

Interim report

January – March 2019



April 24, 2019

New sales record and substantially increased operating profit

First quarter January - March 2019

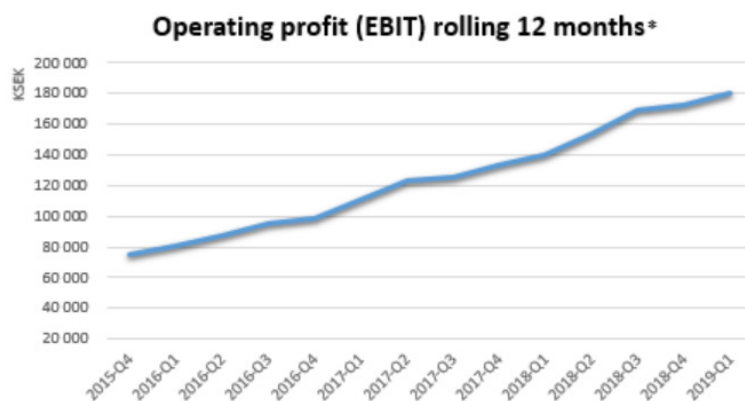
- Net sales amounted to 248.0 MSEK (208.0), which is an increase by 19.2 percent compared to the corresponding quarter last year. At comparable exchange rates¹⁾ and adjusted for acquisitions, sales increased by 5.8 percent.
- Operating profit increased by 19.8 percent to 49.8 MSEK (41.6).
- Result after tax increased by 5.9 percent to 47.5 MSEK (44.9).
- Earnings per share increased to 0.73 SEK (0.69) before and after dilution.
- The cash flow from operating activities amounted to 11.5 MSEK (28.1).
- Net debt¹⁾ at March 31 amounted to 117.9 MSEK (-59.6). Cash and cash equivalents amounted to 142.6 MSEK (168.9). Liabilities to credit institutions amounted to 109.4 MSEK (109.3).
- On January 2 the Board of Directors announced that a recruitment process had been initiated to hire a new CEO and that Torben Jørgensen intends to continue as CEO until a replacement has been hired.
- The acquisition of PhyNexus Inc. was completed on January 15. The purchase price amounted to approx. 21.3 MUSD, corresponding to approx. 190.6 MSEK²⁾. Of this sum approx. 4.8 MUSD (approx. 43.2 MSEK) in cash payment and approx. 6.6 MUSD (approx. 58.6 MSEK) in newly issued shares was paid in connection with taking possession. The remaining 10.0 MUSD (approx. 89.3 MSEK) are 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 means that the number of shares in Biotage has increased from 64,714,447 to 65,201,784, which has resulted in a dilution of 0.7 percent for existing shareholders.

1) See definition on pp. 16-17

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

Group financial development in brief

Amounts in SEK millions	Q1	Q1	12 months
	Jan-Mar	Jan-Mar	Jan-Dec
	2019	2018	2018
Net sales	248.0	208.0	910.9
Cost of sales	-95.0	-81.2	-354.3
Gross profit	153.0	126.8	556.6
Operating expenses	-103.2	-85.2	-384.1
Operating profit/loss (EBIT)	49.8	41.6	172.5
Financial items	2.3	4.0	3.8
Profit/loss before tax	52.2	45.6	176.3
Tax expenses	-4.6	-0.8	-8.7
Total profit/loss for the period	47.5	44.9	167.6
<i>Gross margin</i>	61.7%	61.0%	61.1%
<i>Operating margin (EBIT)</i>	20.1%	20.0%	18.9%



*See definition pp. 16-17

Comments by CEO Torben Jörgensen

Biotage starts off 2019 with a strong first quarter. The sales during the quarter are the highest ever in the history of Biotage, also taking into account the business of PhyNexus, Inc. acquired during the year. We took possession of the acquisition on January 15 and the integration is proceeding according to plan. The transfer of PhyNexus' instrument production to Biotage's plant in Salem, New Hampshire, has been initiated. We are looking forward to continuing the development of PhyNexus' operations in the rapidly growing area of small-scale purification of biomolecules. Biotage has traditionally primarily been focusing on purification of small molecules (synthetic) and we are now widening the operations to include also biomolecules (biologic). Biotage has not, however, been able to make progress in the discussions concerning an acquisition of the associated company Chreto A/S, which is also active in the area of purification of biomolecules.

Efficiency and profitability also increased during the quarter. The gross margin improved by 0.7 percentage points to 61.7 percent. Contributing factors are an improved mix in the sales of systems and aftermarket products, where we this quarter have a higher share of aftermarket products with 54 percent of sales. The operating margin for the quarter amounts to 20.1 percent, to be compared with Biotage's new profitability target of an average of 20 percent over a three-year period. On a rolling 36 month basis the operating margin is now 17.7 percent. At comparable exchange rates and adjusted for acquisitions, sales increased by 5.8 percent in the period. In reported sales, we reach a growth of 19.2 percent. Biotage's target is an annual sales growth averaging 8 percent over a three-year period.

The cash flow in the quarter is not entirely satisfactory. This is partly explained by the fact that we have chosen to tie up more capital in inventories by overproducing some of our products manufactured in Cardiff, Wales, in preparation for a possible Brexit. Another cause is that a comparatively large share of the sales took place late in the quarter, which contributed to a lower cash flow by increasing accounts receivable.

Biotage continues to show the strongest growth in Asia. The American sales are not quite where we want them to be. This is partly due to the timing of business, but we are also struggling to keep the sales organization intact as the good US economy results in fierce competition for employees.

Our single largest product area in organic chemistry, Purification, continues to grow and with global sales of more than 250 systems in the quarter we see the highest sales ever of our flash purification systems. China accounts for most of the growth but we also have hopes to gain market share in other parts of the world with the recently launched flash purification system Biotage® Selekt and the associated consumables Biotage® Sfär.

We continue to develop our product offering in analytical chemistry, with new products, applications and method development. A number of product launches will take place in analytical chemistry in the coming quarters, systems as well as consumables.

Sales of our Industrial products developed well in the quarter. Not the least sales of our largest flash purification systems with associated consumables. A contributing factor is the UV detector that was introduced last year, which facilitates the use of these products by the customers.

At the start of the year Biotage implemented a new business system. This has required extensive efforts during a longer period of time from many persons in the organization. We have now established a new platform for further global coordination and efficiency.

With the positive feeling from the first quarter of the year under our belt we are looking forward to the rest of 2019 with confidence.

Group result, financial position and cash flow

First quarter January – March 2019

Group net sales in the first quarter 2019 amounted to 248.0 MSEK (208.0), which is an increase by 19.2 percent. Adjusted for acquisitions and at comparable exchange rates, sales increased by 5.8 percent compared with the corresponding quarter last year. The Americas was the biggest market with 40 (43) percent of the net sales, Asia contributed 32 (30) percent and the EU & EMEA 28 (27) percent.

The Group's gross margin increased to 61.7 percent (61.0). The distribution of sales between systems and aftermarket products was 46 percent (48) and 54 percent (52), respectively.

The operating expenses amounted to 103.2 MSEK (85.2). Sales costs increased by 9.3 MSEK to 69.5 MSEK (60.1), primarily explained by an expanded sales organization, including acquisition, but also by currency effects. Research and development costs increased by 3.6 MSEK to 18.6 MSEK (15.0), 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 October 1, 2018. This has also meant increased amortization in the quarter of previously capitalized development costs. The administration costs amounted to 20.3 MSEK (15.2). This increase is mainly explained by costs relating to the acquisition of PhyNexus and recruitment costs. Other operating items, amounting to 5.2 MSEK (5.1), primarily consist of currency effects on operations related liabilities and receivables and Biotage's share in the result of the associated company Chreto, -0.6 MSEK (-0.2).

Operating profit improved by 19.8 percent to 49.8 MSEK (41.6), corresponding to an operating margin (EBIT) of 20.1 percent (20.0). The average operating margin (EBIT) for the last three-year period now amounts to 17.7 percent (15.6), to be compared with the Group's financial target of 20 percent. Net financial income amounted to 2.3 MSEK (4.0) and the difference compared to last year is primarily currency effects.

The result after tax increased to 47.5 MSEK (44.9). The reported tax cost increased by 3.9 MSEK to 4.6 MSEK (0.8). Reported tax is affected by changes in the book value related to fiscal deficit.

Cash flow

The cash flow from operating activities was 12.5 MSEK (28.1). Changes in operating capital for the period have had a negative impact on the cash flow, primarily as a result of increased accounts receivable due to high sales at the end of the quarter and a reduction of operating liabilities. The investments amounted to 49.4 MSEK (144.0), the net effect of acquisitions accounting for 39.5 MSEK (129.8). Amortizations and write-downs amounted to 17.0 MSEK (9.2), of this sum 4.6 MSEK relates to amortization of right-of-use assets according to IFRS 16. Capitalized development costs accounted for 4.2 MSEK (7.8) of the investments and 5.5 MSEK (4.6) of the amortizations and write-downs.

Balance sheet items

At March 31, the Group's cash and cash equivalents amounted to 142.6 MSEK (168.9). At the end of the reported period the Group had interest-bearing liabilities amounting to 171.2 MSEK (109.3). The interest-bearing liabilities relate to loans under a credit facility taken out in 2018 in connection with the acquisition of Horizon Technology Inc. to the amount of 109.4 MSEK (109.3) and leasing liability calculated to 61.8 MSEK (-) according to IFRS 16. The net debt, which also includes 89.3 MSEK (-) in calculated additional purchase price relating to the acquisition of PhyNexus Inc., thus amounted to 117.9 MSEK (59.6).

The Group reports a total goodwill of 315.1 MSEK (186.1) at March 31. The increase in goodwill relates to the acquisition of PhyNexus Inc. completed in January. Other reported goodwill relates to the acquisitions of Horizon Technology Inc. in 2018 and the acquisitions of MIP Technologies AB and two product lines from Caliper Life Sciences Inc. in 2010.

Other intangible fixed assets amounted to 264.9 MSEK (185.7). Of this sum capitalized development costs amounted to 99.9 MSEK (98.7). The rest of the increase primarily consists of identified surplus value of acquired assets in PhyNexus, see page 18.

The expected additional purchase price concerning PhyNexus amounts of 89.3 MSEK. Of this sum 71.4 MSEK is reported as long-term financial liability and 17.9 MSEK as short-term financial liability.

At March 31 the equity capital amounted to 827.6 MSEK (659.6). The change in equity during the period is primarily explained by a new share issue in connection with acquisition 58.6 MSEK, the net result 47.5 MSEK (44.9) and currency hedging and foreign exchange effects in the translation of foreign subsidiaries 19.1 MSEK (-6.5).

Major events after the reported period

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

Human resources

The Group had 413 (397) employees at March 31, compared to 405 at the start of the year. The increase is mainly attributable to the acquisition of PhyNexus.

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 in the first quarter amounted to 0.7 MSEK (0.6). The operating expenses amounted to 6.5 MSEK (5.4) and the operating result was -5.8 MSEK (-4.8). The parent company's net financial income was 0.6 MSEK (1.1) and the result after financial items amounted to -5.2 MSEK (-3.6). Reported tax is affected by changes in the book value related to fiscal deficit. The investments in intangible fixed assets in the quarter amounted to 0.2 MSEK (0.3). The parent company's cash and bank balances amounted to 2.1 MSEK (3.0) at March 31.

The parent company has no significant related party transactions other than transactions with subsidiaries.

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 2018. 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 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.
All reports are available at Biotage's website from the above dates.

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

Uppsala April 24, 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 15.00 CET on April 24, 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. 413 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	2019-01-01 2019-03-31	2018-01-01 2018-03-31	2018-01-01 2018-12-31
Net sales	248,018	208,048	910,896
Cost of sales	-95,005	-81,242	-354,270
Gross profit	153,012	126,805	556,626
Distribution costs	-69,459	-60,125	-256,670
Administrative expenses	-20,300	-15,208	-70,165
Research and development costs	-18,570	-14,952	-65,925
Other operating income	5,164	5,072	8,612
Total operating expenses	-103,165	-85,214	-384,148
Operating profit/loss	49,847	41,591	172,478
Financial net income	2,311	4,044	3,811
Profit/loss before income tax	52,158	45,635	176,289
Tax expenses	-4,643	-782	-8,662
Total profit/loss for the period	47,515	44,853	167,627
Other comprehensive income			
Components that may be reclassified to net income:			
Translation differences related to non Swedish subsidiaries	19,059	6,528	16,623
Cash flow hedges	230	-439	-81
Total other comprehensive income	19,288	6,089	16,542
Total comprehensive income for the period	66,803	50,942	184,169

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY (Continuing)

Beloppi KSEK	2019-01-01 2019-03-31	2018-01-01 2018-03-31	2018-01-01 2018-12-31
Attributable to parent company's shareholders:			
Total profit/loss for the period	47,515	44,853	167,627
Attributable to parent company's shareholders:			
Total comprehensive income for the period	66,803	50,942	184,169
Average shares outstanding	65,123,181	64,714,447	64,714,447
Shares outstanding at end of reporting period	65,201,784	64,714,447	64,714,447
Total profit/loss for the period per share SEK	0.73	0.69	2.59
Total profit/loss for the period per share SEK after dilution	0.73	0.69	2.59
Earnings per share relates to:			
Continuing operations	0.73	0.69	2.59
Total comprehensive income for the period per share SEK	1.03	0.79	2.85
Total comprehensive income for the period per share after dilution SEK	1.03	0.79	2.85

Quarterly summary Amounts in KSEK	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Net Sales	248,018	234,574	232,204	236,071	208,048
Cost of sales	-95,005	-90,534	-90,815	-91,678	-81,242
Gross profit	153,012	144,040	141,389	144,392	126,805
Gross margin	61.7%	61.4%	60.9%	61.2%	61.0%
Operating expenses	-103,165	-108,303	-96,250	-94,381	-85,214
Operating profit/loss	49,847	35,737	45,139	50,011	41,591
Operating margin	20.1%	15.2%	19.4%	21.2%	20.0%
Financial net	2,311	-290	-1,846	1,903	4,044
Profit/loss before income tax	52,158	35,448	43,293	51,914	45,635
Tax expenses	-4,643	-8,120	735	-495	-782
Total profit/loss for the period	47,515	27,327	44,027	51,419	44,853

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

Amounts in SEK thousands	2019-03-31	2018-12-31
ASSETS		
Non-Current assets		
Property, plant and equipment	54,108	48,630
Right-of-use assets	61,767	-
Goodwill	315,073	186,055
Other intangible assets	264,893	192,654
Financial assets	18,952	19,221
Deferred tax asset	57,353	62,205
Total non-current assets	772,146	508,765
Current assets		
Inventories	148,749	132,338
Trade and other receivables	221,714	185,080
Cash and cash equivalents	142,603	177,020
Total current assets	513,066	494,438
TOTAL ASSETS	1,285,212	1,003,203
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the parent company		
Share capital	90,630	89,953
Reserves	-2,618	-79,877
Retained earnings	739,619	692,104
Total equity	827,631	702,180
Non-current liabilities		
Liabilities to credit institutions	109,438	109,400
Lease liabilities	43,609	-
Other financial liabilities	72,620	1,201
Deferred tax liability	29,501	14,780
Non-current provisions	2,343	2,245
Total non-current liabilities	257,510	127,625
Current liabilities		
Trade and others liabilities	158,081	166,721
Other financial liabilities	18,271	385
Tax liabilities	2,536	3,132
Lease liabilities	18,181	-
Liabilities to credit institutions	-	-
Current provisions	3,001	3,159
Total current liabilities	200,070	173,397
TOTAL EQUITY AND LIABILITIES	1,285,212	1,003,203

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

Belopp i KSEK	Share capital	Other paid-in capital	Accumulated translation reserve	Hedging reserve	Retained earnings	Total equity
Opening balance January 1, 2018	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
Changes in equity in the period of January 1, 2019 - March 31, 2019						
Total comprehensive income	-	-	19,059	230	47,515	66,803
Total non-owners changes	-	-	19,059	230	47,515	66,803
Transactions with equity holders of the company						
New share issue	677	57,970	-	-	-	58,648
Closing balance March 31, 2019	90,630	57,970	-60,813	224	739,619	827,631

CONSOLIDATED STATEMENT OF CASH FLOWS

	2019-01-01 2019-03-31	2018-01-01 2018-03-31	2018-01-01 2018-12-31
Amounts in SEK thousands			
Operating activities			
Profit/loss before income tax	52,158	45,635	176,289
Adjustments for non-cash items	6,455	3,589	27,684
	58,613	49,224	203,974
Income tax paid	-2,386	-1,397	-9,314
Cash flow from operating activities before changes in working capital	56,227	47,826	194,659
Cash flow from changes in working capital:			
Increase (-)/ decrease (+) in inventories	-713	-4,946	-21,416
Increase (-)/ decrease (+) in operating receivables	-26,175	-13,500	-30,020
Increase (+)/ decrease (-) in operating liabilities	-16,845	-1,236	11,781
Cash flow from changes in working capital	-43,733	-19,682	-39,654
Cash flow from operating activities	12,494	28,144	155,005
Investing activities			
Acquisition of intangible assets	-5,067	-10,895	-34,179
Acquisition of property, plant and equipment	-5,860	-2,146	-12,979
Acquisition of financial assets	-39,536	-130,936	-131,253
Sale of financial assets	1,034	-	-
Cash flow from investing activities	-49,429	-143,978	-178,411
Financing activities			
Dividend to shareholders	-	-	-90,600
Loan raised	-	109,285	109,942
Repayment of loans	-60	-	-
Cash flow from financial activities	-60	109,285	19,342
Cash flow for the period	-36,995	-6,549	-4,064
Cash and cash equivalents opening balance	177,020	174,263	174,263
Exchange differences in liquid assets	2,577	1,175	6,821
Cash and equivalents closing balance	142,603	168,889	177,020
Additional information:			
<i>Adjustments for non-cash items</i>			
Depreciations and impairments	16,996	9,171	39,412
Exchange rates differences	-9,753	-6,540	-3,348
Other items	-787	958	-8,379
Total	6,455	3,589	27,684

INCOME STATEMENT, PARENT IN SUMMARY

Amounts in SEK thousands	2019-01-01	2018-01-01	2018-01-01
	2019-03-31	2018-03-31	2018-12-31
Net sales	707	602	2,537
Administrative expenses	-5,759	-4,851	-21,998
Research and development costs	-768	-511	-2,467
Other operating items	28	6	17
Operating expenses	-6,499	-5,356	-24,448
Operating profit/loss	-5,792	-4,753	-21,911
Profit/loss from financial investments:			
Interest income from receivables from group compan	-	-	216
Interest expense from liabilities to group companies	-	-	-
Other interest and similar income	962	1,369	3,335
Other interest and similar expenses	-408	-249	-1,613
Group contribution received	-	-	90,645
Financial net income	554	1,120	92,584
Profit/loss before income tax	-5,238	-3,633	70,673
Tax expenses	-6,420	-	-14,872
Total profit/loss for the period	-11,658	-3,633	55,801

STATEMENT OF COMPREHENSIVE INCOME, PARENT

Total profit/loss for the period	-11,658	-3,633	55,801
Other comprehensive income:			
Components that may be reclassified to net income:			
Translation differences related to	-	-	-
Total comprehensive income, parent	-11,658	-3,633	55,801

BALANCE SHEET, PARENT

Amounts in SEK thousands	2019-03-31	2018-12-31
ASSETS		
Non-current assets		
Intangible assets		
Patents and licenses	11,007	10,983
	11,007	10,983
Financial assets		
Investments in group companies	662,691	471,922
Receivables from group companies	175,195	169,378
Shares in associated companies	19,284	19,284
Deferred tax asset	27,203	33,623
	884,372	694,207
Total non-current assets	895,379	705,190
Current assets		
Current receivables		
Receivables from group companies	26,005	73,783
Other receivables	1,164	2,616
Prepaid expenses and accrued income	1,736	2,389
	28,905	78,788
Cash and cash equivalents	2,135	2,111
Total current assets	31,040	80,899
TOTAL ASSETS	926,419	786,088
EQUITY, PROVISIONS AND LIABILITIES		
Equity		
<i>Restricted equity</i>		
Share capital	90,630	89,953
	90,630	89,953
<i>Unrestricted equity</i>		
Retained earnings	436,333	380,532
Profit/loss for the year	-11,658	55,801
	482,645	436,333
Total equity	573,275	526,286
Longterm liabilities		
Liabilities to credit institutions	110,000	110,000
Other long term liabilities	71,440	-
	181,440	110,000
Current liabilities		
Trade payables	1,794	1,717
Liabilities to group companies	145,240	139,974
Other current liabilities	518	71
Accrued expenses and prepaid income	6,291	8,041
	171,704	149,802
TOTAL EQUITY, PROVISIONS AND LIABILITIES	926,419	786,088

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, except that from January 1, 2019 IFRS 16 *Leases* is applied instead of IAS 17 *Leasing agreements*. 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 2019 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 2018. These are described on pp. 44-54 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 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. Adjustments according to IFRS 16 are made on overall group level. The parent company does not report leasing agreements in the balance sheet but continues to report lease payments as costs on a straight-line basis over the leasing period in accordance with the exception from IFRS 16 found in RFR 2 *Reporting for Legal Entities*. An analysis of the Group's leasing agreements has been performed in order to ensure that the requirements of the new standard are met. The major leasing agreements in the Group relate to leasing of rental contracts and passenger cars.

As transition method to IFRS 16 a modified retroactive method has been chosen, where the asset value has been set equal to the liability throughout. The new accounting principles are described in more detail on page 44 and in Note 5 on page 60 in the 2018 Annual Report. Here also the weighted marginal interest rate used at discounting is reported as well as the transition effects at the transfer to IFRS 16. Opening values for the right-of-use asset was 64.9 MSEK, the long-term leasing debt 47.1 MSEK, the short-term leasing debt 17.8 MSEK. Cash flows from leasing agreements are classified as follows: amortization of the leasing debt is included in financing operations, interest payments are included in current operations. Payments for short-term leasing and leasing agreements of low value not included in the valuation of the leasing debt are reported in the current operations.

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 are reported in the 2018 Annual Report.

Fair value

Biotage has a financial liability concerning additional purchase sum at business acquisition measured at fair value through profit or loss. The additional purchase sum, relating to the acquisition of PhyNexus Inc., is based on the agreed allocation of the gross profit on related products during the

period 2019 to 2023. The agreement with the sellers does not include a maximum amount. For the financial year 2019,, which is settled in 2020, the additional purchase sum is calculated to 17.9 MSEK, which is also the company's best estimate of fair value at March 31, 2019. 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. Valuation has been made based in expected future cash flows.

Financial debt measured at fair value	3/31/2019	3/31/2018
Additional purchase sum, long-term part	71.4	0.0
Additional purchase sum, short-term part	17.9	0.0
Total	89.3	0.0

Opening balance January 1, 2019	0
Acquisition	89.3
Adjusted during the year	0.0
Closing balance March 31, 2019	89.3

Other financial assets and financial liabilities 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 2018, page 75.

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 %	First quarter			
	1/1/2019		1/1/2018	
	3/31/2019		3/31/2018	
	KSEK	%	KSEK	%
Reported sales in the comparison period	208,048		185,228	
Reported sales in the period*	241,630		194,766	
Reported Change	33,583	16.1	9,538	5.1
Sales in current period to the comparable periods exchange rates*	220,088		203,446	
Change to comparable rates	12,040	5.8	18,218	9.8

* Excluding sales from companies acquired during the year

Net debt

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 debt is reported defined as cash reduced by liabilities to credit institutions and leasing liability in accordance with IFRS 16.

Net debt	3/31/2019	3/31/2018
Cash	-142.6	-168.9
Liabilities to credit institutions	109.4	109.3
Lease liabilities	61.8	0.0
Other interest-bearing liabilities	89.3	0.0
Net debt	117.9	-59.6

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	3/31/2019			3/31/2018		
	4/1/2018	1/1/2019	Rolling 12 months	4/1/2017	1/31/2018	Rolling 12 months
	12/31/2018	3/31/2019		12/31/2017	3/31/2018	
Net sales	702.8	248.0	950.9	562.9	208.0	771.0
Operating profit	130.9	49.8	180.7	98.7	41.6	140.3
Net sales increase %			23.3%			11.0%

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 March 31, 2019 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

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 amounted to a total of approx. 21.4 MUSD, corresponding to approx. 191.3 MSEK¹⁾, based on a debt-free value. 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. Net cash flow for the acquisition amounts to -39.5 MSEK.

The issue of consideration shares for the acquisition increases the number of shares in Biotage from 64,714,447 to 65,201,784, which results 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, representing 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. Useful lives of identified intangible assets have been assessed individually for the respective asset to be 10 to 15 years, except for trademarks that are assessed to have unlimited useful lives.

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

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

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 4.2 MSEK with a cash flow effect of -4.2 MSEK. Of this sum 1.0 MSEK was charged to the period's result and cash flow and relate to fees paid for external legal counsel and consultants in connection with due diligence, and the establishment of agreements, among other things. The expenses have been reported under Administration costs in the Group's statement of profit or loss and other comprehensive income.

Composition of income

Composition of income:	First quarter	
	1/1/2019	1/1/2018
	3/31/2019	3/31/2018
Net sales - distribution between products and services:		
Products	227,967	187,997
Services	18,212	18,212
Other sales revenue	1,839	1,839
Total sales revenue	248,018	208,048

Revenue by geographical market and product area Q1	America		EU & EMEA		Asia		Total	
	1/1/2019	1/1/2018	1/1/2019	1/1/2018	1/1/2019	1/1/2018	1/1/2019	1/1/2018
	3/31/2019	3/31/2018	3/31/2019	3/31/2018	3/31/2019	3/31/2018	3/31/2019	3/31/2018
Organic Chemistry	35,749	36,791	33,646	30,597	59,209	46,849	128,603	114,238
Analytical Chemistry	47,434	40,610	24,008	16,770	14,888	12,582	86,330	69,963
Industrial products	10,987	11,204	9,609	8,346	6,101	4,298	26,697	23,848
Biomolecules	4,407	0	1,661	0	319	0	6,387	0
Total sales revenue	98,577	88,605	68,923	55,714	80,517	63,729	248,018	208,048

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

Revenue by sales channel	First quarter	
	1/1/2019	1/1/2018
	3/31/2019	3/31/2018
Direct sales through own sales channel	233,997	200,019
Sales through distributors	14,021	8,029
Total sales revenue	248,018	208,048

Point in time of transfer of goods and services	First quarter	
	1/1/2019	1/1/2018
	3/31/2019	3/31/2018
Goods transferred at a point in time	226,087	190,111
Services transferred at a point in time	5,312	4,652
Service contracts and other services transferred over a period of time	16,619	13,284
Total sales revenue	248,018	208,048