Quarterly summary 2016 and 2017 Amounts in KSEK	2017	2017	2017	2016	2016	2016	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	177,716	196,315	185,228	179,145	167,032	162,859	158,875
Cost of sales	-70,469	-75,270	-72,473	-73,272	-70,849	-69,769	-68,208
Gross profit	<b>107,246</b>	<b>121,045</b>	<b>112,755</b>	<b>105,873</b>	<b>96,183</b>	<b>93,091</b>	<b>90,666</b>
Gross margin	60.3%	61.7%	60.9%	59.1%	57.6%	57.2%	57.1%
Operating expenses	-77,986	-83,853	-77,808	-81,791	-68,951	-68,865	-67,092
Operating profit/loss	<b>29,260</b>	<b>37,192</b>	<b>34,947</b>	<b>24,082</b>	<b>27,232</b>	<b>24,225</b>	<b>23,574</b>
Financial net	725	600	1,304	-5,852	-1,963	761	343
Profit/loss before income tax	<b>29,984</b>	<b>37,793</b>	<b>36,250</b>	<b>18,230</b>	<b>25,269</b>	<b>24,986</b>	<b>23,917</b>
Tax expenses	1,143	-116	-958	-738	2,432	-256	-1,044
<b>Total profit/loss for the period</b>	<b>31,127</b>	<b>37,677</b>	<b>35,293</b>	<b>17,492</b>	<b>27,701</b>	<b>24,730</b>	<b>22,872</b>

**Biotage AB (publ)**  
**Interim report**  
**2017-01-01 -- 2017-09-30**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY**

<b>Amounts in SEK thousands</b>	<b>2017-09-30</b>	<b>2016-12-31</b>
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, plant and equipment	44,593	45,447
Goodwill	104,023	104,023
Other intangible assets	114,879	116,015
Financial assets	20,329	21,389
Deferred tax asset	57,268	52,344
<b>Total non-current assets</b>	<b>341,092</b>	<b>339,217</b>
<b>Current assets</b>		
Inventories	91,972	88,906
Trade and other receivables	146,959	138,451
Cash and cash equivalents	119,552	128,622
<b>Total current assets</b>	<b>358,483</b>	<b>355,980</b>
<b>TOTAL ASSETS</b>	<b>699,575</b>	<b>695,196</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
Reserves	-100,742	-83,938
Retained earnings	580,427	557,223
<b>Total equity</b>	<b>569,639</b>	<b>563,238</b>
<b>Non-current liabilities</b>		
Other financial liabilities	679	815
Deferred tax liability	1,710	1,759
Non-current provisions	1,537	1,663
<b>Total non-current liabilities</b>	<b>3,927</b>	<b>4,237</b>
<b>Current liabilities</b>		
Trade and others liabilities	120,563	123,733
Tax liabilities	1,927	1,085
Current provisions	3,520	2,903
<b>Total current liabilities</b>	<b>126,009</b>	<b>127,721</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>699,575</b>	<b>695,196</b>

Biotage AB (publ)

Interim report

2017-01-01 -- 2017-09-30

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

<b>Amounts in SEK thousands</b>	<b>Share capital</b>	<b>Accumulated translation reserve</b>	<b>Hedging reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Opening balance January 1, 2016</b>	<b>89,953</b>	<b>-88,687</b>	<b>70</b>	<b>545,320</b>	<b>546,657</b>
<b>Changes in equity in the period of January 1 -december 31, 2016</b>					
Total comprehensive income	-	4,460	218	92,796	97,474
<b>Total non-owners changes</b>	<b>-</b>	<b>4,460</b>	<b>218</b>	<b>92,796</b>	<b>97,474</b>
<b>Transactions with equity holders of the company</b>					
Dividend to shareholders of the parent company	-	-	-	-80,893	-80,893
<b>Closing balance December 31, 2016</b>	<b>89,953</b>	<b>-84,227</b>	<b>289</b>	<b>557,223</b>	<b>563,238</b>
<b>Changes in equity in the period of January 1, - June 30, 2016</b>					
Total comprehensive income	-	-1,819	-624	75,304	72,861
<b>Total non-owners changes</b>	<b>-</b>	<b>-1,819</b>	<b>-624</b>	<b>75,304</b>	<b>72,861</b>
<b>Transacitons with equity holders of the company</b>					
Dividend to shareholders of the parent company	-	-	-	-80,893	-80,893
Reversal unpaid additional purchase consideration	-	-	-	888	888
<b>Closing balance June 30, 2016</b>	<b>89,953</b>	<b>-90,505</b>	<b>-554</b>	<b>540,619</b>	<b>539,513</b>
<b>Changes in equity in the period of January 1, - June 30, 2017</b>					
Total comprehensive income	-	-16,306	-497	104,097	87,293
<b>Total non-owners changes</b>	<b>-</b>	<b>-16,306</b>	<b>-497</b>	<b>104,097</b>	<b>87,293</b>
<b>Transacitons with equity holders of the company</b>					
Dividend to shareholders of the parent company	-	-	-	-80,893	-80,893
<b>Closing balance June 30, 2017</b>	<b>89,953</b>	<b>-100,533</b>	<b>-209</b>	<b>580,427</b>	<b>569,639</b>

The 2017 Annual General Meeting resolved to authorize the Board to continue to let the company repurchase shares up until the AGM 2018, 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, 2017, the company held no repurchased shares.

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**CONSOLIDATED STATEMENT OF CASH FLOWS**

<b>Amounts in SEK thousands</b>	<b>2017-07-01</b>	<b>2016-07-01</b>	<b>2017-01-01</b>	<b>2016-01-01</b>	<b>2016-01-01</b>
	<b>2017-09-30</b>	<b>2016-09-30</b>	<b>2017-09-30</b>	<b>2016-09-30</b>	<b>2016-12-31</b>
<b>Operating activities</b>					
Profit/loss before income tax	29,984	25,269	104,027	74,172	92,401
Adjustments for non-cash items	9,652	10,843	27,317	29,628	42,649
	<b>39,636</b>	<b>36,112</b>	<b>131,344</b>	<b>103,800</b>	<b>132,051</b>
Income tax paid	-2,045	-1,885	-4,279	-4,796	-5,363
<b>Cash flow from operating activities before changes in working capital</b>	<b>37,591</b>	<b>34,228</b>	<b>127,065</b>	<b>99,004</b>	<b>129,688</b>
Cash flow from changes in working capital:					
Increase (-)/ decrease (+) in inventories	-3,998	6,394	-10,341	9,074	9,955
Increase (-)/ decrease (+) in operating receivables	-7,530	-5,378	-16,257	-7,324	-8,821
Increase (+)/ decrease (-) in operating liabilities	4,456	-4,464	2,291	-4,045	8,250
<b>Cash flow from operating activities</b>	<b>30,518</b>	<b>30,779</b>	<b>102,759</b>	<b>96,708</b>	<b>139,072</b>
<b>Investing activities</b>					
Acquisition of intangible assets	-4,867	-7,413	-16,840	-25,053	-34,322
Acquisition of property, plant and equipment	-3,760	-2,280	-8,520	-4,887	-13,218
Acquisition of financial assets	-	-20,499	-	-21,389	-20,620
Sale of financial assets	-825	-	288	-	435
<b>Cash flow from investing activities</b>	<b>-9,452</b>	<b>-30,192</b>	<b>-25,072</b>	<b>-51,329</b>	<b>-67,726</b>
<b>Financing activities</b>					
Dividend to shareholders	-	-	-80,893	-80,893	-80,893
Repayment of loans	-47	-44	-136	-208	-259
<b>Cash flow from financial activities</b>	<b>-47</b>	<b>-44</b>	<b>-81,029</b>	<b>-81,102</b>	<b>-81,152</b>
<b>Cash flow for the period</b>	<b>21,019</b>	<b>544</b>	<b>-3,342</b>	<b>-35,722</b>	<b>-9,807</b>
Cash and cash equivalents opening balance	101,637	99,572	128,622	134,885	134,885
Exchange differences in liquid assets	-3,103	1,216	-5,728	2,168	3,544
<b>Cash and equivalents closing balance</b>	<b>119,552</b>	<b>101,331</b>	<b>119,552</b>	<b>101,331</b>	<b>128,622</b>
<b>Additional information:</b>					
<i>Adjustments for non-cash items</i>					
Depreciations and impairments	8,442	11,786	25,738	35,259	43,825
Other items	1,210	-943	1,579	-5,631	-1,176
Total	9,652	10,843	27,317	29,628	42,649

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**INCOME STATEMENT, PARENT IN SUMMARY**

<b>Amounts in SEK thousands</b>	<b>2017-07-01</b>	<b>2016-07-01</b>	<b>2017-01-01</b>	<b>2016-01-01</b>	<b>2016-01-01</b>
	<b>2017-09-30</b>	<b>2016-09-30</b>	<b>2017-09-30</b>	<b>2016-09-30</b>	<b>2016-12-31</b>
Net sales	<b>554</b>	<b>572</b>	<b>1,729</b>	<b>1,703</b>	<b>2,287</b>
Administrative expenses	-4,217	-3,979	-13,585	-13,584	-19,227
Research and development costs	-691	-537	-2,217	-1,708	-2,077
Other operating items	7	-24	37	-	-86
Operating expenses	<b>-4,900</b>	<b>-4,540</b>	<b>-15,765</b>	<b>-15,293</b>	<b>-21,389</b>
<b>Operating profit/loss</b>	<b>-4,346</b>	<b>-3,969</b>	<b>-14,036</b>	<b>-13,589</b>	<b>-19,103</b>
<b>Profit/loss from financial investments:</b>					
Interest income from receivables from group companies	-	-	-	-	145
Interest expense from liabilities to group companies	-603	-644	-1,914	-1,869	-2,581
Result from participations in group companies	-	-	-	2,793	2,793
Other interest and similar income	1,665	-	5,157	2,218	1
Other interest and similar expenses	-	-354	-	-694	-2,578
Group contribution received	-	-	-	-	<b>85,500</b>
Financial net income	<b>1,063</b>	<b>-997</b>	<b>3,243</b>	<b>2,448</b>	<b>83,281</b>
<b>Profit/loss before income tax</b>	<b>-3,284</b>	<b>-4,966</b>	<b>-10,793</b>	<b>-11,141</b>	<b>64,178</b>
Tax expenses	<b>1,767</b>	<b>890</b>	<b>2,041</b>	<b>2,309</b>	<b>1,574</b>
<b>Total profit/loss for the period</b>	<b>-1,517</b>	<b>-4,076</b>	<b>-8,752</b>	<b>-8,832</b>	<b>65,753</b>

**STATEMENT OF COMPREHENSIVE INCOME, PARENT**

Total profit/loss for the period	-1,517	-4,076	-8,752	-8,832	65,753
<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>-1,517</b>	<b>-4,076</b>	<b>-8,752</b>	<b>-8,832</b>	<b>65,753</b>

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**BALANCE SHEET, PARENT**

<b>Amounts in SEK thousands</b>	<b>2017-09-30</b>	<b>2016-12-31</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Intangible assets</i>		
Patents and licenses	9,740	9,243
<i>Financial assets</i>		
Investments in group companies	469,271	469,271
Receivables from group companies	11,355	12,599
Shares in associated companies	19,284	19,284
Deferred tax asset	41,887	39,846
	<b>541,796</b>	<b>540,999</b>
<b>Total non-current assets</b>	<b>551,536</b>	<b>550,242</b>
<b>Current assets</b>		
<i>Current receivables</i>		
Receivables from group companies	597	72,419
Other receivables	270	386
Prepaid expenses and accrued income	496	1,067
	<b>1,363</b>	<b>73,872</b>
Cash and cash equivalents	<b>743</b>	<b>1,392</b>
<b>Total current assets</b>	<b>2,106</b>	<b>75,264</b>
<b>TOTAL ASSETS</b>	<b>553,642</b>	<b>625,506</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	-	-
Retained earnings	392,507	407,647
Profit/loss for the year	-8,752	65,753
	<b>383,755</b>	<b>473,400</b>
<b>Total equity</b>	<b>473,708</b>	<b>563,353</b>
<b>Current liabilities</b>		
Trade payables	693	1,240
Liabilities to group companies	73,478	55,502
Other current liabilities	47	122
Accrued expenses and prepaid income	5,716	5,289
	<b>79,934</b>	<b>62,153</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>553,642</b>	<b>625,506</b>

## **Accounting principles**

The Group reporting of Biotage 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. Information according to IAS 34 Interim Reporting is given in notes as well as in other places in the interim report. Changed and new standards and interpretations from IASB and IFRS Interpretations Committee which have come into effect and apply to the fiscal year 2017 have not had any effect on the Group's financial reporting.

For balance sheet items figures in brackets refer to the value at the end of the corresponding period last year. For result and cash flow items the corresponding period last year is referred to.

### Fair value

Biotage has a financial asset of 0.7 MSEK measured as fair value concerning an option to acquire all outstanding shares in Chreto Aps. Biotage owns 22 percent of Chreto. 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.

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 applied as in the preparation of the Annual Report for 2016. These are described on pp. 43-50 in the Annual Report.

## Key ratios and financial metrics

For a summary of definitions of the key ratios and financial metrics used in the Group's financial reporting, see Biotage's Annual Report 2016, page 34.

### **Financial metrics in the interim report not defined according to IFRS**

In this report Biotage discloses information that the corporate management uses to assess the development of the Group. Some of the financial metrics presented are not defined according to IFRS. The company believes that these metrics give valuable supplementary information to stakeholders and corporate management, as they contribute to the evaluation of relevant trends and the company's performance. As not all companies calculate financial metrics in the same way, they are not always comparable with the metrics used by other companies. These financial metrics should thus not be seen as a substitute for metrics defined according to IFRS.

Effective July 3, 2016 ESMA's guidelines on "alternative performance measures" are applied, which means increased information demands concerning financial metrics not defined by IFRS. An explanation of the financial metrics that Biotage finds relevant according to the new guidelines is given below.

#### *Net sales at comparable exchange rates*

As the major part of the Group's income is paid in other currencies than the accounting currency SEK, the reported sales are affected to a relatively high degree by exchange rate variations between the periods. In order for stakeholders and corporate management to be able to analyze the sales development cleared of currency effects the company reports the sales development in relation to the comparative period at constant exchange rates. The current period's sales in the respective currencies are recalculated according to the exchange rates used in the reporting of the comparative period.

<b>Sales change in %</b>	<b>Jul 1 2017- Sep 30 2017</b>	<b>Jul 1 2016- Sep 30 2016</b>	<b>Jan 1 2017- Sep 30 2017</b>	<b>Jan 1 2016- Sep 30 2016</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Sales at comparable exchange rates	9.8	9.5	13.1	10.3
Currency effects	-3.3	2.1	1.3	0.3
<b>Reported change</b>	<b>6.4</b>	<b>11.6</b>	<b>14.4</b>	<b>10.6</b>

#### *Net cash*

In order for stakeholders and corporate management to be able to follow and analyze the Group's financial strength, information on the Group's net cash is reported defined as cash reduced by liabilities to credit institutions.

<b>Net cash</b>	<b>September 30, 2017</b>	<b>September 30, 2016</b>
Cash	119,552	101,331
Liabilities to credit institutions	0	0
<b>Net cash</b>	<b>119,552</b>	<b>101,331</b>

#### *Net sales and operating result for rolling 12 months*

Biotage has chosen to report the net sales and the operating result on a rolling 12 month basis as corporate management also follows the development over time on the sum of the outcomes

of the twelve last months and believes that this provides supplementary information to the calendar-based interim data otherwise given in the report.

Rolling 12 months	September 30 2017			September 30 2016		
	2016-09-01	2017-01-01	Rolling 12 months	2015-09-01	2016-01-01	Rolling 12 months
	2016-12-31	2017-09-30		2015-12-31	2016-09-30	
Net sales	179.1	559.3	738.4	168.5	488.8	657.3
Operating profit	24.1	104.0	128.1	20.2	75.0	95.2
Net sales increase %			12.3%			13.4%

#### *EBIT*

In this report Biotage uses the result measure EBIT, Earnings Before Interest and Taxes, as an alternative term for operating profit.

#### *Pledged assets*

At September 30 2017 Biotage had pledged assets amounting to 22.5 MSEK (22.5), no material change has occurred during the reporting period.