

Year-end report

January - December 2017



February 8, 2018

High growth rate and significantly improved result

Fourth quarter October – December 2017

- Net sales amounted to 188.9 MSEK (179.1), which is an increase by 5.4 percent compared to the corresponding quarter last year. At comparable exchange rates¹⁾ net sales increased by 7.1 percent.
- Operating profit increased by 34 percent to 32.3 MSEK (24.1).
- Result after tax increased by 98 percent to 34.6 MSEK (17.5).
- Earnings per share amounted to 0.54 SEK (0.27) before and after dilution.
- The cash flow from operating activities increased to 66.2 MSEK (42.4).
- Net cash¹⁾ at December 31 amounted to 174.3 MSEK (128.6).
- At the end of the reported period Biotage had no holding of own shares. No shares were acquired under the repurchasing program resolved at the 2017 Annual General Meeting.
- On December 6 Biotage signed an agreement to acquire all shares in the privately held company Horizon Technology Inc. in New Hampshire, USA.

Full year January - December 2017

- Net sales amounted to 748.1 MSEK (667.9), which is an increase by 12.0 percent compared to the corresponding period last year. At comparable exchange rates net sales increased by 12.7 percent.
- Operating profit increased by 35 percent to 133.6 MSEK (99.1).
- Result after tax increased to 138.7 MSEK (92.8).
- Earnings per share amounted to 2.14 SEK (1.43) before and after dilution.
- The cash flow from operating activities amounted to 168.9 MSEK (139.1).
- Dividends to the shareholders were paid to the amount of 80.9 MSEK (80.9) in the month of May.
- The board intends to propose to the AGM that dividends to the shareholders are paid to the amount of 1.40 SEK (1.25) per share for 2017. According to the dividend policy Biotage should distribute at least 50 percent of the net profit.

Major events after the end of the financial year

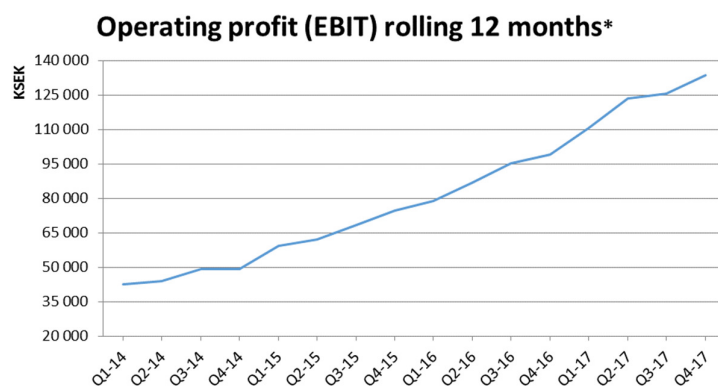
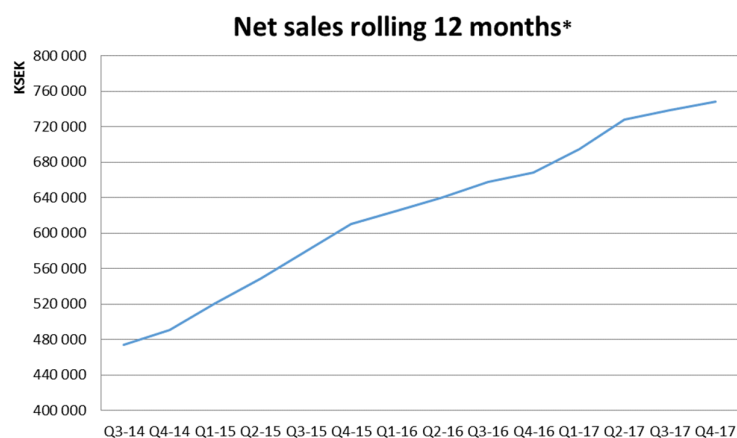
- On January 16 Biotage closed the acquisition of Horizon. The purchase price was approx. 17.8 MUSD, corresponding approx. 143 MSEK²⁾, the enterprise value amounting to approx. 16.2 MUSD and the cash to approx. 1.6 MUSD.

1) See definition on pp 16-17

2) Based on an exchange rate SEK/USD of 8.02

Group financial development in brief

Amounts in SEK millions	4 th quarter Oct-Dec 2017	4 th quarter Oct-Dec 2016	12 months Jan-Dec 2017	12 months Jan-Dec 2016
Net sales	188.9	179.1	748.1	667.9
Cost of sales	-73.3	-73.3	-291.5	-282.1
Gross profit	115.6	105.9	456.7	385.8
Operating expenses	-83.4	-81.8	-323.0	-286.7
Operating profit/loss (EBIT)	32.2	24.1	133.6	99.1
Financial items	0.0	-5.9	2.6	-6.7
Profit/loss before tax	32.2	18.2	136.3	92.4
Tax expenses	2.4	-0.7	2.5	0.4
Total profit/loss for the period	34.6	17.5	138.7	92.8
Gross margin	61.2%	59.1%	61.0%	57.8%
Operating margin (EBIT)	17.1%	13.4%	17.9%	14.8%



*See definition on pp 16-17

Comments by CEO Torben Jörgensen

Summing up the year that passed I can note that 2017 exceeded our expectations and is Biotage's best year ever. We report record sales of 748 MSEK for the full-year and we increase the cash flow for the operating activities by no less than 30 MSEK to 169 MSEK.

All geographic regions show growth exceeding our financial growth target of 8 percent during the year and in total Biotage shows a sales growth of 12 percent.

The operating result (EBIT) improved by 35 percent in 2017. The operating margin for the quarter is more than 17 percent and almost 18 percent for the full-year. We have thus also met our second financial target – an average operating margin of 15 percent over the last three years.

Continuous efficiency work in combination with increased sales allows Biotage to grow with increased profitability. The gross margin is about 61 percent for the quarter as well as for the year.

System sales constituted 47 (45) percent of the sales in 2017 and aftermarket products 53 (55) percent. The major reason why we have not approached our strategic distribution goal of 40/60 is the continued success in China, where we almost exclusively are selling systems.

In 2017 Biotage made a successful launch of a new generation of the evaporation system TurboVap®. The product was well received in all our regions. In the last quarter of the year we had strong sales growth in the product area Industrial Products, which accounted for 9 percent of the sales in the period. The success is among other things a result of increased sales efforts above all in Europe and the customers' appreciation of the quality we deliver.

We also note an increased interest in our products for peptide synthesis. After the launch of Biotage® SNAP Bio for flash purification of peptides Biotage now offers also the customers in this area solutions that include consumables.

The acquisition of Horizon Technology gives us access to important knowledge and new products that strengthen our analytical chemistry offering in the environmental and food areas. The major part of the acquisition transaction costs were taken in the fourth quarter. We are now looking forward to developing this product offering and to increasing its global market penetration through our established organization for direct sales.

With regard to extended direct sales, we follow the plan for our establishment in India, where the first recruitments of new employees are in place.

Geographically the Americas remains the biggest market. The strongest growth takes place in Asia, however, with double-digit growth and where South Korea more than doubled its sales compared to the preceding year. Also in Europe sales grew with a double digit percentage in 2017.

In conclusion, I look forward towards 2018 with confidence. As usual, the year will probably bring both challenges and opportunities. As far as we ourselves can influence the development I feel that we are well prepared.

Group result, financial position and cash flow

Fourth quarter October – December 2017

Group net sales in in fourth quarter 2017 amounted to 188.9 MSEK (179.1), which is an increase by 5.4 percent. At comparable exchange rates sales increased by 7.1 percent compared to the corresponding quarter last year. The Americas was the biggest market with 43 percent (43) of the net sales. The EU area contributed 28 percent (32), Japan 13 percent (11), China 9 percent (8), South Korea 3 percent (1), EMEA 2 percent (3) and APAC 2 percent (2).

The Group's gross margin improved to 61.2 percent (59.1). Efficiency improvements in production continue to contribute to increased profitability. The distribution of sales between systems and aftermarket products was 45 percent (45) and 55 percent (55), respectively.

The operating expenses amounted to 83.3 MSEK (81.8). Of this sum 55.0 MSEK (53.6) were sales costs. The research and development costs increased by 3.1 MSEK to 14.5 MSEK (11.4), while the administration costs decreased by 0.6 MSEK to 16.3 MSEK (16.8). Other operating items, amounting to 2.3 MSEK (0.1) primarily consists of currency effects on operations related liabilities and receivables and Biotage's share in the result of the associated company Chreto, which was -0.5 MSEK (-0.4) in the quarter.

Operating profit improved by 34 percent to 32.2 MSEK (24.1) and the operating margin (EBIT) increased to 17.1 percent (13.4). Net financial income amounted to 0.0 MSEK (-5.9). The difference compared to the corresponding period last year is mainly explained by the result from currency hedging transactions. The result after tax increased to 34.6 MSEK (17.5). Reported tax was positively influenced by the activation of historic fiscal deficits.

The cash flow from operating activities was 66.2 MSEK (42.4) The investments amounted to 11.8 MSEK (16.4). Amortizations and write-downs amounted to 8.5 MSEK (8.6). Capitalized development costs accounted for 7.7 MSEK (8.8) of the investments and for 4.8 MSEK (4.5) of the amortizations and write-downs.

Full-year January – December 2017

Group net sales increased by 12.0 percent to 748.1 MSEK (667.9). At comparable exchange rates net sales increased by 12.7 percent. The Americas was the biggest market with 42 percent (44) of the net sales. The EU area contributed 30 percent (30), Japan 12 percent (13), China 9 percent (8), South Korea 3 percent (1), EMEA 2 percent (2) and APAC 2 percent (2).

The group's gross margin improved to 61.0 percent (57.8). Systems accounted for 47 percent (45) of the sales and aftermarket products for 53 percent (55).

The operating expenses amounted to 323.0 MSEK (286.7). The increase is explained primarily by increased sales costs by 18.3 MSEK to 207.6 MSEK (189.3) as the result of the expanded sales force. The research and development costs increased by 6.8 MSEK to 56.0 MSEK (49.2), while the administration costs decreased by 1.3 MSEK to 54.7 MSEK (56.0). Other operating items, primarily consisting of currency effects on operations related liabilities and receivables and Biotage's share in the result of the

associated company Chreto, -1,2 MSEK (-0.4) was -4.7 MSEK (7.8) for the year, i.e. a negative effect of 12.5 MSEK between the years.

The operating profit improved by 35 percent to 133.6 MSEK (99.1), corresponding to an operating margin (EBIT) of 17.9 percent (14.8). Net financial income amounted to 2.6 MSEK (-6.7). The result after tax increased to 138.7 MSEK (92.8), an increase by 50 percent.

The cash flow from operating activities improved to 168.9 MSEK (139.1). The investments amounted to 36.9 MSEK (67.7), of which sum the acquisitions of shares in Chreto accounted for 19.3 MSEK of the comparative sum last year. Amortizations and write-downs amounted to 34.2 MSEK (43.8). Capitalized development costs accounted for 22.8 MSEK (32.1) of the investments and 18.6 MSEK (29.3) of the amortizations and write-downs.

Balance sheet items

At December 31, 2017 the Group's cash and cash equivalents amounted to 174.3 MSEK (128.6). 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 December 31 thus amounted to 174.3 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 December 31. 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 118.6 MSEK (116.0). Of this sum patents and license rights amounted to 23.6 MSEK (25.2) and capitalized development costs to 95.0 MSEK (90.8).

At December 31 the equity capital amounted to 608.6 MSEK (563.2). The change in equity during the year is primarily attributable to the net result 138.7 MSEK (92.8) 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 decided at the 2017 Annual General Meeting. Complete documentation from the AGM is available at www.biotage.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

On December 6, Biotage signed an agreement to acquire all shares in the privately held company Horizon Technology Inc. based in New Hampshire, USA, and on January 16 Biotage closed the acquisition. The purchase price was approx. 17.8 MUSD (approx. 143 MSEK), the enterprise value amounting to approx. 16.2 MUSD and the cash to approx. 1.6 MUSD. In connection with the transaction a 150 MSEK loan has been taken within the framework of a so-called Revolving Credit Facility.

Human resources

The Group had 349 employees at December 31, compared to 342 at September 30 and 323 at the start of 2017.

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 fourth quarter and to 2.3 MSEK (2.3) in the full-year. The operating expenses amounted to 5.1 MSEK (6.1) in the quarter and to 20.9 MSEK (21.4) in the year. The operating result was -4.5 MSEK (-5.5) for the quarter and -18.6 MSEK (-19.1) for the year.

The parent company's net financial income was 85.3 MSEK (80.8) in the quarter and 88.5 MSEK (83.3) in the year. The parent company's result after financial items was 80.8 MSEK (75.3) for the quarter and 70.0 MSEK (64.2) for the year.

The investments in intangible fixed assets amounted to 0.3 MSEK (0.4) in the quarter and to 1.7 MSEK (1.8) in the year. The parent company's cash and bank balances amounted to 1.5 MSEK (1.4) at December 31 compared to 0.7 MSEK at September 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.biotage.com or order it from Biotage AB, Box 8, SE-751 03, Uppsala, Sweden or info@biotage.com.

Coming financial reports

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.

This report has not been reviewed by the company's auditors.

Uppsala February 8, 2018

Torben Jörgensen
President and CEO

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This information is information that Biotage AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08.30 CET on February 8, 2018.

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. 350 employees and had sales of 748 MSEK in 2017. Biotage is listed on NASDAQ Stockholm. Website: www.biotage.com

Biotage AB (publ)

Year end report

2017-01-01 -- 2017-12-31

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

	2017-10-01	2016-10-01	2017-01-01	2016-01-01
Amounts in SEK thousands	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Net sales	188,888	179,145	748,147	667,912
Cost of sales	-73,271	-73,272	-291,483	-282,098
Gross profit	115,618	105,873	456,664	385,813
Distribution costs	-54,977	-53,610	-207,628	-189,276
Administrative expenses	-16,258	-16,832	-54,705	-55,995
Research and development costs	-14,481	-11,402	-55,986	-49,188
Other operating income	2,329	52	-4,715	7,760
Total operating expenses	-83,387	-81,791	-323,034	-286,700
Operating profit/loss	32,231	24,082	133,630	99,114
Financial net income	2	-5,852	2,631	-6,712
Profit/loss before income tax	32,233	18,230	136,260	92,401
Tax expenses	2,417	-738	2,487	394
Total profit/loss for the period	34,650	17,492	138,747	92,796
Other comprehensive income				
Components that may be reclassified to net income:				
Translation differences related to non Swedish subsidiaries	4,038	6,279	-12,268	4,460
Cash flow hedges	285	842	-213	218
Total other comprehensive income	4,323	7,121	-12,481	4,678
Total comprehensive income for the period	38,973	24,613	126,267	97,474

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY (Continuing)

	2017-10-01 2017-12-31	2016-10-01 2016-12-31	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Attributable to parent company's shareholders:				
Total profit/loss for the period	34,650	17,492	138,747	92,796
Attributable to parent company's shareholders:				
Total comprehensive income for the period	38,973	24,613	126,267	97,474
Average shares outstanding	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
Total profit/loss for the period per share SEK	0.54	0.27	2.14	1.43
Total profit/loss for the period per share SEK after dilution	0.54	0.27	2.14	1.43
Earnings per share relates to:				
Continuing operations	0.54	0.27	2.14	1.43
Total comprehensive income for the period per share SEK	0.60	0.38	1.95	1.51
Total comprehensive income for the period per share after dilution SEK	0.60	0.38	1.95	1.51

Quarterly summary 2016 and 2017	2017	2017	2017	2017	2016	2016	2016	2016
Amounts in KSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	188,888	177,716	196,315	185,228	179,145	167,032	162,859	158,875
Cost of sales	-73,271	-70,469	-75,270	-72,473	-73,272	-70,849	-69,769	-68,208
Gross profit	115,618	107,246	121,045	112,755	105,873	96,183	93,091	90,666
Gross margin	61.2%	60.3%	61.7%	60.9%	59.1%	57.6%	57.2%	57.1%
Operating expenses	-83,387	-77,986	-83,853	-77,808	-81,791	-68,951	-68,865	-67,092
Operating profit/loss	32,231	29,260	37,192	34,947	24,082	27,232	24,225	23,574
Financial net	2	725	600	1,304	-5,852	-1,963	761	343
Profit/loss before income tax	32,233	29,984	37,793	36,250	18,230	25,269	24,986	23,917
Tax expenses	2,417	1,143	-116	-958	-738	2,432	-256	-1,044
Total profit/loss for the period	34,650	31,127	37,677	35,293	17,492	27,701	24,730	22,872

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

Amounts in SEK thousands	2017-12-31	2016-12-31
ASSETS		
Non-Current assets		
Property, plant and equipment	45,303	45,447
Goodwill	104,023	104,023
Other intangible assets	118,646	116,015
Financial assets	19,243	21,389
Deferred tax asset	60,735	52,344
Total non-current assets	347,949	339,217
Current assets		
Inventories	95,794	88,906
Trade and other receivables	139,195	138,451
Cash and cash equivalents	174,263	128,622
Total current assets	409,252	355,980
TOTAL ASSETS	757,201	695,196
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the parent company		
Share capital	89,953	89,953
Reserves	-96,419	-83,938
Retained earnings	615,077	557,223
Total equity	608,611	563,238
Non-current liabilities		
Other financial liabilities	656	815
Deferred tax liability	1,621	1,759
Non-current provisions	1,936	1,663
Total non-current liabilities	4,212	4,237
Current liabilities		
Trade and others liabilities	139,693	123,733
Tax liabilities	1,899	1,085
Current provisions	2,785	2,903
Total current liabilities	144,377	127,721
TOTAL EQUITY AND LIABILITIES	757,201	695,196

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

Amounts in SEK thousands	Share capital	Accumulated translation reserve	Hedging reserve	Retained earnings	Total equity
Opening balance January 1, 2016	89,953	-88,687	70	545,320	546,657
Changes in equity in the period of January 1 -december 31, 2016					
Total comprehensive income	-	4,460	218	92,796	97,474
Total non-owners changes	-	4,460	218	92,796	97,474
Transactions with equity holders of the company					
Dividend to shareholders of the parent company	-	-	-	-80,893	-80,893
Closing balance December 31, 2016	89,953	-84,227	288	557,223	563,238
Changes in equity in the period of January 1, - December 31, 2017					
Total comprehensive income	-	-12,268	-213	138,747	126,267
Total non-owners changes	-	-12,268	-213	138,747	126,267
Transacitions with equity holders of the company					
Dividend to shareholders of the parent company	-	-	-	-80,893	-80,893
Closing balance December 31, 2017	89,953	-96,494	76	615,077	608,611

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 December 31 2017, the company held no repurchased shares.

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CONSOLIDATED STATEMENT OF CASH FLOWS

	2017-10-01	2016-10-01	2017-01-01	2016-01-01
Amounts in SEK thousands	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Operating activities				
Profit/loss before income tax	32,233	18,230	136,260	92,401
Adjustments for non-cash items	8,899	13,021	36,216	42,649
	41,132	31,251	172,476	135,051
Income tax paid	-813	-567	-5,091	-5,363
Cash flow from operating activities before changes in working capital	40,320	30,684	167,385	129,688
Cash flow from changes in working capital:				
Increase (-)/ decrease (+) in inventories	-2,204	881	-12,544	9,955
Increase (-)/ decrease (+) in operating receivables	9,886	-1,497	-6,372	-8,821
Increase (+)/ decrease (-) in operating liabilities	18,171	12,296	20,463	8,250
Cash flow from operating activities	66,173	42,363	168,932	139,072
Investing activities				
Acquisition of intangible assets	-10,159	-9,270	-26,998	-34,322
Acquisition of property, plant and equipment	-2,286	-8,331	-10,806	-13,218
Acquisition of financial assets	-	0	-	-20,620
Sale of financial assets	613	1,204	902	435
Cash flow from investing activities	-11,832	-16,397	-36,903	-67,726
Financing activities				
Dividend to shareholders	-	-	-80,893	-80,893
Repayment of loans	-24	-51	-160	-259
Cash flow from financial activities	-24	-51	-81,053	-81,152
Cash flow for the period	54,318	25,915	50,976	-9,807
Cash and cash equivalents opening balance	119,552	101,331	128,622	134,885
Exchange differences in liquid assets	393	1,376	-5,336	3,544
Cash and equivalents closing balance	174,262	128,622	174,263	128,622
Additional information:				
<i>Adjustments for non-cash items</i>				
Depreciations and impairments	8,488	8,566	34,225	43,825
Other items	411	4,455	1,991	-1,176
Total	8,899	13,021	36,216	42,649

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INCOME STATEMENT, PARENT IN SUMMARY

	2017-10-01	2016-10-01	2017-01-01	2016-01-01
<u>Amounts in SEK thousands</u>	<u>2017-12-31</u>	<u>2016-12-31</u>	<u>2017-12-31</u>	<u>2016-12-31</u>
Net sales	575	583	2,304	2,287
Administrative expenses	-4,426	-5,642	-18,011	-19,227
Research and development costs	-657	-369	-2,874	-2,077
Other operating items	-23	-86	14	-86
Operating expenses	-5,106	-6,097	-20,871	-21,389
Operating profit/loss	-4,530	-5,513	-18,567	-19,103
Profit/loss from financial investments:				
Interest income from receivables from group companies	150	145	150	145
Interest expense from liabilities to group companies	-636	-712	-2,550	-2,581
Result from participations in group companies	-	-	-	2,793
Other interest and similar income	1,820	-2,217	6,977	1
Other interest and similar expenses	-2,369	-1,884	-2,369	-2,578
Group contribution received	86,334	85,500	86,334	85,500
Financial net income	85,300	80,833	88,543	83,281
Profit/loss before income tax	80,770	75,320	69,976	64,178
Tax expenses	6,608	735	8,649	1,574
Total profit/loss for the period	87,378	74,585	78,626	65,753

STATEMENT OF COMPREHENSIVE INCOME, PARENT

Total profit/loss for the period	87,378	74,585	78,626	65,753
Other comprehensive income:				
Components that may be reclassified to net income:				
Translation differences related to non Swedish subsidiaries	-	-	-	-
Total comprehensive income, parent	87,378	74,585	78,626	65,753

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BALANCE SHEET, PARENT

Amounts in SEK thousands	2017-12-31	2016-12-31
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Patents and licenses	10,053	9,243
<i>Financial assets</i>		
Investments in group companies	470,398	469,271
Receivables from group companies	11,685	12,599
Shares in associated companies	19,284	19,284
Deferred tax asset	48,495	39,846
	549,863	540,999
Total non-current assets	559,916	550,242
Current assets		
<i>Current receivables</i>		
Receivables from group companies	55,600	72,419
Other receivables	307	386
Prepaid expenses and accrued income	3,410	1,067
	59,317	73,872
Cash and cash equivalents	1,459	1,392
Total current assets	60,776	75,264
TOTAL ASSETS	620,692	625,506
EQUITY, PROVISIONS AND LIABILITIES		
Equity		
<i>Restricted equity</i>		
Share capital	89,953	89,953
	89,953	89,953
<i>Unrestricted equity</i>		
Fair value reserve	-	-
Retained earnings	392,507	407,647
Profit/loss for the year	78,626	65,753
	471,133	473,400
Total equity	561,086	563,353
Current liabilities		
Trade payables	876	1,240
Liabilities to group companies	50,669	55,502
Other current liabilities	47	122
Accrued expenses and prepaid income	8,014	5,289
	59,606	62,153
TOTAL EQUITY, PROVISIONS AND LIABILITIES	620,692	625,506

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.

Biotage considers the whole operation to constitute a single operating segment, thus no segment reporting is established.

New and changed standards and interpretations which have not yet come into effect

IFRS 9 *Financial instruments* replaces IAS 39 *Financial instruments: Recognition and measurement*. The application of IFRS 9 is mandatory from the financial year beginning January 1 2018 or later. IFRS 9 includes new requirements on classification and measurement of financial instruments, for write-off, impairment and general rules for hedge accounting. The new standard will mean a new model for write-down of accounts receivable in the Group but is not expected to have any material effect on Biotage's accounts. Nor is it expected to have any other significant effect.

IFRS 15 *Revenue from contracts with customers* will replace IAS 18 *Revenue* and IAS 11 *Construction contracts*. The basic principle for revenue recognition according to IFRS 15 is that a company shall recognize revenue in a way that reflects the transfer of the promised goods or service to the customer, at the amount that the company expects to be entitled to receive in exchange for the goods or service. Revenue is recognized when the customer obtains control of the goods or services. There is extensive guidance in IFRS 15 for specific areas and the disclosure requirements are extensive. IFRS 15 is applicable for financial years beginning on January 1 2018 or later, with earlier application permitted. The new standard will not affect the point in time when revenue is recognized in the Group and is not expected to have any material effect on Biotage's accounts, but the more extensive disclosure requirements will affect the information in Biotage's financial reports.

IFRS 16 *Leases* means that all assets that Biotage rents under a leasing agreement, including rental agreements for premises, shall be recognized as an asset and liability, and a cost for depreciation and interest reported on the income statement. The standard will mean that higher assets as well as higher liability will be reported in the balance sheet than today. IFRS 16 shall be applied from the financial year 2019 at the latest and is not yet adopted by the EU.

The corporate management's assessment is that the other new and revised standards and interpretations will have no material effect on the Group's financial statements for the period in which they are applied for the first time.

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.

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

Sales change in %	Forth quarter				12 months			
	2017-10-01 2017-12-31		2016-10-01 2016-12-31		2017-01-01 2017-12-31		2016-01-01 2016-12-31	
	KSEK	%	KSEK	%	KSEK	%	KSEK	%
Reported sales in the comparison period	179,145		168,548		667,912		610,534	
Reported sales in the period	188,888		179,145		748,147		667,912	
Reported Change	9,743	5.4	10,597	6.3	80,235	12.0	57,378	9.4
Sales in current period to the comparable periods exchange rates	191,832		170,129		752,422		658,261	
Change to comparable rates	12,687	7.1	1,581	0.9	84,510	12.7	47,727	7.8

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.

Net cash	December 31, 2017	December 31, 2016
Cash	174,263	128,622
Liabilities to credit institutions	0	0
Net cash	174,263	128,622

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	December 31 2017		December 31 2016	
	Rolling 12 months	2017-01-01 2017-12-31	Rolling 12 months	2016-01-01 2016-12-31
Net sales	748.1	748.1	667.9	667.9
Operating profit	133.6	133.6	99.1	99.1
Net sales increase %	12.0%		9.4%	

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 December 31 2017 Biotage had pledged assets amounting to 22.5 MSEK (22.5), no material change has occurred during the reporting period. There are no contingent liabilities of a material character.

Business acquisition

On January 16, 2018 Biotage AB acquired 100 percent of the privately held company Horizon Technology Inc. Horizon, based in New Hampshire, USA, is a supplier of automated systems and consumables for separation in the areas of water purification, food testing, petrochemicals and the pharma industry. Horizon's product offering complements Biotage's product portfolio well and strengthens Biotage's position above all in the areas of food safety and environmental applications. Biotage's global direct sales are furthermore expected to benefit the sales of Horizon's products. Biotage acquired all shares in Horizon by cash payment of the entire purchase price of 143 MSEK on the day of acquisition.

A minor adjustment of the purchase price may be made depending on the results of the review of what should finally be included in the working capital that Biotage takes over in the acquisition. The adjustment can be an increase or a decrease. The review should be completed within 60 days after the day of closing, January 16, 2018. The adjustment is expected to be insignificant in relation to the size of the purchase price. In this preliminary acquisition analysis no differences between book values and actual values concerning other receivables have been identified. The stock is valued at book value.

The acquired company's net assets at the time of acquisition	Acquisition analysis
Tangible fixed assets	0.6
Intangible assets: Customer relations	26.4
Intangible assets: Trademarks	13.0
Intangible assets: Patents/technology	19.5
Other intangible assets	2.1
Stock	8.2
Accounts receivable and other receivables	9.0
Cash and cash equivalents	12.7
Accounts payable and other operating liabilities	-9.9
Deferred tax	-12.4
Net identifiable assets and liabilities	69.4
Consolidated goodwill	73.3
Transferred payment	142.7

Goodwill

In the acquisition analysis goodwill amounts to 73 MSEK. The goodwill included in the acquisition corresponds partly to Biotage's estimated ability to increase the sales of Horizon's products in a bigger marketplace due to its global sales organization, partly to the synergies that occur as Biotage's product offering is widened, and also to the knowledge in the environmental area and in water purification that exists in the acquired company. This goodwill is not deemed to be tax deductible.

Acquisition related expenses

The acquisition related expenses amount to 2.5 MSEK and relate to fees paid for external legal counsel and consultants in connection with due diligence. The expenses have been reported under Administration costs in the Group's statement of profit or loss and other comprehensive income.