

Interim report

January-September 2018



November 6, 2018

Biotage continues to grow with increased profitability

Third quarter, July - September 2018

- Net sales amounted to 232.2 MSEK (177.7), which is an increase by 30.7 percent compared to the corresponding quarter last year. At comparable exchange rates¹⁾ and adjusted for acquisitions sales increased by 9.9 percent.
- Operating profit increased by 54.3 percent to 45.1 MSEK (29.3).
- Result after tax increased by 41.4 percent to 44.0 MSEK (31.1).
- Earnings per share increased to 0.68 SEK (0.48) before and after dilution.
- The cash flow from operating activities improved to 50.7 MSEK (30.5).
- Net cash¹⁾ at September 30 was 24.7 MSEK (119.6). Cash and cash equivalents amounted to 134.1 MSEK (119.6). Interest-bearing liabilities at the end of the period amounted to 109.4 MSEK (-) relating to loans under a credit facility taken out in connection with the acquisition of Horizon Technology Inc.

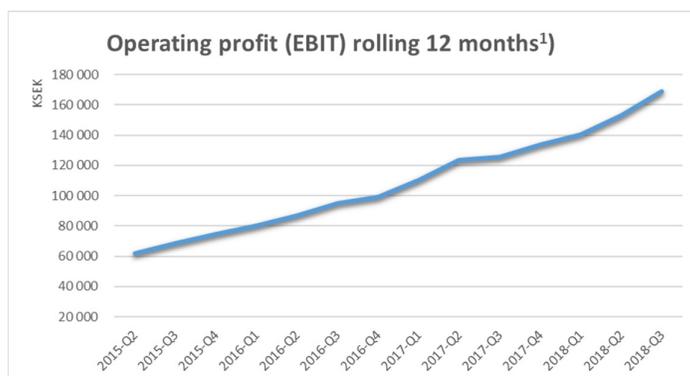
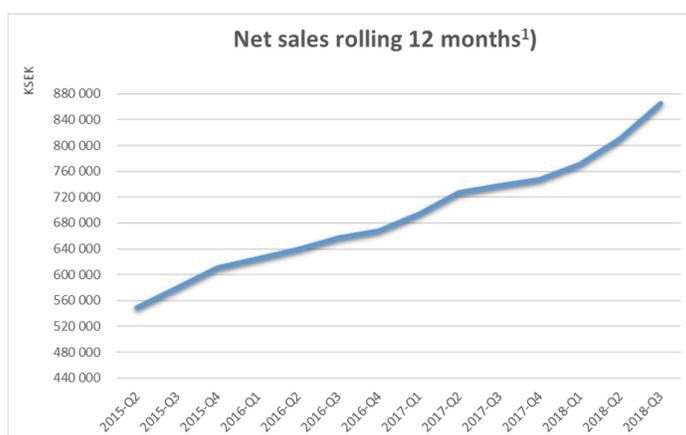
Nine months, January - September 2018

- Net sales amounted to 676.3 MSEK (559.3), which is an increase by 20.9 percent compared to the corresponding period last year. At comparable exchange rates¹⁾ and adjusted for acquisitions net sales increased by 8.5 percent.
- Operating profit increased by 34.9 percent to 136.7 MSEK (101.4).
- Result after tax increased by 34.8 percent to 140.3 MSEK (104.1).
- Earnings per share increased to 2.17 SEK (1.61) before and after dilution.
- The cash flow from operating activities amounted to 103.4 MSEK (102.8).
- The acquisition of Horizon Technology Inc. was completed on January 16.
- Dividends to the shareholders were paid to the amount of 90.6 MSEK (80.9) in the month of May.

1) See definition on pp. 18-19

Group financial development in brief

Amounts in SEK millions	Q3	Q3	9 months	9 months	12 months
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
	2018	2017	2018	2017	2017
Net sales	232,2	177,7	676,3	559,3	748,1
Cost of sales	-90,8	-70,5	-263,7	-218,2	-291,5
Gross profit	141,4	107,2	412,6	341,0	456,7
Operating expenses	-96,2	-78,0	-275,8	-239,6	-323,0
Operating profit/loss (EBIT)	45,1	29,3	136,7	101,4	133,6
Financial items	-1,8	0,7	4,1	2,6	2,6
Profit/loss before tax	43,3	30,0	140,8	104,0	136,3
Tax expenses	0,7	1,1	-0,5	0,1	2,5
Total profit/loss for the period	44,0	31,1	140,3	104,1	138,7
<i>Gross margin</i>	60,9%	60,3%	61,0%	61,0%	61,0%
<i>Operating margin (EBIT)</i>	19,4%	16,5%	20,2%	18,1%	17,9%



1) See definition on pp. 18-19

Comments by CEO Torben Jörgensen

Biotage continues to grow with increasing profitability and surpasses the financial targets for the quarter as well as for the nine-month period. The business is growing in the regions where we have direct sales. The biggest percentage sales increases are in Asia, which is especially encouraging in view of the direct establishments that Biotage has recently undertaken in this region. Our local head of the organization in India is in place since August and we look forward with excitement to the development of our operations in this growing market.

We are seeing a continued positive development of Biotage's latest acquisition, Horizon Technology Inc. Profitability as well as sales are developing in the right direction. The acquisition strengthens our possibilities to develop our product offering in analytical chemistry in the areas of environment and food, areas where we see great opportunities for further expansion. During the quarter an analysis method for food using one of Biotage's products was approved in South Korea as the official method for analysis of mycotoxins (mould toxins). Traditionally Biotage's sales in Asia have mainly concerned organic chemistry products. Biotage will now invest more in Asia with the ambition to increase analytical chemistry sales. The investments will be made in the form of increased staff and investments in our own analytical labs to enable us to rapidly assist our customers in the challenges they are facing.

Biotage's single biggest product area is purification in organic chemistry, where the flash system Isolera™ accounts for the largest part of the sales together with the Biotage® SNAP consumables for flash purification. During the period intensive preparations have been in progress for the launch of the replacements for these products. On October 1 the commercial launch of the new technology platforms, the flash system Biotage® Selekt and the Biotage® Sfär consumables. We believe that these new products will further consolidate Biotage's already strong position and further develop the market. Biotage® Selekt and Biotage® Sfär enable more efficient separation with higher quality and reduced environmental impact due to lower consumption of solvents.

We are seeing an increased interest in our products from the medical cannabis industry, especially in the US, where this industry is developing rapidly. Also these industries face challenges, with legislation concerning maximum levels of residue from pesticides in the final product. Evaluations of Biotage's products for both analysis and purification in this industry are currently in progress and we have already sold a number of our somewhat bigger systems for flash purification for use in small scale production.

The split of sales between systems and aftermarket products is still not where we wish it to be. In the nine-month period the split is 50/50 between systems and consumables. The main reason for the increased share of system sales is the growth in China, but also successes in peptide synthesis, especially in Australia.

Together with my organization I am looking forward to further develop Biotage's operations towards the new financial targets communicated by the board of directors in a press release on November 5; to achieve an organic sales growth of 8 percent and an operating profit (EBIT) of 20 percent on average on a rolling three-year basis.

Group result, financial position and cash flow

Third quarter, July - September 2018

Group net sales in the third quarter 2018 amounted to 232.2 MSEK (177.7), which is an increase by 30.7 percent. At comparable exchange rates and adjusted for acquisitions sales increased by 9.9 percent compared to the corresponding quarter last year. The Americas was the biggest market with 43 percent (45) of the net sales. The EU and EMEA contributed 28 percent (27) and Asia 29 percent (28).

The Group's gross margin for the quarter was 60.9 percent (60.3). Larger sales volumes and efficiency improvements in production contributed to increasing the profitability, at the same time as the product mix gave a lower gross margin contribution than during the corresponding quarter last year as well as the first six months. A higher exchange rate SEK/GBP means increased costs when the costs for production in Cardiff are recalculated in the Group's reporting currency SEK. The split of sales between systems and aftermarket products was 49 percent (48) and 51 percent (52), respectively, compared to the target of 40/60.

The operating expenses amounted to 96.2 MSEK (78.0). Of this sum 64.3 MSEK (49.8) were sales costs. The increased sales costs are mainly attributable to a larger sales organization, but also to currency effects at the translation of foreign operations to SEK. The research and development costs amounted to 13.1 MSEK (13.2). The administration costs amounted to 15.5 MSEK (12.4). Other operating items, primarily currency effects on operating liabilities and receivables, was -3.3 MSEK (-2.6).

Operating profit improved by 54.3 percent to 45.1 MSEK (29.3), corresponding to an operating margin (EBIT) of 19.4 percent (16.5). Net financial income amounted to -1.8 MSEK (0.7). The result after tax improved by 41.4 percent to 44.0 MSEK (31.1).

Cash flow

The cash flow from operating activities improved to 50.7 MSEK (30.5). The investments amounted to 13.4 MSEK (9.5). Amortizations and write-downs amounted to 9.7 MSEK (8.4). Capitalized development costs accounted for 6.1 MSEK (4.4) of the investments and 4.0 MSEK (4.6) of the amortizations and write-downs.

Nine months January – September 2018

Group net sales increased by 20.9 percent in the period and amounted to 676.3 MSEK (559.3). At comparable exchange rates and adjusted for acquisitions, net sales increased by 8.5 percent (13.1). The Americas was the biggest market with 41 percent (44) of the net sales. The EU and EMEA contributed 31 percent (28) and Asia 28 percent (28).

The Group's gross margin was 61.0 percent (61.0). Systems accounted for 50 percent (45) of the sales and aftermarket products for 50 percent (55). The unfavorable product mix has a negative impact on the profitability, and so does the currency effects at the translation of the costs for the production plant in Cardiff from GBP to SEK. This is however counteracted by volume increases and improved production efficiency that contribute to increased profitability.

The operating expenses amounted to 275.8 MSEK (239.6). The 36.2 MSEK increase is mainly attributable to an increase in sales costs by 36.2 MSEK to 188.9 MSEK (152.7) as a result of the expanded sales organization and the acquisition of Horizon Technology Inc. Other operating items, primarily relating to currency effects on operating liabilities and receivables, amounted to 7.3 MSEK (-7.0) and thus give a positive effect of 14.3 MSEK compared to the comparative period.

The operating profit improved by 34.9 percent to 136.7 MSEK (101.4), corresponding to an operating margin (EBIT) of 20.2 percent (18.1). Net financial income was 4.1 MSEK (2.6). The result after tax improved by 34.8 percent to 140.3 MSEK (104.1).

Cash flow

The cash flow from operating activities improved to 103.4 MSEK (102.8). The investments amounted to 167.7 MSEK (25.1). Of this sum 130.3 MSEK relates to the acquisition of Horizon Technologies Inc. Amortizations and write-downs amounted to 28.8 MSEK (25.7). Capitalized development costs accounted for 20.6 MSEK (15.1) of the investments and 12.3 MSEK (13.8) of the amortizations and write-downs.

Balance sheet items

At September 30, 2018 the Group's cash and cash equivalents amounted to 134.1 MSEK (119.6). 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 September 30 thus amounted to 24.7 MSEK (119.6). 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 185.0 MSEK (104.0) at September 30. The increase relates to the acquisition of Horizon Technology Inc. that was completed in January. Other reported goodwill relates to the acquisition of MIP Technologies AB and two product lines from Caliper Life Sciences Inc. in 2010.

Other intangible fixed assets amounted to 193.6 MSEK (114.9). Of this sum 102.8 MSEK (92.1) were capitalized development costs. The increased capitalization is related to the development of the products Biotage® Selekt and Biotage® Sfär that were launched on October 1. The rest of the increase primarily consists of identified surplus values in acquired assets in Horizon.

At September 30 the equity capital amounted to 673.6 MSEK (569.6). At the start of the year it amounted to 608.6 MSEK. The change in equity capital during the first nine months is attributable mainly to the net result 140.3 MSEK (104.1), dividends to the shareholders -90.6 MSEK (-80.9), and currency effects at the translation of foreign subsidiaries 15.1 MSEK (-16.3).

Events after end of the reported period

Biotage has two financial goals, an organic sales growth target of 8 percent and a profitability target on EBIT-level. On November 5 it was published through a press release that the board of Biotage, as a consequence of the beneficial development of the business, has decided to adjust the profitability goal to 20 percent (earlier 15 percent). The organic sales growth remains unchanged. The goals are formulated as an average for rolling three-year periods.

Human resources

The Group had 411 employees (342) at September 30, compared to 406 on June 30 and 349 at the start of the year. 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 0.6 MSEK (0.6) in the third quarter and to 1.9 MSEK (1.7) in the nine-month period. The operating expenses amounted to 5.8 MSEK (4.9) in the quarter and to 16.7 MSEK (15.8) in the nine-month period. The operating result was -5.2 MSEK (-4.3) in the quarter and -14.8 (-14.0) in the nine-month period. The parent company's net financial income was -1.0 MSEK (1.1) in the quarter and 1.6 MSEK (3.2) in the nine-month period. The parent company's result after financial items amounted to -6.2 MSEK (-3.3) for the quarter and -13.2 MSEK (-10.8) for the nine-month period.

The investments in intangible fixed assets amounted to 0.7 MSEK (1.2) in the quarter and to 1.5 MSEK (1.2) in the nine-month period. The parent company's cash and bank balance amounted to 1.5 MSEK (0.7) 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.

Nomination committee

A nomination committee, consisting of members appointed by the three largest shareholders or shareholder groups and the Chairman of the Board has been formed for Biotage AB in accordance with the principles adopted by the 2018 AGM. The tasks of the nomination committee shall be to prepare the election of Chairman and other board members, the election of chairman of the meeting, the election of auditors, the determination of fees and matters pertaining thereto, before the AGM 2019. The members of the nomination committee are:

- Ove Mattsson, chairman. Appointed by the shareholders Ann-Charlotte Bergström, Eva Forsberg, Lena Westergren, Maria Lenman, Ove Mattsson and Susanne Wetterlin, who have reached an agreement that through concerted exercise of the right to vote adopt a long-term common approach as regards the management of the company.
- Marianne Flink, appointed by Swedbank Robur Fonder.
- Harald Høegh, appointed by Vind AS.
- Thomas Eklund, Chairman of the Board, Biotage AB.

Shareholders wishing to submit a proposal to the nomination committee can address Biotage' Chairman of the Board by e-mail: info@biotage.com. Proposals shall, in order to allow time for being taken into consideration by the committee, be received no later than seven weeks before the AGM, which will be held on April 24, 2019.

Coming financial reports

The year-end report for 2018 will be issued on February 7, 2019.
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 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.

Uppsala November 6, 2018

Torben Jörgensen
President and CEO

For further information, please contact:

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This information is information that Biotage AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08.30 CET on November 6, 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, contract research and contract manufacturing organizations, 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. 410 employees and had sales of 748 MSEK in 2017. Biotage is listed on NASDAQ Stockholm. Website: www.biotage.com

Review Report

Introduction

We have reviewed the interim report for Biotage AB (publ) for the period January 1 - September 30, 2018. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, November 6, 2018

Deloitte AB

Jonas Ståhlberg
Authorized Public Accountant

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

	2018-07-01	2017-07-01	2018-01-01	2017-01-01	2017-01-01
Amounts in SEK thousands	2018-09-30	2017-09-30	2018-09-30	2017-09-30	2017-12-31
Net sales	232 204	177 715	676 322	559 259	748 147
Cost of sales	-90 815	-70 470	-263 736	-218 212	-291 483
Gross profit	141 389	107 246	412 586	341 046	456 664
Distribution costs	-64 337	-49 796	-188 901	-152 651	-207 628
Administrative expenses	-15 529	-12 406	-49 282	-38 447	-54 705
Research and development costs	-13 093	-13 178	-44 988	-41 505	-55 986
Other operating income	-3 290	-2 606	7 326	-7 044	-4 715
Total operating expenses	-96 250	-77 986	-275 845	-239 647	-323 034
Operating profit/loss	45 139	29 260	136 741	101 399	133 630
Financial net income	-1 846	725	4 100	2 629	2 631
Profit/loss before income tax	43 293	29 985	140 842	104 028	136 260
Tax expenses	735	1 143	-542	70	2 487
Total profit/loss for the period	44 027	31 128	140 300	104 098	138 747
Other comprehensive income					
Components that may be reclassified to net income:					
Translation differences related to non Swedish subsidiaries	-3 539	-6 533	15 052	-16 306	-12 268
Cash flow hedges	689	-630	214	-497	-213
Total other comprehensive income	-2 850	-7 163	15 266	-16 804	-12 481
Total comprehensive income for the period	41 177	23 965	155 566	87 294	126 267

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY (Continuing)

	2018-07-01	2017-07-01	2018-01-01	2017-01-01	2017-01-01
Beloppi KSEK	2018-09-30	2017-09-30	2018-09-30	2017-09-30	2017-12-31
Attributable to parent company's shareholders:					
Total profit/loss for the period	44 027	31 128	140 300	104 098	138 747
Attributable to parent company's shareholders:					
Total comprehensive income for the period	41 177	23 965	155 566	87 294	126 267
Average shares outstanding	64 714 447	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	64 714 447
Shares outstanding at end of reporting period	64 714 447	64 714 447	64 714 447	64 714 447	64 714 447
Total profit/loss for the period per share SEK	0,68	0,48	2,17	1,61	2,14
Total profit/loss for the period per share SEK after dilution	0,68	0,48	2,17	1,61	2,14
Earnings per share relates to:					
Continuing operations	0,68	0,48	2,17	1,61	2,14
Total comprehensive income for the period per share SEK	0,64	0,37	2,40	1,35	1,95
Total comprehensive income for the period per share after dilution SEK	0,64	0,37	2,40	1,35	1,95

Quarterly summary	2018	2018	2018	2017	2017	2017	2017
Amounts in KSEK	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	232 204	236 071	208 048	188 888	177 716	196 315	185 228
Cost of sales	-90 815	-91 678	-81 242	-73 271	-70 469	-75 270	-72 473
Gross profit	141 389	144 392	126 805	115 617	107 246	121 045	112 755
Gross margin	60,9%	61,2%	61,0%	61,2%	60,3%	61,7%	60,9%
Operating expenses	-96 250	-94 381	-85 214	-83 387	-77 986	-83 853	-77 808
Operating profit/loss	45 139	50 011	41 591	32 231	29 260	37 192	34 947
Financial net	-1 846	1 903	4 044	2	725	600	1 304
Profit/loss before income tax	43 293	51 914	45 635	32 233	29 985	37 793	36 250
Tax expenses	735	-495	-782	2 417	1 143	-116	-958
Total profit/loss for the period	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	2018-09-30	2017-12-31
ASSETS		
Non-Current assets		
Property, plant and equipment	48 299	45 303
Goodwill	185 016	104 023
Other intangible assets	193 574	118 646
Financial assets	18 697	19 243
Deferred tax asset	65 333	60 735
Total non-current assets	510 918	347 949
Current assets		
Inventories	126 227	95 794
Trade and other receivables	184 775	139 195
Cash and cash equivalents	134 059	174 263
Total current assets	445 061	409 252
TOTAL ASSETS	955 980	757 201
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the parent company		
Share capital	89 953	89 953
Reserves	-81 153	-96 419
Retained earnings	664 776	615 077
Total equity	673 577	608 611
Non-current liabilities		
Liabilities to credit institutions	109 363	-
Other financial liabilities	563	656
Deferred tax liability	14 683	1 621
Non-current provisions	2 023	1 936
Total non-current liabilities	126 631	4 212
Current liabilities		
Trade and others liabilities	149 951	139 693
Tax liabilities	2 714	1 899
Current provisions	3 107	2 785
Total current liabilities	155 772	144 377
TOTAL EQUITY AND LIABILITIES	955 980	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, 2017 - September 30, 2017					
Total comprehensive income	-	-16 306	-497	104 098	87 294
Total non-owners changes	-	-16 306	-497	104 098	87 294
Transactions with equity holders of the company					
Dividend to shareholders of the parent company	-	-	-	-80 893	-80 893
Closing balance September 30, 2017	89 953	-100 533	-209	580 428	569 639
Changes in equity in the period of January 1, 2018 - September 30, 2018					
Total comprehensive income	-	15 052	214	140 300	155 566
Total non-owners changes	-	15 052	214	140 300	155 566
Transactions with equity holders of the company					
Dividend to shareholders of the parent company	-	-	-	-90 600	-90 600
Closing balance September 30, 2018	89 953	-81 443	290	664 776	673 577

CONSOLIDATED STATEMENT OF CASH FLOWS

	2018-07-01	2017-07-01	2018-01-01	2017-01-01	2017-01-01
Amounts in SEK thousands	2018-09-30	2017-09-30	2018-09-30	2017-09-30	2017-12-31
Operating activities					
Profit/loss before income tax	43 293	29 985	140 842	104 028	136 260
Adjustments for non-cash items	12 714	9 652	18 280	27 317	36 216
	56 006	39 637	159 122	131 345	172 476
Income tax paid	-2 077	-2 045	-4 827	-4 279	-5 091
Cash flow from operating activities before changes in working capital	53 929	37 592	154 295	127 066	167 385
Cash flow from changes in working capital:					
Increase (-)/ decrease (+) in inventories	-7 400	-3 998	-15 122	-10 341	-12 544
Increase (-)/ decrease (+) in operating receivables	3 261	-7 530	-31 456	-16 257	-6 372
Increase (+)/ decrease (-) in operating liabilities	895	4 456	-4 334	2 291	20 463
Cash flow from changes in working capital	-3 244	-7 073	-50 912	-24 306	1 547
Cash flow from operating activities	50 685	30 519	103 383	102 760	168 932
Investing activities					
Acquisition of intangible assets	-9 837	-4 867	-28 381	-16 840	-26 998
Acquisition of property, plant and equipment	-3 069	-3 760	-8 971	-8 520	-10 806
Acquisition of financial assets	-477	-825	-130 299	-	-
Sale of financial assets	-	-	-	288	902
Cash flow from investing activities - continuing op	-13 384	-9 452	-167 652	-25 072	-36 903
Cash flow from investing activities	-13 384	-9 452	-167 652	-25 072	-36 903
Financing activities					
Dividend to shareholders	-	-	-90 600	-80 893	-80 893
Loan raised	-	-	109 319	-	-
Repayment of loans	-	-47	-	-136	-160
Cash flow from financial activities	-	-47	18 719	-81 029	-81 053
Cash flow for the period	37 302	21 020	-45 550	-3 341	50 976
Cash and cash equivalents opening balance	95 844	101 637	174 263	128 622	128 622
Exchange differences in liquid assets	914	-3 104	5 347	-5 729	-5 336
Cash and equivalents closing balance	134 059	119 552	134 059	119 552	174 263
Additional information:					
<i>Adjustments for non-cash items</i>					
Depreciations and impairments	9 699	8 442	28 778	25 738	34 225
Other items	3 015	1 210	-10 498	1 579	1 991
Total	12 714	9 652	18 280	27 317	36 216

INCOME STATEMENT, PARENT IN SUMMARY

Amounts in SEK thousands	2018-07-01	2017-07-01	2018-01-01	2017-01-01	2017-01-01
	2018-09-30	2017-09-30	2018-09-30	2017-09-30	2017-12-31
Net sales	649	554	1 872	1 729	2 304
Administrative expenses	-5 220	-4 217	-14 841	-13 585	-18 012
Research and development costs	-599	-691	-1 897	-2 217	-2 874
Other operating items	-17	7	36	37	14
Operating expenses	-5 835	-4 900	-16 701	-15 765	-20 871
Operating profit/loss	-5 186	-4 346	-14 829	-14 036	-18 567
Profit/loss from financial investments:					
Interest income from receivables from group compan	-	-	41	-	150
Interest expense from liabilities to group companies	-	-603	-	-1 914	-2 550
Other interest and similar income	-	1 665	2 741	5 157	4 609
Other interest and similar expenses	-1 002	-	-1 196	-	-
Group contribution received	-	-	-	-	86 334
Financial net income	-1 002	1 062	1 586	3 243	88 543
Profit/loss before income tax	-6 189	-3 284	-13 243	-10 793	69 976
Tax expenses	251	1 767	5 253	2 041	8 649
Total profit/loss for the period	-5 938	-1 517	-7 989	-8 752	78 626

STATEMENT OF COMPREHENSIVE INCOME, PARENT

Total profit/loss for the period	-5 938	-1 517	-7 989	-8 752	78 626
Other comprehensive income:					
Components that may be reclassified to net income:					
Translation differences related to	-	-	-	-	-
Total comprehensive income, parent	-5 938	-1 517	-7 989	-8 752	78 626

BALANCE SHEET, PARENT

Amounts in SEK thousands	2018-09-30	2017-12-31
ASSETS		
Non-current assets		
Intangible assets		
Patents and licenses	10 601	10 053
	10 601	10 053
Financial assets		
Investments in group companies	471 922	470 398
Receivables from group companies	170 378	11 685
Shares in associated companies	19 284	19 284
Deferred tax asset	53 748	48 495
	715 332	549 863
Total non-current assets	725 933	559 916
Current assets		
Current receivables		
Receivables from group companies	2 314	55 600
Other receivables	366	307
Prepaid expenses and accrued income	1 212	3 410
	3 893	59 317
Cash and cash equivalents	1 472	1 459
Total current assets	5 365	60 776
TOTAL ASSETS	731 297	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	-7 989	78 626
	372 543	471 133
Total equity	462 496	561 086
Longterm liabilities		
Liabilities to credit institutions	110 000	-
	110 000	-
Current liabilities		
Trade payables	1 098	876
Liabilities to group companies	151 184	50 669
Other current liabilities	70	47
Accrued expenses and prepaid income	6 449	8 014
	158 801	59 607
TOTAL EQUITY, PROVISIONS AND LIABILITIES	731 297	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 means a new model for write-down of accounts receivable in the Group. The analysis performed shows that the Group in essence meets the requirements of IFRS 9 and that it will not have any significant effect on Biotage's accounts.

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 or later. An analysis of the Group's revenue streams has been performed and the new standard was not found to have affected the timing of recognition of revenue in the Group and is not expected to have any other significant effect on Biotage's accounts.

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

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 not have any 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 0.1 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.

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 %	Third quarter				9 months			
	2018-07-01		2017-07-01		2018-01-01		2017-01-01	
	2018-09-30		2017-09-30		2018-09-30		2017-09-30	
	KSEK	%	KSEK	%	KSEK	%	KSEK	%
Reported sales in the comparison period	177 715		167 032		559 259		488 766	
Reported sales in the period*	210 844		177 715		622 212		559 259	
Reported Change	33 129	18,6	10 683	6,4	62 954	11,3	70 492	14,4
Sales in current period to the comparable periods exchange rates*	195 262		183 318		606 741		552 844	
Change to comparable rates	17 547	9,9	16 286	9,8	47 482	8,5	64 078	13,1

* 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	2018-09-30	2017-09-30
Cash	134,1	119,6
Liabilities to credit institutions	-109,4	0,0
Net cash	24,7	119,6

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	2018-09-30			2017-09-30		
	2017-10-01	2018-01-01	Rolling 12	2016-10-01	2017-01-31	Rolling 12
	2017-12-31	2018-09-30	months	2016-12-31	2017-09-30	months
Net sales	188,9	676,3	865,2	179,1	559,3	738,4
Operating profit	32,2	136,7	169,0	24,1	101,4	125,5
Net sales increase %			17,2%			12,3%

EBIT

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

Pledged assets

At September 30, 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 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.

In this 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	-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.

Distribution of income in accordance with IFRS 15

Composition of income

Composition of income:	Third quarter		9 months	
	2018-07-01	2017-07-01	2018-01-01	2017-01-01
	2018-09-30	2017-09-30	2018-09-30	2017-09-30
Net sales - distribution between products and services:				
Products	209 828	146 137	611 053	486 631
Services	20 764	30 159	59 366	68 300
Other sales revenue	1 612	1 419	5 903	4 328
Total sales revenue	232 204	177 715	676 322	559 259

Revenue by geographical market and product area Q1 2017	Organic Chemistry		Analytical Chemistry		Industrial products		Total	
	2018-07-01	2017-07-01	2018-07-01	2017-07-01	2018-07-01	2017-07-01	2018-07-01	2017-07-01
	2018-09-30	2017-09-30	2018-09-30	2017-09-30	2018-09-30	2017-09-30	2018-09-30	2017-09-30
North- and South America	41 895	39 385	51 016	33 998	6 325	5 458	99 236	78 841
Europa	32 936	25 497	19 415	14 428	4 876	2 625	57 227	42 549
Japan	20 765	14 702	2 517	2 627	3 739	2 767	27 021	20 096
China	17 425	12 629	6 436	3 070	1	0	23 861	15 699
EMEA and APAC	4 710	6 830	8 515	5 693	1 025	396	14 250	12 918
South Korea	7 070	5 147	2 696	1 508	294	0	10 060	6 655
India	287	249	181	410	81	297	550	957
Total sales revenue	125 088	104 438	90 776	61 735	16 340	11 543	232 204	177 715

Revenue by geographical market and product area Q1 2018	Organic Chemistry		Analytical Chemistry		Industrial products		Total	
	2018-01-01	2017-01-01	2018-01-01	2017-01-01	2018-01-01	2017-01-01	2018-01-01	2017-01-01
	2018-09-30	2017-09-30	2018-09-30	2017-09-30	2018-09-30	2017-09-30	2018-09-30	2017-09-30
North- and South America	125 957	121 810	138 080	100 081	18 853	17 995	282 891	239 886
Europa	96 010	88 173	54 171	41 207	15 706	16 976	165 887	146 356
Japan	59 875	57 234	7 266	9 220	10 364	6 295	77 505	72 750
China	52 832	40 087	11 120	8 744	44	4	63 996	48 835
EMEA and APAC	17 853	13 368	28 696	14 443	2 738	1 664	49 287	29 475
South Korea	19 610	13 830	9 218	3 058	294	37	29 121	16 925
India	6 691	3 742	832	635	113	655	7 635	5 033
Total sales revenue	378 827	338 245	249 383	177 388	48 112	43 626	676 322	559 259

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

Revenue by sales channel	Third quarter		9 months	
	2018-07-01	2017-07-01	2018-01-01	2017-01-01
	2018-09-30	2017-09-30	2018-09-30	2017-09-30
Direct sales through own sales channel	217 954	164 797	627 036	529 784
Sales through distributors	14 250	12 918	49 287	29 475
Total sales revenue	232 204	177 715	676 322	559 259

Point in time of transfer of goods and services	Third quarter		9 months	
	2018-07-01	2017-07-01	2018-01-01	2017-01-01
	2018-09-30	2017-09-30	2018-09-30	2017-09-30
Goods transferred at a point in time	211 461	161 298	616 977	508 757
Services transferred at a point in time	5 220	4 573	15 907	14 243
Service contracts and other services transferred over a period of time	15 524	11 844	43 438	36 260
Total sales revenue	232 204	177 715	676 322	559 259