

Year-end report

January - December 2019

February 7, 2020

Investments in growth brings Biotage's annual sales past the billion SEK milestone

Fourth quarter

October - December 2019

- » Net sales amounted to 288.6 MSEK (234.6), an increase by 23.0 percent compared to the corresponding quarter last year. At comparable exchange rates and adjusted for acquisitions¹⁾ sales increased by 8.7 percent.
- » Operating profit increased by 5.9 percent to 37.9 MSEK (35.7).
- » Result after tax amounted to 18.5 MSEK (27.3).
- » Earnings per share amounted to 0.28 SEK (0.42) before and after dilution.
- » The cash flow from operating activities increased by 47.9 percent to 76.3 MSEK (51.6).
- » Net debt¹⁾ at December 31 was 69.2 MSEK (-67.6). Cash and cash equivalents amounted to 185.9 MSEK (177.0). Liabilities to credit institutions amounted to 109.6 MSEK (109.4).
- » On November 6 Tomas Blomquist took over as CEO.
- » At the Extraordinary General Meeting on November 7 Åsa Hedin was elected new board member and Torben Jørgensen new Chairman of the Board.

Full year January - December 2019

- » Net sales amounted to 1,101.4 MSEK (910.9), an increase by 20.9 percent compared to the corresponding period last year. At comparable

exchange rates and adjusted for acquisitions¹⁾ net sales increased by 9.3 percent.

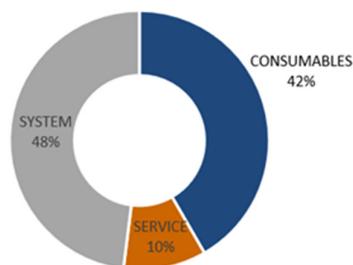
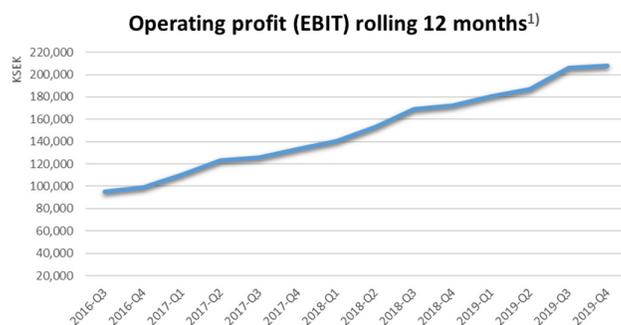
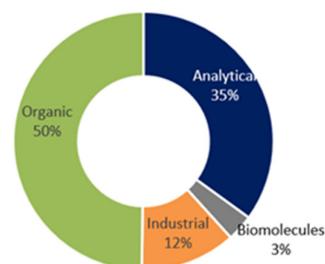
- » Operating profit increased by 20.7 percent to 208.1 MSEK (172.5).
- » Result after tax increased by 11.4 percent to 186.8 MSEK (167.6).
- » Earnings per share increased by 10.8 percent to 2.87 SEK (2.59) before and after dilution.
- » The cash flow from operating activities increased by 36.6 percent to 211.8 MSEK (155.0).
- » Dividends to the shareholders were paid in May to the amount on 97.8 MSEK (90.6).
- » The Board of Directors intends to propose to the AGM that dividends to the shareholders relating to 2019 are paid to the amount of 1.60 SEK (1.50) per share, corresponding to 56 percent of the result after tax. According to the dividend policy Biotage shall distribute at least 50 percent of the net profit.
- » The acquisition of PhyNexus Inc. was completed on January 15 2019. The purchase price amounted to approx. 21.3 MUSD (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 in Biotage was paid in connection with taking possession. The remaining approx. 10.0 MUSD (approx. 89.3 MSEK) is expected future additional purchase price payments based on future results.
- » The issue of consideration shares for the acquisition increased the number of shares in Biotage 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. 15-16

2) Based on an exchange rate SEK/USD of 8,93

Group financial development in brief

Amounts in SEK millions	Q4		12 months	
	Okt-Dec	Okt-Dec	Jan-Dec	Jan-Dec
	2019	2018	2019	2018
Net sales	288.6	234.6	1,101.4	910.9
Cost of sales	-109.7	-90.5	-416.0	-354.3
Gross profit	178.9	144.0	685.4	556.6
Operating expenses	-141.0	-108.3	-477.3	-384.1
Operating profit/loss (EBIT)	37.9	35.7	208.1	172.5
Financial items	-6.2	-0.3	3.9	3.8
Profit/loss before tax	31.7	35.4	212.0	176.3
Tax expenses	-13.2	-8.1	-25.2	-8.7
Total profit/loss for the period	18.5	27.3	186.8	167.6
Gross margin	62.0%	61.4%	62.2%	61.1%
Operating margin (EBIT)	13.1%	15.2%	18.9%	18.9%



1) See definition on pp. 15-16

Comments by CEO Tomas Blomquist

It is with great joy that I deliver my first report for Biotage. The year ends with yet another sales record for the quarter and the full-year is better than ever before – in 2019 Biotage's sales for the first time exceed the one billion SEK milestone.

The sales successes mean that Biotage exceeds the financial goal of an average annual organic sales growth of 8 percent measured over a three-year period. At the end of 2019 we achieve an average organic growth of 10.0 percent measured according to the financial target. At comparable exchange rates and adjusted for acquisitions sales increased by 8.7 percent in the quarter and by 9.3 percent in the full-year.

The gross margin for the quarter as well as for the full-year also exceeds our strategic goal of 60 percent. For the quarter the gross margin increases to 62.0 percent and for the whole of 2019 it is 62.2 percent.

The average operating margin at EBIT level for the last three-year period increases to 18.6 percent, compared to 17.2 percent one year ago. The long-term goal is a 20 percent average over a three-year period. The investments in Biotage's future continued growth journey results in increased operating costs, however. This in combination with the net difference in impact from exchange rate changes in other operating items of more than minus 16 MSEK between the third and the fourth quarter, results in a lower reported EBIT margin for the quarter than what we have achieved earlier in the year. Profitability for the year as a whole continues to be good with an EBIT margin of 18.9 percent.

The Americas had a strong last quarter and show strong growth for the year. The Asian countries continue to show increased sales in the full-year as well as in the quarter. It is especially encouraging that our investment in our own organization in India has turned out well. Strong sales in Europe in the fourth quarter result in a good annual turnover for Europe. To sum up, all geographic regions show growth in the period as well as in the full-year.

The single largest product area, Purification, continues to lead the way with increased sales. The number of Flash purification systems sold is higher than ever, mainly due to our sales successes in China. Also our Industrial products had a strong last quarter and viewed over the whole year this product area has really developed well. The demand for

Industrial products has been uneven over time, but we now see a larger customer base and extended application areas that create a basis for more stable sales in the future.

During the year we have continued investing in our semiautomatic sample preparation system Extrahera™, which is an important product for Biotage in the product area Analytical chemistry. In early 2020 we launched a new software for Extrahera requested by those parts of the market that require full traceability and connectivity to their own IT information systems. This launch increases the area of application for Extrahera and opens up for new customer groups.

In January 2019 we took possession of the American company PhyNexus, Inc. and during the year we have worked hard with the integration of the company and further development of existing products and products under development. In 2020 Biotage plans to launch PhyNexus' automated separations solutions for plasmids. This will create additional width in our product range for separation and purification and bring us into the important and growing biomolecules area. This will make Biotage a more comprehensive separation company offering solutions both for traditional chemical substances and for biomolecules. With the ongoing initiatives we believe that Biotage has good possibilities to build a product range coveted by the market in this new exciting and growing product area.

In 2020 we will also continue investing in our production plant in Cardiff, Wales in order to further improve efficiency and increase our in-house production capacity. In connection with these investments we are also reviewing how we can reduce our environmental footprint, something which is also always a part of the development of new products. During 2019 the production in Lund was transferred to the plant in Cardiff as part of the continuously ongoing efficiency process. The production transfer caused some one-off costs in connection with relocation and reorganization.

Biotage is a healthy company and I intend to continue building profitable growth also in the future. One example is the fact that Biotage in December was presented with the "SwedenBIO Award 2019". The citation said that we have contributed to social benefits through our achievements in research and development, business development and growth. To be able to lead a global company based in Sweden contributing to a more sustainable world with humanity and environment in focus has great emotional value for me and I am looking forward to continuing developing and refining Biotage's offer to the market.

Group result, financial position and cash flow

Fourth quarter October - December 2019

Group net sales in the fourth quarter 2019 amounted to 288.6 MSEK (234.6), which is an increase by 23.0 percent. At comparable exchange rates and adjusted for acquisitions sales increased by 8.7 percent compared to the corresponding quarter last year. The Americas was the biggest market with 45 percent (43) of the net sales. The EU and EMEA contributed 28 percent (29) and Asia 27 percent (28).

The Group's gross margin increased to 62.0 percent (61.4). The sales were made up of 48 percent (50) systems and 52 percent (50) aftermarket products (consumables and service). Profitability benefited from higher sales volumes and the work to create efficiencies in production and the focused efforts to reduce materials costs continued.

The operating expenses amounted to 141.0 MSEK (108.3). Sales costs increased by 18.3 MSEK to 86.1 MSEK (67.8), primarily as a result of increased investments in the sales organization, including the acquisition of PhyNexus, but also due to currency effects as a majority of these costs are outside Sweden. Research and development costs increased by 1.3 MSEK to 22.2 MSEK (20.9). The administration costs increased by 3.3 MSEK to 24.2 MSEK (20.9), due among other things to the acquisition of PhyNexus, recruitment costs and costs for both the incoming and outgoing CEO in the period September 2019 to April 2020.

Other operating items amounting to -8.6 MSEK (1.3) 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). The negative contribution in the quarter and the positive effect in the comparative period together accounts for a negative net effect of currency changes on the result of the quarter by no less than 9.9 MSEK between the quarters.

Operating profit increased by 5.9 percent to 37.9 MSEK (35.7) and the operating margin (EBIT) amounted to 13.1 percent (15.2). Biotage's investments in continued future growth has meant that the operating margin decreases compared with the corresponding period last year, as the operating expenses increased by 32.8 MSEK due to the causes described above. The average operating margin for the last three-year period increases to 18.6 percent (17.2), compared with the Group's long-term financial goal of a 20 percent average over a three-year period.

Net financial income amounted to -6.2 MSEK (-0.3). The decrease compared to the corresponding period last year is mainly explained by currency effects. The result after tax decreased to 18.5 MSEK (27.3). Reported tax increased by 5.1 MSEK to 13.2 MSEK (8.1). In the fourth quarter the breakpoint was reached where the book value of deferred tax in the US units exceeded the remaining accumulated tax deficit. The remaining deferred tax, corresponding to unused loss deductions, will be reduced in future periods in the accounts at the rate that the companies in question generate taxable profits.

Cash flow

The cash flow from operating activities increased by 24.7 MSEK to 76.3 MSEK (51.6). Of this increase, 6.4 MSEK (-) is related to the reporting of leasing agreements according to IFRS 16. The investments amounted to 13.3 MSEK (10.8). Amortizations and write-downs amounted to 20.3 MSEK (10.6), the effects of IFRS 16 accounting for 6.4 MSEK (-) of this sum. Capitalized development costs accounted for 8.2 MSEK (3.4) of the investments and 5.6 MSEK (5.0) of the amortizations and write-downs.

Full-year January - December 2019

Group net sales increased by 20.9 percent to 1,101.4 MSEK (910.9). At comparable exchange rates and adjusted for acquisitions net sales increased by 9.3 percent. The Americas was the biggest market with 44 percent (42) of the net sales. The EU and EMEA contributed 26 percent (29) and Asia 30 percent (29).

The Group's gross margin increased to 62.2 percent (61.1). Systems accounted for 48 percent (51) of the sales and aftermarket products for 52 percent (49). Profitability improved as the result of increased volumes, production efficiencies and favorable currency effects compared to last year.

The operating expenses amounted to 477.3 MSEK (384.1). The increase is explained to a large extent by the increase of sales costs with 60.1 MSEK to 316.7 MSEK (256.7) primarily as a result of the expanded sales organization, which is an important part of the company's investments in continued growth, but also by currency effects at the translation of foreign operations to SEK. The administration costs increased by 11.9 MSEK to 82.0 MSEK (70.2), due among other things to the acquisition of PhyNexus, recruitment costs and costs for both the outgoing and the incoming CEO during a transition period from September 2019 to April 2020. The research and development costs increased by 12.7 MSEK to 78.6 MSEK (65.9), attributable to acquired operations in the US and effects of capitalization and amortization of costs for capitalizable development projects.

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, -3.4 MSEK (-1.7), was 0.1 MSEK (8.6), thus a negative net effect on the operating profit of 8.5 MSEK between the years.

Operating profit increased by 20.7 percent to 208.1 MSEK (172.5) corresponding to an operating margin (EBIT) of 18.9 percent (18.9). Net financial income amounted to 3.9 MSEK (3.8). Reported tax increased with 16.5 MSEK to 25.2 MSEK (8.7). Reported tax is affected by changes in book value related to tax deficits. The result after tax increased by 19.2 MSEK to 186.8 MSEK (167.6) which is an 11.5 percent increase.

Cash flow

The cash flow from operating activities increased by 56.8 MSEK to 211.8 MSEK (155.0). 21.1 MSEK of this increase is related to the application of IFRS 16. The cash flow from changes in operating capital is negative for the full-year, which is explained primarily by the increased sales, which has bound capital in increased stocks and accounts receivable. The investments amounted to 85.7 MSEK (178.4), 39.5 MSEK of this sum being the net effect of the acquisition of PhyNexus. Amortizations and write-downs amounted to 74.4 MSEK (39.4), 21.1 MSEK (-) of this sum relating to IFRS 16. Capitalized development costs accounted for 26.5 MSEK (24.0) of the investments and 22.2 MSEK (17.3) of the amortizations and write-downs.

Balance sheet items

On December 31, 2019 the Group's cash and cash equivalents amounted to 185.9 MSEK (177.0). 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 109.6 MSEK (109.4) and leasing liability calculated to 59.3 MSEK (-) according to IFRS 16. Net debt, which also includes 84.9 MSEK (-) in calculated additional purchase sum related to the acquisition of PhyNeus Inc., amounted to 69.2 MSEK (-67.6). During the year dividends to the shareholders were paid to the amount of 97.8 MSEK (90.6).

The Group reports a total goodwill of 315.9 MSEK (186.1) at December 31. The increase relates to the acquisition of PhyNexus Inc. that was completed in January 2019. Other goodwill relates to the acquisition 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 260.0 MSEK (192.7). Of this sum capitalized development

costs amounted to 105.5 MSEK (101.2). The increase relates mainly to identified surplus values in acquired assets in PhyNexus, see p. 17.

At December 31 the equity capital amounted to 875.5 MSEK (702.2). The change in equity capital during the year is primarily explained by the net result 186.8 MSEK (167.6), dividends to the shareholders -97.8 MSEK (-90.6), currency hedging and foreign exchange effects at the translation of foreign subsidiaries 25.6 MSEK (16.5) and the new share issue 58.6 MSEK (-) in connection with the acquisition of PhyNexus.

Major events after the reported period

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

Human resources

The Group had 464 (505) employees (FTEs – Full Time Equivalents) compared to 461 on September 30. The change in the number of employees between the ends of the third and fourth quarters was only 3 FTEs, but the average number of FTEs during the fourth quarter, 465, is an increase by 14 FTEs compared to the third quarter 2019. The increase of 59 FTEs during the year is primarily explained by increased staffing of the sales force and 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 amounted to 2.9 MSEK (2.5). The operating expenses amounted to 27.2 MSEK (24.4). The operating result was -24.4 MSEK (-21.9). The parent company's net financial income was 195.9 MSEK (92.3), of this sum 42.2 MSEK (-) refers to reversal of intercompany receivables previously written-down and currency gains from intra-group restructuring, the remaining amount mostly refers to currency gains at the translation of intercompany receivables and liabilities. The result after financial items amounted to 171.5 MSEK (70.7). Reported tax amounted to 27.7 MSEK

(14.9) and was influenced positively last year but negatively this year by changes in the book value related to fiscal deficits.

The investments in intangible fixed assets amounted to 2.1 MSEK (2.0). The parent company's cash and bank balances amounted to 0.6 MSEK (2.1) at December 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 Annual General Meeting 2020 will be held on April 28, 2020.

The interim report for the first quarter 2020 will be published on April 28, 2020.

The interim report for the second quarter 2020 will be published on July 17, 2020.

The interim report for the third quarter 2020 will be published on November 5, 2020.

The year-end report for 2020 will be published on February 12, 2021.

The Annual Report for 2019 is planned to be made public in week 14 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 February 7, 2020

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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, 2020.

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 companies, 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. 460 employees and had sales of 1,101 MSEK in 2019. Biotage is listed on NASDAQ Stockholm. Website: www.biotage.com

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

Amounts in SEK thousands	2019-10-01	2018-10-01	2019-01-01	2018-01-01
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Net sales	288,594	234,574	1,101,373	910,896
Cost of sales	-109,705	-90,534	-415,963	-354,270
Gross profit	178,889	144,040	685,410	556,626
Distribution costs	-86,057	-67,769	-316,721	-256,670
Administrative expenses	-24,177	-20,883	-82,029	-70,165
Research and development costs	-22,239	-20,937	-78,643	-65,925
Other operating income	-8,554	1,286	104	8,612
Total operating expenses	-141,027	-108,303	-477,290	-384,148
Operating profit/loss	37,861	35,737	208,120	172,478
Financial net income	-6,162	-290	3,872	3,811
Profit/loss before income tax	31,699	35,448	211,992	176,289
Tax expenses	-13,206	-8,120	-25,172	-8,662
Total profit/loss for the period	18,493	27,327	186,820	167,627
Other comprehensive income				
Components that may be reclassified to net income:				
Translation differences related to non Swedish subsidiaries	-10,967	1,572	25,198	16,623
Cash flow hedges	493	-295	460	-81
Total other comprehensive income	-10,474	1,276	25,658	16,542
Total comprehensive income for the period	8,019	28,604	212,478	184,169

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY (Continuing)

Beloppi KSEK	2019-10-01	2018-10-01	2019-01-01	2018-01-01
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Attributable to parent company's shareholders:				
Total profit/loss for the period	18,493	27,327	186,820	167,627
Attributable to parent company's shareholders:				
Total comprehensive income for the period	8,019	28,604	212,478	184,169
Average shares outstanding	65,201,784	64,714,447	65,182,133	64,714,447
Shares outstanding at end of reporting period	65,201,784	64,714,447	65,201,784	64,714,447
Total profit/loss for the period per share SEK	0.28	0.42	2.87	2.59
Total profit/loss for the period per share SEK after dilution	0.28	0.42	2.87	2.59

Quarterly summary	2019	2019	2019	2019	2018	2018	2018	2018
Amounts in KSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	288,594	282,663	282,099	248,018	234,574	232,204	236,071	208,048
Cost of sales	-109,705	-105,031	-106,221	-95,005	-90,534	-90,815	-91,678	-81,242
Gross profit	178,889	177,632	175,877	153,012	144,040	141,389	144,392	126,805
Gross margin	62.0%	62.8%	62.3%	61.7%	61.4%	60.9%	61.2%	61.0%
Operating expenses	-141,027	-113,302	-119,795	-103,165	-108,303	-96,250	-94,381	-85,214
Operating profit/loss	37,861	64,330	56,082	49,847	35,737	45,139	50,011	41,591
Operating margin	13.1%	22.8%	19.9%	20.1%	15.2%	19.4%	21.2%	20.0%
Financial net	-6,162	8,791	-1,068	2,311	-290	-1,846	1,903	4,044
Profit/loss before income tax	31,699	73,121	55,014	52,158	35,448	43,293	51,914	45,635
Tax expenses	-13,206	-6,486	-837	-4,643	-8,120	735	-495	-782
Total profit/loss for the period	18,493	66,635	54,177	47,515	27,327	44,027	51,419	44,853

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

Amounts in SEK thousands	2019-12-31	2018-12-31
ASSETS		
Non-Current assets		
Property, plant and equipment	53,385	48,630
Right-of-use assets	58,868	-
Goodwill	315,869	186,055
Other intangible assets	260,047	192,654
Financial assets	16,614	19,221
Deferred tax asset	44,335	62,205
Total non-current assets	749,118	508,765
Current assets		
Inventories	173,760	132,338
Trade and other receivables	226,943	185,080
Cash and cash equivalents	185,867	177,020
Total current assets	586,569	494,438
TOTAL ASSETS	1,335,687	1,003,203
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the parent company		
Share capital	90,630	89,953
Reserves	3,751	-79,877
Retained earnings	781,121	692,104
Total equity	875,503	702,180
Non-current liabilities		
Liabilities to credit institutions	109,550	109,400
Lease liabilities	38,097	-
Other financial liabilities	68,782	1,201
Deferred tax liability	28,884	14,780
Non-current provisions	2,599	2,245
Total non-current liabilities	247,912	127,625
Current liabilities		
Trade and others liabilities	166,624	166,721
Other financial liabilities	17,369	385
Tax liabilities	3,544	3,132
Lease liabilities	21,231	-
Current provisions	3,504	3,159
Total current liabilities	212,272	173,397
TOTAL EQUITY AND LIABILITIES	1,335,687	1,003,203

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

Beloppi KSEK	Share capital	Other payed-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 - December 31, 2019						
Total comprehensive income	-	-	25,198	460	186,820	212,478
Total non-owners changes	-	-	25,198	460	186,820	212,478
Transactions with equity holders of the company						
New share issue	677	57,970	-	-	-	58,648
Dividend to shareholders of the parent company	-	-	-	-	-97,803	-97,803
Closing balance December 31, 2019	90,630	57,970	-54,673	454	781,121	875,503

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK thousands	2019-10-01	2018-10-01	2019-01-01	2018-01-01
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Operating activities				
Profit/loss before income tax	31,699	35,448	211,992	176,289
Adjustments for non-cash items	35,364	9,404	76,501	27,684
	67,063	44,852	288,493	203,974
Income tax paid	-1,677	-4,488	-9,925	-9,314
Cash flow from operating activities before changes in working capital	65,386	40,364	278,568	194,659
Cash flow from changes in working capital:				
Increase (-)/ decrease (+) in inventories	-8,628	-6,294	-25,497	-21,416
Increase (-)/ decrease (+) in operating receivables	27,462	1,436	-32,001	-30,020
Increase (+)/ decrease (-) in operating liabilities	-7,924	16,115	-9,264	11,781
Cash flow from changes in working capital	10,910	11,257	-66,761	-39,654
Cash flow from operating activities	76,297	51,622	211,807	155,005
Investing activities				
Acquisition of intangible assets	-9,323	-5,798	-29,941	-34,179
Acquisition of property, plant and equipment	-3,768	-4,007	-15,513	-12,979
Acquisition of financial assets	-249	-953	-687	-1,437
Acquisitions of companies and product lines	-	-	-39,536	-129,816
Cash flow from investing activities	-13,340	-10,758	-85,676	-178,411
Financing activities				
Dividend to shareholders	-	-	-97,803	-90,600
Proceeds from borrowings	-	623	40,000	109,942
Repayment of loans	-7,246	-	-61,402	-
Cash flow from financial activities	-7,246	623	-119,205	19,342
Cash flow for the period	55,710	41,487	6,926	-4,064
Cash and cash equivalents opening balance	131,875	134,059	177,020	174,263
Exchange differences in liquid assets	-1,719	1,475	1,921	6,821
Cash and equivalents closing balance	185,867	177,020	185,867	177,020
Additional information:				
<i>Adjustments for non-cash items</i>				
Depreciations and impairments	20,276	10,634	74,372	39,412
Exchange rates differences	13,910	-447	-1,855	-3,348
Other items	1,178	-782	3,984	-8,379
Total	35,364	9,404	76,501	27,684

INCOME STATEMENT, PARENT IN SUMMARY

Amounts in SEK thousands	2019-10-01	2018-10-01	2019-01-01	2018-01-01
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Net sales	727	665	2,880	2,537
Administrative expenses	-8,734	-7,158	-24,016	-21,998
Research and development costs	-933	-570	-3,284	-2,467
Other operating items	-67	-19	59	17
Operating expenses	-9,733	-7,747	-27,240	-24,448
Operating profit/loss	-9,006	-7,082	-24,361	-21,911
Profit/loss from financial investments:				
Interest income from receivables from group compan	169	175	221	216
Result from participations in group companies	-	-	42,238	-
Other interest and similar income	0	594	3,272	3,335
Other interest and similar expenses	-7,763	-417	-1,797	-1,613
Group contribution received	151,959	90,645	151,959	90,645
Financial net income	144,365	90,998	195,893	92,584
Profit/loss before income tax	135,359	83,916	171,532	70,673
Tax expenses	-11,374	-20,126	-27,711	-14,872
Total profit/loss for the period	123,985	63,790	143,821	55,801

STATEMENT OF COMPREHENSIVE INCOME PARENT

Total profit/loss for the period	123,985	63,790	143,821	55,801
Other comprehensive income:				
Components that may be reclassified to net income:				
Translation differences related to	-	-	-	-
Total comprehensive income, parent	123,985	63,790	143,821	55,801

BALANCE SHEET, PARENT

Amounts in SEK thousands	2019-12-31	2018-12-31
ASSETS		
Non-current assets		
Intangible assets		
Patents and licenses	11,808	10,983
	11,808	10,983
Financial assets		
Investments in group companies	472,103	471,922
Receivables from group companies	145,369	169,378
Shares in associated companies	19,284	19,284
Deferred tax asset	5,912	33,623
	642,669	694,207
Total non-current assets	654,476	705,190
Current assets		
Current receivables		
Receivables from group companies	93,970	73,783
Other receivables	981	2,616
Prepaid expenses and accrued income	1,195	2,389
	96,146	78,788
Cash and cash equivalents	619	2,111
Total current assets	96,766	80,899
TOTAL ASSETS	751,242	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>		
Other contributed capital	57,970	-
Retained earnings	338,530	380,532
Profit/loss for the year	143,821	55,801
	540,322	436,333
Total equity	630,952	526,286
Longterm liabilities		
Liabilities to credit institutions	110,000	110,000
	110,000	110,000
Current liabilities		
Trade payables	1,598	1,717
Liabilities to group companies	229	139,974
Other current liabilities	229	71
Accrued expenses and prepaid income	8,234	8,041
	10,290	149,802
TOTAL EQUITY, PROVISIONS AND LIABILITIES	751,242	786,088

NOTES

Note 1 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 on 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 effects of the new standard are reported in the 2018 Annual Report. 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 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 September 30, 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	12/31/2019	12/31/2018
Additional purchase sum, long-term part	67.9	0.0
Additional purchase sum, short-term part	17.0	0.0
Total	84.9	0.0

Opening balance January 1, 2019	0
Acquisition	89.3
Translation difference	-4.4
Adjusted during the year	0.0
Closing balance December 31, 2019	84.9

A calculation of fair value based on discounted future cash flows, where a discount rate reflecting the counterparty's credit risk constitutes the most significant input, is not considered to result in any significant difference compared to the reported value for financial assets and short-term financial debts valued at accrued acquisition value. For these financial assets and liabilities the reported value is thus considered to be a good approximation of fair value.

Note 2 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 %	Fourth quarter				12 months			
	10/1/2019		10/1/2018		1/1/2019		1/1/2018	
	12/31/2019		12/31/2018		12/31/2019		12/31/2018	
	KSEK	%	KSEK	%	KSEK	%	KSEK	%
Reported sales in the comparison period	234,574		188,888		910,896		748,147	
Reported sales in the period*	276,097		217,965		1,065,016		840,177	
Reported Change	41,523	17.7	29,077	15.4	154,120	16.9	92,030	12.3
Sales in current period to the comparable periods exchange rates*	255,042		203,849		995,455		808,108	
Change to comparable rates	20,468	8.7	14,961	7.9	84,559	9.3	59,961	8.0

* 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	12/31/2019	12/31/2018
Cash	-185.9	-177.0
Liabilities to credit institutions	109.6	109.4
Lease liabilities	59.3	0.0
Other interest-bearing liabilities	86.2	0.0
Net debt	69.2	-67.6

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	12/31/2019	12/31/2018
	1/1/2019	1/31/2018
	12/31/2019	12/31/2018
Net sales	1,101.4	910.9
Operating profit	208.1	172.5
Net sales increase %	20.9%	21.8%

EBIT and EBIT margin

In this report Biotage uses the result measure EBIT, Earnings Before Interest and Taxes, as an alternative term for operating profit. EBIT margin is thus an alternative term for operating margin, calculated as operating profit divided by net sales.

Long-term liabilities

As of December 31, 2019, there is a long-term loan to a credit institution of 109.6 MSEK (109.4). All covenants linked to this loan are met on the balance sheet date.

Note 3 Pledged assets

At December 31, 2019 Biotage has 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.

Note 4 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 additional purchase sum is paid annually when the gross result from related products exceeds an amount defined in the agreement. There is no upper limit for the additional purchase payments during this period. 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.

Of the Group's total sales, 23.9 MSEK is related to the acquired company's products. If PhyNexus had been wholly-owned since January 1 2019 the company's contribution to the Group's sales would have increased with a further 0.8 MSEK. The effect of the acquired business on the Group's profit and cash flow is difficult to estimate as it has been integrated in the Group's other operations.

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.

Note 5 Composition of revenue

Composition of income:	Fourth quarter		12 months	
	10/1/2019	10/1/2018	1/1/2019	1/1/2018
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Net sales - distribution between products and services:				
Products	262,630	212,817	999,338	823,870
Services	24,044	20,279	94,260	79,645
Other sales revenue	1,921	1,478	7,775	7,381
Total sales revenue	288,594	234,574	1,101,373	910,896

Revenue by geographical market and product area Q1	America		EU & EMEA		Asia		Total	
	10/1/2019	10/1/2018	10/1/2019	10/1/2018	10/1/2019	10/1/2018	10/1/2019	10/1/2018
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Organic Chemistry	38,912	42,707	39,693	32,929	52,589	44,527	131,194	120,163
Analytical Chemistry	60,139	49,559	28,530	26,745	18,078	15,139	106,747	91,442
Industrial products	21,939	10,101	9,617	7,390	6,511	5,477	38,066	22,969
Biomolecules	7,604	0	4,258	0	726	0	12,588	0
Total sales revenue	128,594	102,367	82,098	67,064	77,903	65,143	288,594	234,574

Revenue by geographical market and product area YTD	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
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Organic Chemistry	166,290	159,172	138,120	134,467	243,894	187,289	548,304	480,928
Analytical Chemistry	217,273	187,853	105,677	98,610	62,803	55,203	385,754	341,667
Industrial products	74,991	39,161	32,979	26,894	22,988	22,246	130,958	88,301
Biomolecules	25,472	0	9,042	0	1,843	0	36,357	0
Total sales revenue	484,026	386,186	285,819	259,971	331,528	264,739	1,101,373	910,896

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

Revenue by sales channel	Fourth quarter		12 months	
	10/1/2019	10/1/2018	1/1/2019	1/1/2018
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Direct sales through own sales channel	270,908	226,877	1,041,238	870,264
Sales through distributors	17,686	7,697	60,135	40,632
Total sales revenue	288,594	234,574	1,101,373	910,896

Point in time of transfer of goods and services	Fourth quarter		12 months	
	10/1/2019	10/1/2018	1/1/2019	1/1/2018
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Goods transferred at a point in time	264,550	214,274	1,007,113	831,251
Services transferred at a point in time	5,478	4,474	22,651	20,381
Service contracts and other services transferred over a period of time	18,566	15,826	71,609	59,264
Total sales revenue	288,594	234,574	1,101,373	910,896

Revenue by system and aftermarket	Fourth quarter		12 months	
	10/1/2019	10/1/2018	1/1/2019	1/1/2018
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
System	138,574	115,639	533,332	452,563
Aftermarket	150,020	118,935	568,041	458,334
Total sales revenue	288,594	234,574	1,101,373	910,897

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