

Year-end report

January - December 2018



February 7, 2019

Continued strong growth and increased operating profit

Fourth quarter October – December 2018

- Net sales amounted to 234.6 MSEK (188.9), an increase by 24.2 percent compared to the corresponding quarter last year. At comparable exchange rates¹⁾ and adjusted for acquisitions sales increased by 7.9 percent.
- Operating profit increased by 11 percent to 35.7 MSEK (32.3).
- Result after tax amounted to 27.3 MSEK (34.6). The decrease is explained by the fact that reported tax increases by 10.5 MSEK to -8.1 MSEK (2.4). Reported tax includes changes in book value of deferred tax relating to activated fiscal deficits amounting to -5.1 MSEK (3.5).
- Earnings per share amounted to 0.42 SEK (0.54) before and after dilution.
- The cash flow from operating activities amounted to 51.6 MSEK (66.2).
- Net cash¹⁾ at December 31 was 67.6 MSEK (174.3). Cash and cash equivalents amounted to 177.0 MSEK (174.3). Interest-bearing liabilities amounted to 109.4 MSEK (-) relating to loans under a credit facility taken out in January 2018 in connection with the acquisition of Horizon Technology Inc. (Horizon).
- On December 4 Biotage entered into an agreement concerning the acquisition of all shares in the privately held company PhyNexus, Inc. (PhyNexus) in California, USA.
- On December 18 the Board of Directors in Biotage announced its intention to initiate negotiations regarding an acquisition of the Danish company Chreto ApS (Chreto) following a resolution not to exercise the existing call option to acquire all shares in Chreto.

Full year January – December 2018

- Net sales amounted to 910.9 MSEK (748.1), an increase by 21.8 percent compared to the corresponding period last year. At comparable exchange rates net sales increased by 8.0 percent.
- Operating profit increased by 29 percent to 172.5 MSEK (133.6).
- Result after tax increased by 21 percent to 167.6 MSEK (138.7).
- Earnings per share increased to 2.59 SEK (2.14) before and after dilution.

1) See definition on pp. 17-18

- The cash flow from operating activities amounted to 155.0 MSEK (168.9).
- Dividends to the shareholders were paid in May to the amount of 90.6 MSEK (80.9).
- The Board of Directors intends to propose to the AGM that dividends to the shareholders relating to 2018 are paid to the amount of 1.50 SEK (1.40) per share. According to the dividend policy Biotage shall distribute at least 50 percent of the net profit.

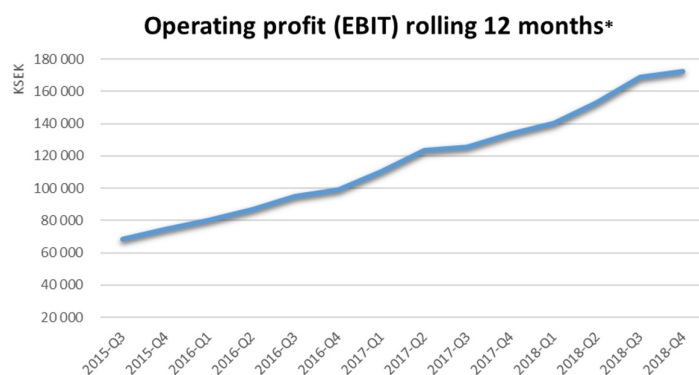
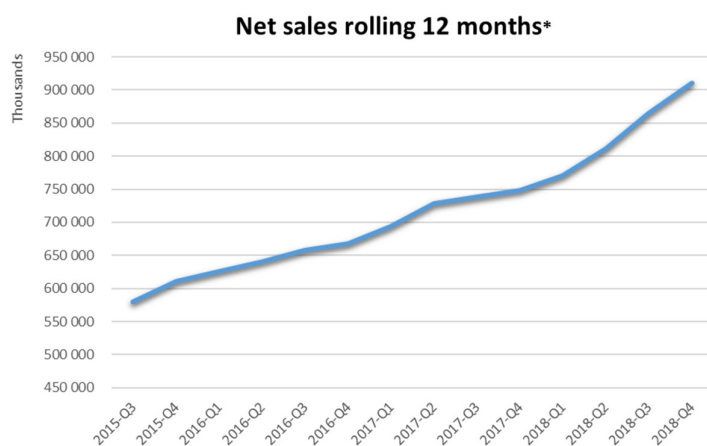
Major events after the end of the financial year

- On January 2 the Board of Directors announced that a recruitment process has been initiated to hire a new CEO. The current CEO Torben Jørgensen has declared that he intends to continue as CEO until a replacement has been hired.
- On January 15 Biotage took possession of PhyNexus. The purchase price amounted to approx. 21.4 MUSD, corresponding to approx. 191.3 MSEK²⁾, of this sum approx. 4.8 MUSD (approx. 43.3 MSEK) in cash payment and approx. 6.6 MUSD (approx. 58.6 MSEK) in newly issued shares were paid in connection with taking possession, and the remaining approx. 10.0 MUSD (approx. 89.3 MSEK) in expected future additional purchase price payments based on future results.
- On January 15 the Board of Directors decided to issue consideration shares for the acquisition of PhyNexus. The share issue will increase the number of shares of Biotage from 64,714,447 to 65,201,784, which will result in a dilution of 0.7 percent for existing shareholders.

2) Based on an exchange rate SEK/USD of 8.93

Group financial development in brief

Amounts in SEK millions	Q4	Q4	12 months	12 months
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2018	2017	2018	2017
Net sales	234.6	188.9	910.9	748.1
Cost of sales	-90.5	-73.3	-354.3	-291.5
Gross profit	144.0	115.6	556.6	456.7
Operating expenses	-108.3	-83.4	-384.1	-323.0
Operating profit/loss (EBIT)	35.7	32.2	172.5	133.6
Financial items	-0.3	0.0	3.8	2.6
Profit/loss before tax	35.4	32.2	176.3	136.3
Tax expenses	-8.1	2.4	-8.7	2.5
Total profit/loss for the period	27.3	34.6	167.6	138.7
<i>Gross margin</i>	61.4%	61.2%	61.1%	61.0%
<i>Operating margin (EBIT)</i>	15.2%	17.1%	18.9%	17.9%



*See definition pp. 17-18

Comments by CEO Torben Jörgensen

It is with great pride that I look back on what Biotage achieved in 2018. Biotage sets a new sales record with sales exceeding 900 MSEK for the full-year. Once again we grow with profitability and the operating profit (EBIT) increases by more than 25 percent in 2018. The operating margin for the full-year improves by 1 percent to 18.9 percent, to be compared with Biotage's new profitability target of an average of 20 percent over a three-year period. Biotage reaches the second financial target, a sales growth of 8 percent.

In the last quarter of the year as well as in the full-year Asia accounts for the strongest percentage growth rate. It is still the systems sales in organic chemistry that are driving the sales increase in this region. During 2018 we have initiated marketing activities for analytical chemistry in Asia and we will intensify these initiatives in 2019. The two more mature and single biggest markets for Biotage's products, the Americas and Europe, continue to grow. These markets are not growing at the same expansive rate as Asia, but is satisfying that they both grow faster on a full-year basis than the global market for our products.

On October 1, 2018 Biotage launched a completely new technology platform in our biggest product area, Purification. The new flash purification system Biotage® Selekt together with the associated consumables Biotage® Sfär constitutes a significant investment in more efficient and more environment friendly purification. The launch has been well received by the market and we are looking forward with confidence to the continued sales of these products. In other parts of organic chemistry Biotage has worked successfully with selling in solutions for complete workflows to the customers. Also the sales development of Biotage's industrial products has been healthy during 2018 and they accounted for no less than 10 percent of Biotage's total sales at the end of the year. The analytical chemistry products had a somewhat lean year with lower growth than we expected.

The work with integrating Horizon Technology, Inc., which was acquired in January 2018, has progressed well. We have also worked on improving the margins in the acquired business and they are now on the same level as Biotage's profitability in general. During the fourth quarter a production transfer was also started from our current contract manufacturer of the evaporation system V10 to Horizon. With these activities we bring the integration of Horizon a step further at the same time as we further increase capacity utilization and profitability in the acquired business.

In early December 2018 Biotage signed an agreement concerning the acquisition of another American company, PhyNexus, Inc. and we took over the operations on January 15 2019. With this acquisition we broaden our separation business to small-scale purification of biomolecules – an area which we for a long time have had ambitions to become a part of. The sales organization is now being strengthened in order to fully utilize the opportunities of the acquired business. We are also evaluating a transfer of PhyNexus' instrument manufacturing to Horizon.

Biotage's investment in a minority holding in Chreto A/S was also made with the intention of bringing Biotage further into the biomolecular area, and with opportunity to acquire all shares in Chreto at the end of 2018 at a predetermined price. We did

however consider the predetermined price too high in relation to how far Chreto had progressed in the development and the future investments we believe to be necessary in order to commercialize the technology. Biotage therefore declined this opportunity, but at the same time opened up for a discussion of an acquisition at another valuation.

All in all 2018 was a fantastic year and we have created opportunities for 2019 to become equally exciting. We are looking forward with confidence to taking on PhyNexus' products and technologies, and to establishing Biotage on the map for purification of biomolecules.

Group result, financial position and cash flow

Fourth quarter October – December 2018

Group net sales in the fourth quarter 2018 amounted to 234.6 MSEK (188.9), which is an increase by 24.2 percent. At comparable exchange rates and adjusted for acquisitions sales increased by 7.9 percent compared to the corresponding quarter last year. The Americas was the biggest market with 43 (43) percent of the net sales. The EU and EMEA contributed 29 (31) percent and Asia 28 (27) percent.

The Group's gross margin was 61.4 percent (61.2). The distribution of sales between systems and aftermarket products was 50 (45) and 50 (55) percent, respectively.

The operating expenses amounted to 108.3 MSEK (83.4). Sales costs increased with 12.8 MSEK to 67.8 MSEK (55.0), primarily as a result of expansions in the sales organization, including the acquisition of Horizon and the build-up of the subsidiary in India, but also due to currency effects. Research and development costs increased with 6.5 MSEK to 20.9 MSEK (14.5), largely attributable to the intense work in capitalized development projects in the comparative period – above all the new flash purification system Biotage® Selekt and the associated consumables Biotage® Sfär, which were launched on October 1, 2018. This has also meant increased amortization in the quarter of previously capitalized development costs. The administration costs increased with 4.6 MSEK to 20.9 MSEK (16.3), among other things attributable to the acquisition of Horizon and costs of 3.2 MSEK in the quarter relating to the acquisition of PhyNexus. Other operating items, amounting to 1.3 MSEK (2.3) primarily consists of currency effects on operations related liabilities and receivables and Biotage's share in the result of the associated company Chreto, -0.5 MSEK (-0.5).

Operating profit improved by 10.9 percent to 35.7 MSEK (32.2) and the operating margin (EBIT) amounted to 15.2 percent (17.1). The operating margin was affected by the increase of the operating costs in the quarter with 25.0 MSEK compared to the corresponding period last year, due to the causes described above. Net financial income amounted to -0.3 MSEK (0.0).

The result after tax decreased to 27.3 MSEK (34.6). The decrease is attributable to an increase in reported tax expense with 10.5 MSEK to -8.1 MSEK (2.4). Reported tax is affected by a reversal of deferred tax of -5.1 MSEK (3.5), which is attributable to capitalized fiscal deficits in the Swedish tax subjects. Towards the end of the year the cut-off point was reached at which the book value of this deferred tax exceeded the remaining accumulated fiscal deficit. Remaining deferred tax, corresponding to

unused tax loss carryforwards, will in the coming periods be reduced in the accounting at the rate at which these companies generate taxable profits. This accounting effect does not affect the tax that Biotage *de facto* pays, this will continue to be lower than a normalized tax level until the remaining loss carryforwards have been utilized.

Cash flow

The cash flow from operating activities was 51.6 MSEK (66.2). The investments amounted to 10.6 MSEK (11.8). Amortizations and write-downs amounted to 10.6 MSEK (8.5). Capitalized development costs accounted for 3.4 MSEK (7.7) of the investments and 5.0 MSEK (4.8) of the amortizations and write-downs.

Full-year January - December 2018

Group net sales increased by 21.8 percent to 910.9 MSEK (748.1). At comparable exchange rates and adjusted for acquisitions net sales increased by 8.0 percent. The Americas was the biggest market with 42 (42) percent of the net sales. The EU and EMEA contributed 29 (32) percent and Asia 29 (26) percent.

The Group's gross margin amounted to 61.1 percent (61.0). Systems accounted for 51 percent (47) of the sales and aftermarket products for 49 percent (53). The unfavorable product mix has a negative impact on profitability, and so do currency effects at the recalculation of the costs at the production plant in Cardiff from GBP to SEK. This is counteracted, however, by volume increases and improved efficiency in production contributing positively to increased profitability.

The operating expenses amounted to 384.1 MSEK (323.0). The increase is explained primarily by the increase of sales costs with 49.0 MSEK to 256.7 MSEK (207.6) as the result of an expanded sales organization and the acquisition of Horizon. Research and development costs increased with 9.9 MSEK to 65.9 MSEK (56.0) while the administration costs increased with 15.5 MSEK to 70.2 MSEK (54.7). The latter increase is mainly attributable to the acquisition of Horizon. 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, -1.7 MSEK (-1.2) was 8.6 MSEK (-4.7) for the year, thus a positive effect of 13.3 MSEK between the years.

Operating profit improved by 29.1 percent to 172.5 MSEK (133.6), corresponding to an operating margin (EBIT) of 18.9 percent (17.9). Net financial income amounted to 3.8 MSEK (2.6). The result after tax increased to 167.6 MSEK (138.7), a 21 percent increase.

The cash flow from operating activities was 155.0 MSEK (168.9). The cash flow from changes in operating capital is negative for the full-year, which is explained primarily by new big product launches and the increased sales, which have tied up capital in increased inventory and accounts receivable. The investments amounted to 178.4 MSEK (36.9), 131.2 MSEK of this sum relating to the acquisition of Horizon which was completed in January 2018. Amortizations and write-downs amounted to 39.4 MSEK (34.2). Capitalized development costs accounted for 24.0 MSEK (22.8) of the investments and 17.3 MSEK (18.6) of the amortizations and write-downs.

Balance sheet items

At December 31, 2018 the Group's cash and cash equivalents amounted to 177.0 MSEK (174.3). At the end of the period the Group had interest-bearing liabilities amounting to 109.4 MSEK (-). The interest-bearing liabilities relate to loans under a credit facility taken out in connection with the acquisition of Horizon Technology Inc. Net cash at December 31 thus amounted to 67.6 MSEK (174.3). During the year dividends to the shareholders have been paid to the amount of 90.6 MSEK (80.9).

The Group reports a total goodwill of 186.1 MSEK (104.0) at December 31. The increase relates to the acquisition of Horizon Technology that was completed in January 2018. Other goodwill relates to the acquisitions of MIP Technologies AB and two product lines from Caliper Life Sciences Inc. in 2010.

Other intangible fixed assets amounted to 192.7 MSEK (118.6). Of this sum capitalized development costs amounted to 101.2 MSEK (102.8). During the year the single biggest activated projects have been the development of the products Biotage® Selekt and Biotage® Sfär which were launched on October 1, 2018. The increase in intangible assets primarily consists of identified surplus value of acquired assets in Horizon.

At December 31 the equity capital amounted to 702.2 MSEK (608.6). The change in equity capital during the year is primarily attributable to the net result 167.6 MSEK (138.7) and dividends to the shareholders -90.6 MSEK (-80.9).

Human resources

The Group had 405 (349) employees at December 31, compared to 411 at September 30. The increase during the year is mainly attributable to the acquisition of Horizon.

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 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 0.7 MSEK (0.6) for the fourth quarter and to 2.5 MSEK (2.3) for the full-year. The operating expenses amounted to 7.7 MSEK (5.1) for the quarter and to 24.4 MSEK (20.9) for the year. The increase is mainly explained by costs in connection with the acquisition of PhyNexus. The operating result was -7.1 MSEK (-4.5) for the quarter and -21.9 MSEK (-18.6) for the year.

The parent company's net financial income was 91.0 MSEK (85.3) for the quarter and 92.3 MSEK (88.5) for the year. The parent company's result after financial items was 83.9 MSEK (80.8) for the quarter and 70.7 MSEK (70.0) for the year.

The investments in intangible fixed assets amounted to 0.5 MSEK (0.3) in the quarter and to 2.0 MSEK (1.7) in the year. The parent company's cash and bank balances amounted to 2.1 MSEK (1.5) at December 31 compared to 1.5 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 2017. 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 2019 will be held on April 24, 2019.

The interim report for the first quarter 2019 will be published on April 24, 2019.

The interim report for the second quarter 2019 will be published on July 16, 2019

The interim report for the third quarter 2019 will be published on November 5, 2019.

The year-end report for 2019 will be published on February 7, 2020.

The Annual Report for 2018 is planned to be made public in week 14 2019.

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 7, 2019

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 7, 2019.

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. 405 employees and had sales of 911 MSEK in 2018. Biotage is listed on NASDAQ Stockholm. Website: www.biotage.com

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

Amounts in SEK thousands	2018-10-01	2017-10-01	2018-01-01	2017-01-01
	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Net sales	234,574	188,888	910,896	748,147
Cost of sales	-90,534	-73,271	-354,270	-291,483
Gross profit	144,040	115,617	556,626	456,664
Distribution costs	-67,769	-54,977	-256,670	-207,628
Administrative expenses	-20,883	-16,258	-70,165	-54,705
Research and development costs	-20,937	-14,481	-65,925	-55,986
Other operating income	1,286	2,329	8,612	-4,715
Total operating expenses	-108,303	-83,387	-384,148	-323,034
Operating profit/loss	35,737	32,230	172,478	133,630
Financial net income	-290	2	3,811	2,631
Profit/loss before income tax	35,448	32,232	176,289	136,260
Tax expenses	-8,120	2,417	-8,662	2,487
Total profit/loss for the period	27,327	34,649	167,627	138,747
Other comprehensive income				
Components that may be reclassified to net income:				
Translation differences related to non Swedish subsidiaries	1,572	4,038	16,623	-12,268
Cash flow hedges	-295	285	-81	-213
Total other comprehensive income	1,276	4,323	16,542	-12,481
Total comprehensive income for the period	28,604	38,972	184,169	126,267

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY (Continuing)

	2018-10-01	2017-10-01	2018-01-01	2017-01-01
Beloppi KSEK	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Attributable to parent company's shareholders:				
Total profit/loss for the period	27,327	34,649	167,627	138,747
Attributable to parent company's shareholders:				
Total comprehensive income for the period	28,604	38,972	184,169	126,267
Average shares outstanding	64,714,447	64,714,447	64,714,447	64,714,447
Average shares outstanding after dilution (*)	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	0.42	0.54	2.59	2.14
Total profit/loss for the period per share SEK after dilution	0.42	0.54	2.59	2.14
Earnings per share relates to:				
Continuing operations	0.42	0.54	2.59	2.14
Total comprehensive income for the period per share SEK	0.44	0.60	2.85	1.95
Total comprehensive income for the period per share after dilution SEK	0.44	0.60	2.85	1.95

Quarterly summary	2018	2018	2018	2018	2017	2017	2017	2017
Amounts in KSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	234,574	232,204	236,071	208,048	188,888	177,716	196,315	185,228
Cost of sales	-90,534	-90,815	-91,678	-81,242	-73,271	-70,469	-75,270	-72,473
Gross profit	144,040	141,389	144,392	126,805	115,617	107,246	121,045	112,755
Gross margin	61.4%	60.9%	61.2%	61.0%	61.2%	60.3%	61.7%	60.9%
Operating expenses	-108,303	-96,250	-94,381	-85,214	-83,387	-77,986	-83,853	-77,808
Operating profit/loss	35,737	45,139	50,011	41,591	32,231	29,260	37,192	34,947
Operating margin	15.2%	19.4%	21.2%	20.0%	17.1%	16.5%	18.9%	18.9%
Financial net	-290	-1,846	1,903	4,044	2	725	600	1,304
Profit/loss before income tax	35,448	43,293	51,914	45,635	32,233	29,985	37,793	36,250
Tax expenses	-8,120	735	-495	-782	2,417	1,143	-116	-958
Total profit/loss for the period	27,327	44,027	51,419	44,853	34,650	31,128	37,677	35,293

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

Amounts in SEK thousands	2018-12-31	2017-12-31
ASSETS		
Non-Current assets		
Property, plant and equipment	48,630	45,303
Goodwill	186,055	104,023
Other intangible assets	192,654	118,646
Financial assets	19,221	19,243
Deferred tax asset	62,205	60,735
Total non-current assets	508,765	347,949
Current assets		
Inventories	132,338	95,794
Trade and other receivables	185,080	139,195
Cash and cash equivalents	177,020	174,263
Total current assets	494,438	409,252
TOTAL ASSETS	1,003,203	757,201
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the parent company		
Share capital	89,953	89,953
Reserves	-79,877	-96,419
Retained earnings	692,104	615,077
Total equity	702,180	608,611
Non-current liabilities		
Liabilities to credit institutions	109,400	-
Other financial liabilities	1,201	656
Deferred tax liability	14,780	1,621
Non-current provisions	2,245	1,936
Total non-current liabilities	127,625	4,212
Current liabilities		
Trade and others liabilities	167,106	139,693
Tax liabilities	3,132	1,899
Current provisions	3,159	2,785
Total current liabilities	173,397	144,377
TOTAL EQUITY AND LIABILITIES	1,003,203	757,201

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

Beloppi KSEK	Share capital	Accumulated translation reserve	Hedging reserve	Retained earnings	Total equity
Opening balance January 1, 2017	89,953	-84,227	288	557,223	563,238
Changes in equity in the period of January 1, 2017 - December 31, 2017					
Total comprehensive income	-	-12,268	-213	138,747	126,267
Total non-owners changes	-	-12,268	-213	138,747	126,267
Transactions 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
Changes in equity in the period of January 1, 2018 - December 31, 2018					
Total comprehensive income	-	16,623	-81	167,627	184,169
Total non-owners changes	-	16,623	-81	167,627	184,169
Transactions with equity holders of the company					
Dividend to shareholders of the parent company	-	-	-	-90,600	-90,600
Closing balance December 31, 2018	89,953	-79,871	-5	692,104	702,180

CONSOLIDATED STATEMENT OF CASH FLOWS

	2018-10-01	2017-10-01	2018-01-01	2017-01-01
Amounts in SEK thousands	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Operating activities				
Profit/loss before income tax	35,448	32,232	176,289	136,260
Adjustments for non-cash items	9,404	8,899	27,684	36,216
	44,852	41,131	203,974	172,476
Income tax paid	-4,488	-813	-9,314	-5,091
Cash flow from operating activities before changes in working capital	40,364	40,319	194,659	167,385
Cash flow from changes in working capital:				
Increase (-)/ decrease (+) in inventories	-6,294	-2,204	-21,416	-12,544
Increase (-)/ decrease (+) in operating receivables	1,436	9,886	-30,020	-6,372
Increase (+)/ decrease (-) in operating liabilities	16,115	18,171	11,781	20,463
Cash flow from changes in working capital	11,257	25,853	-39,654	1,547
Cash flow from operating activities	51,622	66,172	155,005	168,932
Investing activities				
Acquisition of intangible assets	-5,798	-10,159	-34,179	-26,998
Acquisition of property, plant and equipment	-4,007	-2,286	-12,979	-10,806
Acquisition of financial assets	-953	-	-131,253	-
Sale of financial assets	-	613	-	902
Cash flow from investing activities	-10,758	-11,832	-178,411	-36,903
Financing activities				
Dividend to shareholders	-	-	-90,600	-80,893
Loan raised	623	-	109,942	-
Repayment of loans	-	-24	-	-160
Cash flow from financial activities	623	-24	19,342	-81,053
Cash flow for the period	41,487	54,317	-4,064	50,976
Cash and cash equivalents opening balance	134,059	119,552	174,263	128,622
Exchange differences in liquid assets	1,475	394	6,821	-5,336
Cash and equivalents closing balance	177,020	174,263	177,020	174,263
Additional information:				
<i>Adjustments for non-cash items</i>				
Depreciations and impairments	10,634	8,488	39,412	34,225
Other items	-1,229	411	-11,727	1,991
Total	9,404	8,899	27,684	36,216

INCOME STATEMENT, PARENT IN SUMMARY

	2018-10-01	2017-10-01	2018-01-01	2017-01-01
Amounts in SEK thousands	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Net sales	665	575	2,537	2,304
Administrative expenses	-7,158	-4,426	-21,998	-18,012
Research and development costs	-570	-657	-2,467	-2,874
Other operating items	-19	-23	17	14
Operating expenses	-7,747	-5,106	-24,448	-20,871
Operating profit/loss	-7,082	-4,530	-21,911	-18,567
Profit/loss from financial investments:				
Interest income from receivables from group compan	175	150	216	150
Interest expense from liabilities to group companies	-	-636	-	-2,550
Other interest and similar income	594	-	3,335	4,609
Other interest and similar expenses	-417	-548	-1,613	-
Group contribution received	90,645	86,334	90,645	86,334
Financial net income	90,998	85,300	92,584	88,543
Profit/loss before income tax	83,916	80,770	70,673	69,976
Tax expenses	-20,126	6,608	-14,872	8,649
Total profit/loss for the period	63,790	87,378	55,801	78,626

STATEMENT OF COMPREHENSIVE INCOME, PARENT

Total profit/loss for the period	63,790	87,378	55,801	78,626
Other comprehensive income:				
Components that may be reclassified to net income:				
Translation differences related to	-	-	-	-
Total comprehensive income, parent	63,790	87,378	55,801	78,626

BALANCE SHEET, PARENT

Amounts in SEK thousands	2018-12-31	2017-12-31
ASSETS		
Non-current assets		
Intangible assets		
Patents and licenses	10,983	10,053
	10,983	10,053
Financial assets		
Investments in group companies	471,922	470,398
Receivables from group companies	169,378	11,685
Shares in associated companies	19,284	19,284
Deferred tax asset	33,623	48,495
	694,207	549,863
Total non-current assets	705,190	559,916
Current assets		
Current receivables		
Receivables from group companies	73,783	55,600
Other receivables	2,616	307
Prepaid expenses and accrued income	2,389	3,410
	78,788	59,317
Cash and cash equivalents	2,111	1,459
Total current assets	80,899	60,776
TOTAL ASSETS	786,088	620,692
EQUITY, PROVISIONS AND LIABILITIES		
Equity		
<i>Restricted equity</i>		
Share capital	89,953	89,953
	89,953	89,953
<i>Unrestricted equity</i>		
Retained earnings	380,532	392,507
Profit/loss for the year	55,801	78,626
	436,333	471,133
Total equity	526,286	561,086
Longterm liabilities		
Liabilities to credit institutions	110,000	-
	110,000	-
Current liabilities		
Trade payables	1,717	876
Liabilities to group companies	139,974	50,669
Other current liabilities	71	47
Accrued expenses and prepaid income	8,041	8,014
	149,802	59,607
TOTAL EQUITY, PROVISIONS AND LIABILITIES	786,088	620,692

NOTES

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 2018 have not had any effect on the Group's financial reporting.

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 2017. These are described on pp. 42-50 in the Annual Report.

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.

New and changed standards and interpretations

IFRS 9 *Financial instruments* replaces IAS 39 *Financial instruments: Recognition and measurement*. The application of IFRS 9 came into effect on January 1 2018. 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 affects the principles of provision for credit losses. The assessment of expected credit losses shall be made directly at the time the credit is incurred, while earlier it was made when an indication of credit loss appeared. This affects the principles for the provision of customer receivables. IFRS 9 does not have any significant effect on the Group's income statement or financial position.

IFRS 15 *Revenue from contracts with customers* replaces 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 came into effect on January 1 2018. It has not meant any significant changes, as revenue is already recognized in a way that in all essentials coincides with the requirements in IFRS 15. The transition has not had any effect on the accounting. The information regarding the composition of the net sales was extended in accordance with IFRS 15 starting last year.

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

IFRS 16 *Leases* replaces IAS 17 *Leasing agreements*. IFRS 16 introduces a new "right of use model" which for the lessee means that practically all leasing agreements shall be reported on the balance sheet, no classification into operational and financial leasing agreements shall thus be made. IFRS 16 is applicable for financial years starting January 1 2019. An analysis of the Group's leasing agreements has been performed in order to ensure that the requirements in the new standard can be met. The largest leasing agreements in the Group relate to leasing of rental contracts and passenger cars and are currently reported exclusively as operational leasing.

As transition method to IFRS 16 a modified retroactive method has been chosen, where the asset value consequently has been set equal to the liability. Calculations made show that leasing assets will have an opening value of 65 MSEK and leasing liabilities will amount to 65 MSEK. There will be no effect on equity while the effect on the result after tax in 2019 is calculated to -0.4 MSEK,

based on existing leasing agreements at the turn of the year 2018. The Group expects the operating profit for 2019 to increase with approx. 0.4 MSEK compared to what would have been the case if the previous accounting principles had been applied, as a part of the leasing costs will now be reported as interest expense. The effect on the result after tax is calculated to – 0.4 MSEK. The cash flow from operating activities is expected to increase and the cash flow from financing activities to decrease with approx. 18 MSEK as the amortization part of the leasing fees will be reported as disbursement of financing activities.

The corporate management's assessment is that the other new and revised standards and interpretations will not have any material effect on the Group's financial statements for the period in which they are applied for the first time. The effects of the new standard will be reported in the 2018 Annual Report.

Fair value

In 2018 Biotage had a financial asset of 0 MSEK (0.7) measured as fair value concerning an option to acquire all outstanding shares in Chreto Aps. The option expired on December 31, but before then, on December 18, the Board of Directors in Biotage announced its intention to initiate negotiations concerning an acquisition of the company Chreto after a decision not to exercise the current call option to acquire all outstanding shares in Chreto. 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.

Key ratios and financial metrics

For definitions of the key ratios and financial metrics used in the Group's financial reporting, see Biotage's Annual Report for 2017, page 76.

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 %	Fourth quarter				12 months			
	10/1/2018		10/1/2017		1/1/2018		1/1/2017	
	12/31/2018		12/31/2017		12/31/2018		12/31/2017	
	KSEK	%	KSEK	%	KSEK	%	KSEK	%
Reported sales in the comparison period	188,888		179,145		748,147		667,912	
Reported sales in the period*	217,965		188,888		840,177		748,147	
Reported Change	29,077	15.4	9,743	5.4	92,031	12.3	80,235	12.0
Sales in current period to the comparable periods exchange rates*	203,849		191,832		808,108		752,422	
Change to comparable rates	14,961	7.9	12,687	7.1	59,961	8.0	84,510	12.7

* Excluding sales from companies acquired during the year

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	12/31/2018	12/31/2017
Cash	177.0	174.3
Liabilities to credit institutions	-109.4	0.0
Net cash	67.6	174.3

Graphs of net sales and operating result

Biotage has chosen to report graphs of the net sales and the operating result on a rolling 12 month basis as corporate management also follows the development over time on a rolling 12 month basis and believes that this provides supplementary information to the calendar-based interim data otherwise given in the report.

Rolling 12 months	12/31/2018		12/31/2017	
	1/1/2018	Rolling 12	1/31/2017	Rolling 12
	12/31/2018	months	12/31/2017	months
Net sales	910.9	910.9	748.1	748.1
Operating profit	172.5	172.5	133.6	133.6
Net sales increase %		21.8%		12.0%

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, 2018 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 acquisitions

Acquisition of Horizon Technology Inc.

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.

In this acquisition analysis no differences between book values and actual values concerning other receivables have been identified.

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	-10.0
Deferred tax	-12.4
Net identifiable assets and liabilities	69.2
Consolidated goodwill	73.3
Transferred payment	142.5

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 amounted to 2.8 MSEK and relate to fees paid for external legal counsel and consultants in connection with due diligence, among other things. 2.5 MSEK of these costs were reported already in 2017. The expenses have been reported under Administration costs in the Group's statement of profit or loss and other comprehensive income.

Acquisition of PhyNexus, Inc.

On January 15, 2019 Biotage AB acquired 100 percent of the privately held company PhyNexus, Inc., based in California, USA. Through the acquisition Biotage strengthens its position as a separations company in the growing biomolecules area. With PhyNexus' innovative technology platform with patented pipette-based consumables Biotage will be able to offer its global customers automated solutions for efficient purification of biomolecules such as proteins, plasmids and antibodies in laboratory scale. Biotage predicts that this platform long-term has the potential to address a growing market worth several billion USD. The acquired technology

platform can enable the development of new approaches for clinical tests and tests in forensic medicine, the environment and food with streamlined workflows, through dispersive solid phase extraction in combination with high throughput pipetting robotics and development programs for new consumables.

The purchase price amounts to a total of approx. 21.4 MUSD, corresponding to approx. 191.3 MSEK¹, based on a debt-free value, net of cash. Of the total purchase price approx. 10.0 MUSD (approx. 89.3 MSEK) are expected future additional purchase payments for the years 2019 to 2023, which will be based on future results. The remaining purchase price of approx. 11.4 MUSD (approx. 102.0 MSEK) was paid when taking possession. Of this sum approx. 6.6 MUSD (approx. 58.6 MSEK) were in the form of 487,337 newly issued shares in Biotage and approx. 4.8 MUSD (approx. 43.3 MSEK) was cash payment.

The issue of consideration shares for the acquisition increases the number of shares in Biotage from 64,714,447 to 65,201,784, which will result in a dilution of 0.7 percent for existing shareholders. The new shares have been subscribed by the main owners in PhyNexus (including the largest shareholder Doug Gjerde, who represents approx. 60 percent of the shares and votes in PhyNexus). Additional shares may be issued in connection with the price adjustments that may be made after the completion of the acquisition and at the payment of future additional purchase sums.

In this acquisition analysis no differences between book values and actual values concerning other receivables have been identified.

The acquired company's net assets at the time of acquisition	Acquisition analysis (preliminary)
Tangible fixed assets	0.0
Intangible assets: Customer relations	49.2
Intangible assets: Trademarks	10.3
Intangible assets: Patents/technology	13.4
Stock	8.3
Accounts receivable and other receivables	5.3
Cash and cash equivalents	3.7
Accounts payable and other operating liabilities	-3.1
Deferred tax	-15.3
Net identifiable assets and liabilities	71.8
Consolidated goodwill	119.4
Transferred payment	191.3

Goodwill

In the acquisition analysis goodwill amounts to 119 MSEK. The goodwill included in the acquisition corresponds partly to Biotage's estimated ability to increase the sales of PhyNexus' 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 area of biomolecules that exists in the acquired company. This goodwill is not deemed to be tax deductible.

Acquisition related expenses

The acquisition related expenses amounted to 3.2 MSEK with a cash flow effect of -3.1 MSEK and relate to fees paid for external legal counsel and consultants in connection with due diligence, among other things. The expenses have been reported under Administration costs in the Group's statement of profit or loss and other comprehensive income.

1) Based on an exchange rate SEK/USD of 8.93

Composition of income

Composition of income:	Fourth quarter		12 months	
	10/1/2018	10/1/2017	1/1/2018	1/1/2017
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Net sales - distribution between products and services:				
Products	212,817	183,575	823,870	670,206
Services	20,279	3,538	79,645	71,838
Other sales revenue	1,478	1,775	7,381	6,103
Total sales revenue	234,574	188,888	910,896	748,147

Revenue by geographical market and product area Q1 2017	Organic Chemistry		Analytical Chemistry		Industrial products		Total	
	10/1/2018	10/1/2017	10/1/2018	10/1/2017	10/1/2018	10/1/2017	10/1/2018	10/1/2017
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
North- and South America	42,499	35,836	49,766	29,617	10,101	9,162	102,367	74,616
Europa	31,871	39,667	25,282	17,392	7,343	12,676	64,496	69,736
Japan	16,410	14,713	4,869	3,042	4,459	1,749	25,737	19,504
China	18,685	10,246	5,998	4,129	313	1,094	24,995	15,469
EMEA and APAC	3,052	1,730	4,431	3,230	214	168	7,697	5,128
South Korea	5,188	2,929	1,114	707	527	547	6,830	4,184
India	2,260	81	180	28	12	143	2,452	251
Total sales revenue	119,964	105,203	91,641	58,146	22,968	25,539	234,574	188,888

Revenue by geographical market and product area Q1 2018	Organic Chemistry		Analytical Chemistry		Industrial products		Total	
	1/1/2018	1/1/2017	1/1/2018	1/1/2017	1/1/2018	1/1/2017	1/1/2018	1/1/2017
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
North- and South America	159,172	151,631	187,853	129,862	39,161	37,014	386,186	318,507
Europa	128,837	130,355	89,681	64,687	26,741	26,253	245,259	221,295
Japan	75,580	71,630	12,298	12,334	15,912	8,815	103,790	92,779
China	70,856	48,911	17,125	12,884	1,010	2,508	88,991	64,304
EMEA and APAC	15,357	10,217	23,325	11,903	1,950	2,750	40,632	24,869
South Korea	22,661	15,729	10,359	3,778	2,931	1,603	35,951	21,110
India	8,474	3,801	1,017	663	596	820	10,087	5,284
Total sales revenue	480,937	432,273	341,658	236,111	88,301	79,762	910,896	748,147

The distribution relates to sales per product area to customers located in the above geographical areas.

Revenue by sales channel	Fourth quarter		12 months	
	10/1/2018	10/1/2017	1/1/2018	1/1/2017
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Direct sales through own sales channel	226,877	183,760	870,264	717,994
Sales through distributors	7,697	5,128	40,632	30,153
Total sales revenue	234,574	188,888	910,896	748,147

Point in time of transfer of goods and services	Fourth quarter		12 months	
	10/1/2018	10/1/2017	1/1/2018	1/1/2017
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Goods transferred at a point in time	214,274	167,552	831,251	676,309
Services transferred at a point in time	4,474	8,957	20,381	23,200
Service contracts and other services transferred over a period of time	15,826	12,378	59,264	48,638
Total sales revenue	234,574	188,888	910,896	748,147