

Annual Report 2010

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2011 Annual General Meeting of the Shareholders of Biotage

The Annual General Meeting of Shareholders will be held at 4 p.m. on April 27, 2011 at Biotage's Head Office at Vimpelgatan 5, Uppsala, Sweden.

2011 Financial Calendar

| | |
|------------|---|
| April 27 | Annual General Meeting of Shareholders |
| April 27 | Interim Report, Q1 |
| August 17 | Interim Report, Q2 |
| October 26 | Interim Report, Q3 |

Distribution of the 2010 Annual Report

Biotage prints the annual report and distributes it to all shareholders who request a copy.

This annual report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.



The Year in Brief

- Net sales increased by 9 percent to SEK 428.9m (394.1). At comparable exchange rates, net sales rose by 16 percent, and excluding operations acquired during the year, the rise for the full-year was 3 percent.
- Operating profit excluding write-down of goodwill was SEK 25.7m¹⁾ (loss: -10.1).
- Profit after tax amounted to SEK 34.2m^{1) 2)} (13.5)²⁾.
- Earnings per share excluding write-down of goodwill were SEK 0.41 (0.15), and including write-down of goodwill SEK -4.91 (0.15).
- Dividend totaling SEK 17.3m has been paid to the shareholders.
- Cash flow from operations amounted to SEK 57.6m (36.2).
- MIP Technologies AB was acquired on April 30, 2010.
- The RapidTrace® and TurboVap® product lines with related assets were acquired from Caliper Life Sciences, Inc on May 25, 2010.
- Proposed dividend is SEK 0.25 (0.20).

KEY FIGURES AND RATIOS

| | 2010 | 2009 |
|---|-------|-------|
| Net sales, SEK m | 428.9 | 394.1 |
| Gross profit, SEK m | 256.3 | 225.1 |
| Gross margin, % | 59.7 | 57.1 |
| Operating profit, SEK m ¹⁾ | 25.7 | -10.1 |
| Operating margin, % | 6.0 | -2.6 |
| Profit before tax, SEK m ¹⁾ | 25.9 | -9.0 |
| Profit after tax, SEK m ^{1) 2)} | 34.2 | 13.5 |
| Earnings per share, SEK | 0.41 | 0.15 |
| Equity/assets ratio, % | 82 | 89 |
| Average number of employees | 263 | 268 |
| ¹⁾ Excluding write-down of goodwill, SEK m | 444.5 | – |
| ²⁾ Including profit/loss from divested operations, SEK m | 15.0 | 23.3 |

IMPORTANT EVENTS DURING THE YEAR

1st quarter

- Biotage launched Syro Wave™, a new system for peptide synthesis that combines microwave-assisted synthesis and parallel synthesis. Syro Wave™ is the result of a joint development project between Biotage and MultiSynTech.
- Biotage sold the property in Charlottesville for USD 5.5m, providing the Company with a net of approximately SEK 9.5m (USD 1.3m) after related transaction costs and the redemption of loans.

2nd quarter

- Biotage acquired MIP Technologies AB on April 30. The acquisition will strengthen Biotage's offering within analytical chemistry and add a new future product area – process chemistry.
- Biotage acquired the RapidTrace® and TurboVap® product lines with related assets from Caliper Life Sciences, Inc. on May 25. The acquisition is an important step for Biotage in the process of broadening its offering within analytical chemistry and reaching new customer groups.

3rd quarter

- The process of integrating the acquired operations was intensive in Q3, and on the whole was successfully completed by the end of the quarter.
- Biotage continued to develop direct sales for products within analytical chemistry. Biotage took over direct control of sales in France in the third quarter.

4th quarter

- Biotage received an additional purchase consideration from Qiagen in the amount of SEK 15m regarding the sale of the Biosystems business area.
- The Company has been repurchasing its own shares since the third quarter 2009, and at the end of the period Biotage owned 10 percent of the outstanding shares. The buy-back authorization given to the board of directors by the Annual General Meeting of Shareholders has thereby been fully exercised. The board of directors has announced that it intends to propose to the forthcoming Annual General Meeting of Shareholders that it be resolved to withdraw the repurchased shares.

This is Biotage

Biotage is a leading global supplier of instruments and consumables for medicinal chemistry. The Company is also a well-established supplier of products in analytical chemistry. Promising products for both separation and purification in production volumes are being evaluated. Biotage's shares are listed on the Nasdaq OMX Stockholm Small Cap list.

Business concept

Biotage develops, manufactures and markets instruments, consumables and service in the field of life sciences for customers within the pharmaceutical industry, academic institutions and players engaged in analytical chemistry.

Long-term financial goals

Biotage has three long-term financial goals that were established in 2009. Through the divestment of the Biosystems business area in 2008 and the acquisitions completed in 2010, Biotage has changed the orientation of its activities in a decisive way. These have been important steps in the process of creating prerequisites to achieve the financial goals. It is very important in the future to attain the Company's critical mass, which will require both an increase in organic growth and further acquisitions. The Company has previously communicated that it believes the long-term goals can be achieved by 2012. This appraisal still stands.

1. Organic growth of at least 10 percent

The most important preconditions to achieve the growth target are the continued broadening of the product range and the cultivation of a more differentiated circle of customers. Growth within Biotage's primary customer group, the pharmaceutical industry, is far too weak to permit in-

creases in sales corresponding to Biotage's goal. The acquisition of two product lines from Caliper as well as the acquisition of MIP Technologies AB is important because they give Biotage access to a broader product offering and new customer groups within analytical chemistry and process chemistry. These activities in combination with the Company's continued investments in analytical chemistry consumables are already showing good results. Further strategic acquisitions could contribute to higher growth.

2. Continual improvements of the gross margin, which is to be at least 60 percent

Biotage's goals of improving the gross margin by 1-2 percentage points per annum, along with achieving a gross margin exceeding 60 percent, were almost achieved in 2010 with a figure of 59.7 percent. The Company will continue to endeavor to attain a continual improvement of the gross margin, which is to be at least 60 percent. Important prerequisites to achieve this gross margin include a change in the sales split between instruments and consumables. A higher proportion of sales of consumables affects the gross margin positively because the margin on consumables is usually higher than for instruments. At the same time, Biotage continuously endeavors to increase productivity in the Company's production facilities in Cardiff and Lund through measures such as i.a. greater automation.

BRIEF FACTS ABOUT BIOTAGE 2010

Most important markets

- Western Europe, United States and Japan.

Areas of use

- **Within medicinal chemistry**, Biotage's instruments and consumables are used to synthesize, purify and evaporate small molecules when developing new medicines. Biotage also offers instruments and consumables for synthesizing and purifying peptides when developing peptide medicines.
- **Within analytical chemistry**, Biotage's instruments and consumables are used for clinical tests and diagnostics. A large area of use lies outside the pharmaceutical sector, and includes analysis of tests within the environment, food and other fields.
- **Within process chemistry**, Biotage's consumables are used to remove undesirable substances on a large scale from medicines and food. This area is currently under development.

Organization

- Biotage employs around 270 people and has operations in Uppsala and Lund (Sweden), Cardiff (Wales), Charlotte (USA), and Tokyo (Japan). The Company has subsidiaries in Sweden, Great Britain, Italy, France and Germany.



3. Operating margin of at least 10 percent

The growth and gross-margin goals are the two most important factors for achieving the result targets, in combination with continued restraint on operating costs.

Strategies

Biotage follows a number of strategies that are linked to the financial goals.

– Larger proportion of consumables

Biotage's ambition is that at least 60 percent of sales come from consumables where the gross margin is higher than for instruments. In 2010, consumables represented 45 percent of total sales, which is a step back compared with the previous year due to a change in the product mix following the acquisition of instruments from Caliper. The focused effort in strengthening the offering and reaching new customer groups within analytical chemistry consumables was successful also in 2010, with an increase of 8.7 percent during the year.

– Strengthen market presence

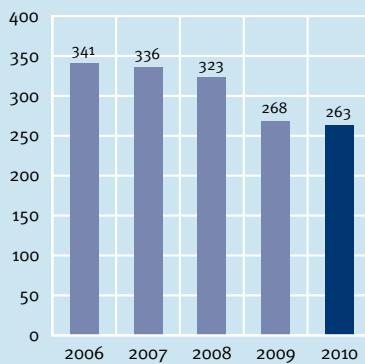
Biotage intends to continue its establishment within important geographic markets so as to

enable improved growth. A stronger presence in growth markets, and primarily Asia, is particularly important. In line with this strategy, Biotage has decided to establish sales and support activities in China. These measures will be supplemented with a greater proportion of direct sales of products for analytical chemistry to customer groups outside the medicinal chemistry area. Such sales are currently made to a large extent via distributors. In order to benefit from the opportunities provided by direct sales, Biotage took over direct control of sales in the UK and France in 2010, as well as in Sweden and Denmark in the first quarter of 2011.

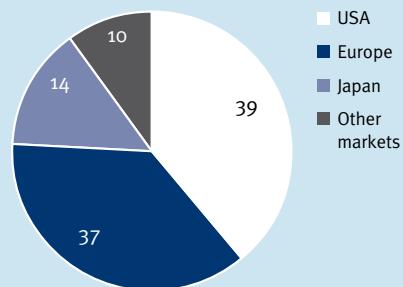
– Reach new customer groups with existing technology

Biotage systematically develops the Company's existing products so that they may be utilized in new fields of application. Examples include in particular the Company's products within analytical chemistry that are adapted for new applications within the environmental, food and forensic sectors. In line with this strategy, several new applications were launched in 2010. Another example is Biotage's establishment within the peptide synthesis field based on the Company's existing offering within microwave-assisted synthesis.

Average number of employees
number of persons



Sales per geographic market 2010 %



Net total sales SEK m**Operating profit excluding write-down SEK m****Goal achievements 2010**

| | Goal | 2010 |
|------------------|------|------------------|
| Growth (organic) | >10% | ^{a)} 3% |
| Gross margin | >60% | 59.7% |
| Operating margin | >10% | ^{a)} 6% |

^{a)} At comparable currency rates and excluding acquisitions.
^{b)} Excluding write-down of goodwill.

^{a)} The operating profit for 2010 has also been charged with write-down of the Group's goodwill in the amount of SEK 444.5m.

- Investment in research and development

The development of new innovative products represents an important means of competition for Biotage and a method of creating potential for improved growth. Biotage's policy is to invest the equivalent of 10 percent of sales in research and development. Of this budget, approximately one tenth is allocated to innovative research related to new concepts. Within this framework, Biotage has broadened its collaboration with academic research groups in order to ensure a long-term flow of ideas surrounding new and innovative products.

- Acquisitions

Over the last two years, Biotage has actively looked for acquisitions that could strengthen the Company's product offering and market position within overlapping or neighboring areas. In 2010, MIP Technologies AB was acquired, as well as two product lines from Caliper. Through the latter, Biotage has gained access to attractive and well-reputed instruments for evaporation and automated sample preparation, with a strong customer-base within infectious disease control and environmental authorities. The acquisition of MIP Technologies has given Biotage access to

a new technology platform and new customer groups within the food industry. A significant objective of the acquisition is to launch MIP Technologies' different separation media in production volumes. Biotage believes that one or several further strategic acquisitions could arise provided the right candidates can be identified.

Developments in 2010**Growth**

Net sales, stated at comparable currency rates, rose by 16 percent. One strong factor behind this improvement is the positive contributions from operations acquired during the year. The organic growth was 3 percent at comparable currency rates. Biotage has experienced less demand within instruments for synthesis and purification. This decline in sales has, however, been compensated by continued positive trends within products for analytical chemistry, which currently represent 37 percent of the Company's total sales.

Gross margin

The gross margin was 59.7 percent (57.1), and was positively affected in particular by a change

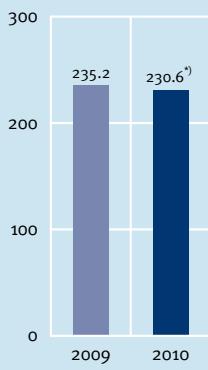
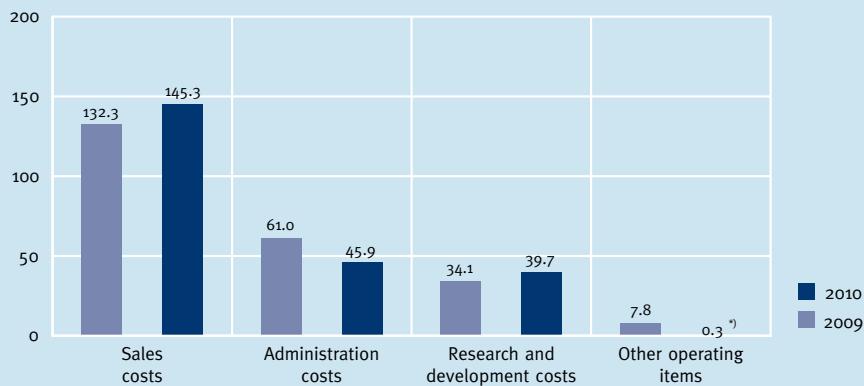
in the product mix as a result of increased sales in consumables within analytical chemistry. This development is totally in line with Biotage's strategy. The gross margin has also been positively affected by continued rationalization measures in production and logistics.

Operating margin

The operating profit, excluding write-down of goodwill, amounted to SEK 25.7m compared with a loss of SEK 10.1m in 2009. Two particularly important factors behind this improvement are continued higher sales within the analytical chemistry area and the product lines acquired from Caliper. The addition of these products has contributed SEK 20m to the year's results. The operating profit, excluding write-down of goodwill, represents an operating margin of 6 percent.

Dividend policy

The policy of the board of directors of Biotage is to propose dividends adapted to the Company's results, financial position and other factors that the board considers to be relevant.

Operating costs excluding write-down SEK m**Distribution of operating costs excluding write-down SEK m**

^{a)} The operating profit for 2010 has also been charged with a write-down of the Group's goodwill in the amount of SEK 444.5m.



From customer requirements to delivery

Business concept

Biotage sells instruments and related consumables to the pharmaceutical industry and customers within the academic sector. Sales of instruments in turn generate sales of the consumables used together with the instruments, which is supplemented by Biotage offering aftermarket services mainly in the form of service and support to the Company's customers.

Within analytical chemistry, Biotage primarily sells products for SLE (Supported Liquid Extraction) and SPE (Solid Phase Extraction) to customers within medicinal chemistry and analytical chemistry, composed of consumables used just once for each test performed.

The process chemistry area is currently in a build-up phase. Biotage's business concept is based on the Company carrying out research projects commissioned by customers, who also pay for the time spent. The ambition is that these projects lead to solutions that remove undesirable substances on a large scale from, for example, food ingredients – solutions that will ultimately be able to be used in the production process.

Methodology

Commercial Operations form Biotage's interface with customers, and are composed of the sales organization along with the market, product and

service organization – which in turn is divided into four regions composed of the United States, Europe, Japan and the rest of the world. Commercial Operations are responsible for marketing and sales, as well as all after-market service related to the Company's range of products and services. In view of the fact that the market organization has direct contact with customers, it also has an important responsibility to make use of ideas for new products based on customers' desires and requirements. These ideas are then forwarded to the research and development department for further evaluation and processing, and act as a supplement to the ideas and concepts generated within research and development. In addition to pure new development, the R&D department is also responsible for product care and further development of existing products.

The production of all instruments offered by the Company is outsourced to contract manufacturers. The major part of the consumables offered by the Company – both those used together with Biotage's instruments and all products within the analytical chemistry area – are manufactured at the Company's factories located in Cardiff, Wales and in Lund, Sweden.

The strategy has produced results

2010 was an eventful year for Biotage. We successfully continued to implement our strategy of reaching new customer groups, through both an internal change process and acquisitions. This has been crucial for the development of sales and profitability in 2010.

I am able to confirm that the sales trends we achieved in 2010 are in line with our strategy, although slightly below our target. In recent years, we have been very clearly oriented towards broadening the offering and reaching new customer groups. This is because we have not seen the same growth potential in our primary customer group which has traditionally been the pharmaceutical industry.

The potential for growth exists within analytical chemistry, and we have very consciously invested in broadening our offering within this area and adapting it to a growing number of areas of use. Today, our products are used for analytical chemistry by the pharmaceuticals industry and contract research organizations. They are also used for the analysis of clinical tests at hospitals and in laboratories, as well as for the analysis of tests within the food, agriculture, environment and forensic sectors. The underlying customer base is growing in tandem with our developing more applications.

Positive developments within prioritized areas

It is very pleasing to see that sales trends within our prioritized areas developed positively during the year. Sales within analytical chemistry have lived up to our expectations in most markets. One important reason for this is the success of our separation product SLE+ (Supported Liquid Extraction), which implies that we are uniquely positioned in the market and are able to offer several benefits compared with traditional methods for extracting substances from a sample.

Our investments in products for the pharmaceuticals industry with regard to the development of peptide-based medicines have also been successful. We have doubled our sales within this area, albeit from low levels. Our target was, however, higher and we can now ascertain that the sales process is longer than we first thought. We continue to be positive about this area, but realize that it will take a longer period of time than initially expected.

The strategy has had an impact on both sales and profitability

Our sales increased overall by 9 percent, though at comparable currency rates this represents an increase of 16 percent. When looking more closely at the sales figures, we can see that sales growth within analytical chemistry has fully compensated for the lower sales within medicinal chemistry. Sales growth excluding acquired operations was 3 percent at comparable currency rates. In addition, our strategic acquisitions during the year provided positive contributions that exceeded our expectations.

The operating profit excluding write-down of goodwill amounted to SEK 25.7m, compared with a loss of SEK 10.1m last year. I am able to note that the acquisition of the two product lines from

Caliper had an immediate positive impact on results by contributing SEK 20m to the operating profit.

The gross margin rose to 59.7 percent, which is mainly attributable to a more beneficial product mix. An important part of our strategy is to increase the sales of consumables, not least those related to analytical chemistry, which have a higher gross margin than our instruments. The gross margin has also been positively affected by the rationalization measures implemented in production and logistics.

The operating profit, excluding write-downs, represents an operating margin of 6 percent. This is lower than our long-term goal – which we are not happy about. In parallel with our focus on increased growth, we will continue to rationalize operations in order to create conditions for improved profitability.

Goodwill write-downs affect the operating profit

Biotage has had a relatively large goodwill item that mainly arose upon the acquisitions of Personal Chemistry, Biotage, Argonaut and Separtis. Today, these operations represent to a large extent Biotage's offering within medicinal chemistry. Sales trends within this area have been relatively weak in recent years, particularly for instruments. Uncertainty also prevails regarding future anticipated growth within this part of operations. The board of directors has therefore decided to write down the Company's goodwill related to these acquisitions, thus charging our operating profit in the amount of SEK 444.5m.

Successful integration of acquisitions

Two of the most important events during the year were naturally the acquisitions of MIP Technologies AB and the RapidTrace® and TurboVap® product lines from Caliper. We have looked for more than a year for acquisition candidates that could strengthen our offering within analytical chemistry and our presence in new customer segments. MIP Technologies and the product lines from Caliper fulfill these demands.

During the second half-year, the process of integrating these operations and product lines was both intensive and successful. The operations are now fully integrated in Biotage, and our global sales organization has been able to directly incorporate these products that supplement our existing offering.

The acquisition of RapidTrace® and TurboVap® has given us two product lines with a reprocessed market and high demand. Sales trends have so far been very positive and exceeded our already ambitious targets. Caliper's focus was primarily on the American market and we see good potential to increase sales when we start to further cultivate our other geographic markets in 2011.

The large existing base of instruments outside



the pharmaceuticals industry also provides us with important customer contacts and enables further sales of consumables.

MIP Technologies' products strengthen our range within separation solutions for both medicinal chemistry and analytical chemistry. We currently have about 20 products out in the market for the separation of various substances, with unique polymer technology, and which supplement our own solutions for SPE (Solid Phase Extraction).

Process chemistry – new area of use

The acquisition of MIP Technologies also implied the addition of a new area for Biotage – process chemistry. As with our offering within analytical chemistry, the offering here is oriented towards the separation of various substances, but on a much larger scale. MIP Technologies' unique solutions with molecularly imprinted polymers enable the removal of undesirable substances in areas such as food, drinks and medicines in a very selective way, which is becoming increasingly important as government authorities intensify their demands.

This area is still in an early development phase, but if we succeed with our ambitions, the future potential could be very interesting. Our current business concept is that we carry out research projects on behalf of customers primarily within the food industry in order to produce solutions that remove undesirable substances from food on a large scale – solutions that ultimately will be able to be used in the production process.

Organizational changes

In the first quarter 2011, we carried out a major reorganization by regionalizing the sales team. Our sales process has previously been managed globally, but will now be divided into our regions composed of the United States, Europe, Japan and the rest of the world. This will enable us to adapt our sales process in a better way according to the specific prerequisites of each respective market. At the same time, follow-up will become more vigorous.

In parallel with this process, we are currently establishing our own sales and service presence in the Chinese market, which will be fully implemented in the second half of 2011. We will initially have a relatively small organization that will cultivate major international customers and contract research organizations in the Shanghai area. In the rest of the country, we will continue to work through selected distributors.

This is an important step for Biotage, and it will enable us to cater for our major customers within the pharmaceuticals industry in a better way when they locate more operations in this region. At the same time, this is an opportunity for us to gain a position in the increasingly larger market for products within analytical chemistry, particularly those related to food. China currently

has substantial food exports, simultaneously as government authorities in both the United States and Europe are accentuating their stipulations with regard to imported food. This in turn is increasing demand for solutions used to perform analyses of such food.

Orientation for 2011

As mentioned earlier, we will focus on two areas in 2011: increased growth and continued rationalization of operations.

An important part of our growth-creation process is to further increase the pace of sales efforts within analytical chemistry and peptide synthesis.

For analytical chemistry, we prepared an investment plan in 2009 that implies that we will invest USD 3m over a three-year period with the goal of doubling sales over four years. For the time being, we are ahead of our target.

Continued work in line with the strategy and the growth opportunities that the acquired operations and product lines offer, will enable greater sales growth even if the market climate within medicinal chemistry continues to be weak.

We have several exciting launches of new products in progress in 2011. Within analytical chemistry, we will launch a number of new applications for our SPE and SLE+ products. We have a portfolio of new launches within medicinal chemistry, including an updated instrument for synthesis with new functionality and improved performance.

Starting in 2010, we have also taken a tighter grip on our supply chain by appointing an operations manager. We believe that the rationalization potential is good and we have already

started to see the results of our work in the form of lower inventory and transportation costs. In my CEO-letter for 2009, I wrote that our ambition is to achieve our financial goals in 2012. This ambition remains.

Strong financial position

Biotage's financial position remains strong despite two recently completed acquisitions. At the end of 2010, we had net cash and cash equivalents of SEK 173m, which was further strengthened by SEK 15m in the form of additional purchase consideration from Qiagen related to the sale of the Biosystems business area.

The strong cash position gives us excellent freedom of movement for the future. Now that the integration of our acquisitions has been successfully completed, we will intensify the process of identifying further acquisitions or collaboration opportunities that could strengthen our offering and market position.

To conclude, I would like to take this opportunity to thank all of our employees for their efforts over the past year with the implementation of significant changes. Their continued commitment has been crucial in the rapid and effective integration of the acquired operations in Biotage. Together, we can now focus on developing operations and benefit from the opportunities in the market to achieve our goals.

Uppsala, February 2011

Torben Jørgensen,
President and CEO

Biotage's offering

Biotage offers instruments and consumables with market-leading performance within three areas – medicinal chemistry, analytical chemistry and process chemistry.

Medicinal chemistry

Over the last two years, Biotage has broadened its offering to chemists who produce new pharmaceuticals. The Company's already strong position within the development of medicines based on small molecules – primarily in tablet form – has been supplemented with new instruments and consumables for the development of medicines based on biomolecules, but principally in peptide form.

Small molecules

Biotage has the market's broadest product range for chemists who produce pharmaceuticals based on small molecules. Biotage's instruments and consumables are used in the research phase of new medicines. The Company's automated system for synthesis and purification, along with consumables, enable time-savings in the pharmaceutical chemist's workflow and

thus contribute to improving productivity in the process of transforming a concept to a biologically active substance.

Products: Instruments and related consumables for synthesis, purification and evaporation, as well as consumables for work-up and purification.

Primary customer groups: Pharmaceutical companies, biotech- and biopharmaceutical companies, CRO/CMO (Contract Research Organizations and Contract Manufacturing Organizations), and academic institutions.

Biomolecules

Biotage has worked since 2008 to broaden its product offering to also embrace instruments and consumables for biochemists who develop peptide medicines, which are based on biomolecules. The interest in peptide medicines has been strong in recent years, because in certain cases they have distinct advantages compared with traditional medicines in tablet form (based on small molecules). Peptide-based medicines can be made more specific, which implies that their action can be more accurately directed towards a specific condition.



Based on its long experience of microwave-assisted synthesis, Biotage has developed a new peptide synthesis system that offers both traditional synthesis and microwave-assisted synthesis, which in turn makes the Company uniquely positioned in the market. Microwave-assisted synthesis facilitates the process of synthesizing increasingly complex peptides, which is important when producing peptides with new and unique functionality.

Products: Instruments and related consumables for parallel synthesis and microwave-assisted synthesis of peptides.

Primary customer groups: Pharmaceutical companies, biotech- and biopharmaceutical companies, CRO/CMO (Contract Research Organizations and Contract Manufacturing Organizations), and academic institutions.

Analytical chemistry

Analytical chemistry is an important growth area for Biotage. The Company has carried out extensive development work in recent years in order to enlarge the number of applications of its products.

Biotage's offering within analytical chemistry focuses on the separation of compounds in liquid mixtures, and is composed of products for Solid Phase Extraction (SPE) and Supported Liquid Extraction (SLE+). The offering within SPE

was strengthened in 2010 through the acquisition of MIP Technologies and their AFFINILUTE™ MIP product line. The offering within analytical chemistry is also supplemented with instruments for automated SPE (RapidTrace®) as well as instruments for evaporation and concentration of samples (TurboVap®) through the acquisition from Caliper.

Biotage's products for analytical chemistry have many different application areas. They are used by the pharmaceutical industry to purify experiments in conjunction with clinical tests of medicines. They are also used for diagnostic purposes within healthcare, such as for the examination of blood and urine samples. They form an important part in the process of examining samples within forensic medicine and doping.

Moreover, there are important areas of use outside the field of medicine, including environment-related applications such as filtering out environmental pollutants from water or earth samples for further analysis. Food is another important application area, where the products are used for example to investigate the presence of undesired additives in food and beverages.

Products: Consumables for Solid Phase Extraction and Supported Liquid Extraction. Instruments for automated SPE and evaporation.

Primary customer groups: Clinical & Forensic labs, CRO's engaged in Bioanalytical services,

Food Safety labs, Environmental Testing labs, Academic and Government.

Process chemistry

Biotage has gained a new application area through the acquisition of MIP Technologies. The field of process chemistry is still in a development phase, but has interesting potential for the Company. Just as within analytical chemistry, Biotage's offering within process chemistry is concentrated on the separation of various compounds. It is based on MIP Technologies' unique solutions with molecular imprinted polymers and other novel polymers that enable the selective removal of undesired substances in food, drink and medicines. Biotage is currently performing research on behalf of several major food and drink companies in order to produce solutions that will remove, on a large scale, undesired substances from food products – solutions that will ultimately be able to be used in the production process.

Products: MIP (Molecular Imprinted Polymers) and other selective polymers.

Primary customer groups: Pharmaceuticals industry, food and beverage industry

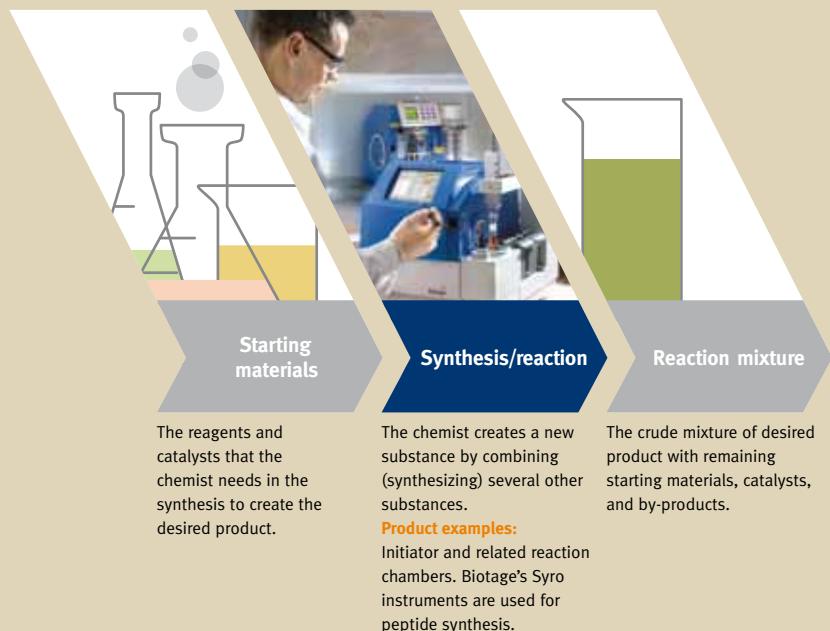
What customers say

We have been actively working with Biotage and the MIP technology for the last year and have been very impressed with their suite of technologies, their technical capability and the energy they focus into collaborative projects.

Francis Bealin-Kelly, Head of Research & Development and Technical Innovation, SABMiller

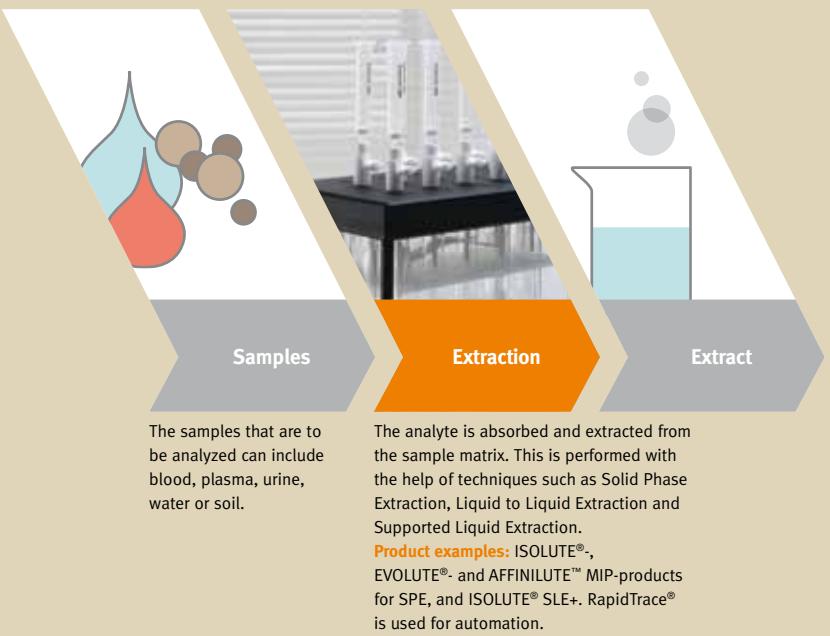
Utilization of Biotage's Products Within Medicinal Chemistry

Biotage has the market's broadest product range for chemists working with the development of pharmaceuticals. Biotage helps chemists to rationalize the entire process from concept to biologically active substance.



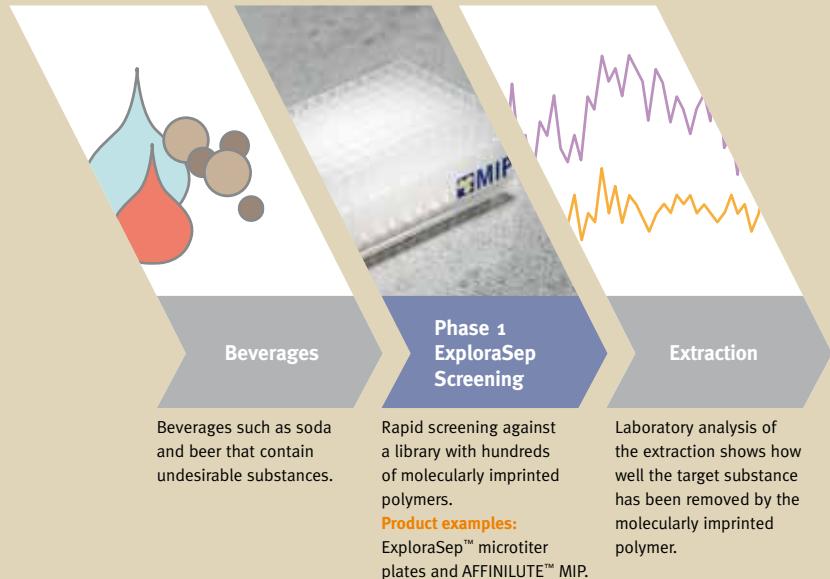
Utilization of Biotage's Products Within Analytical Chemistry

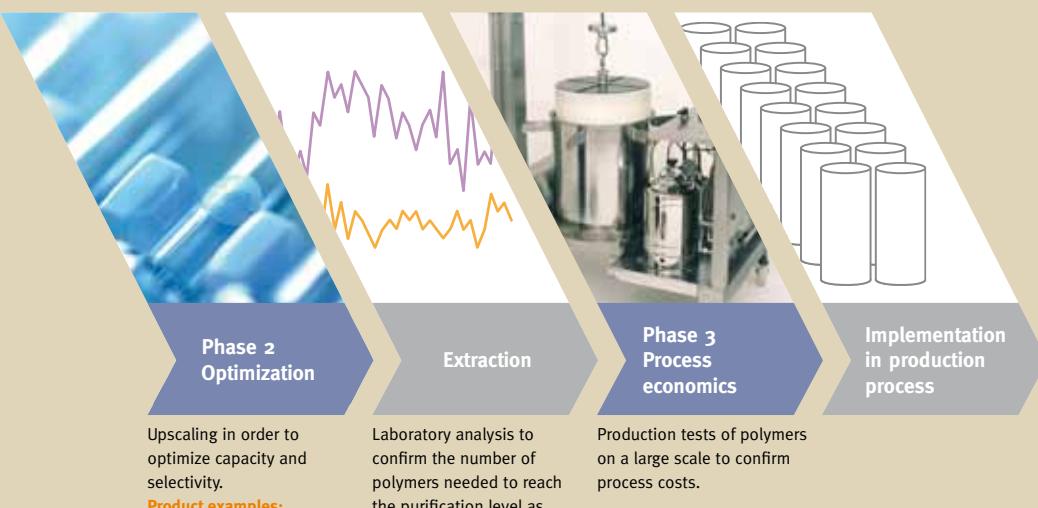
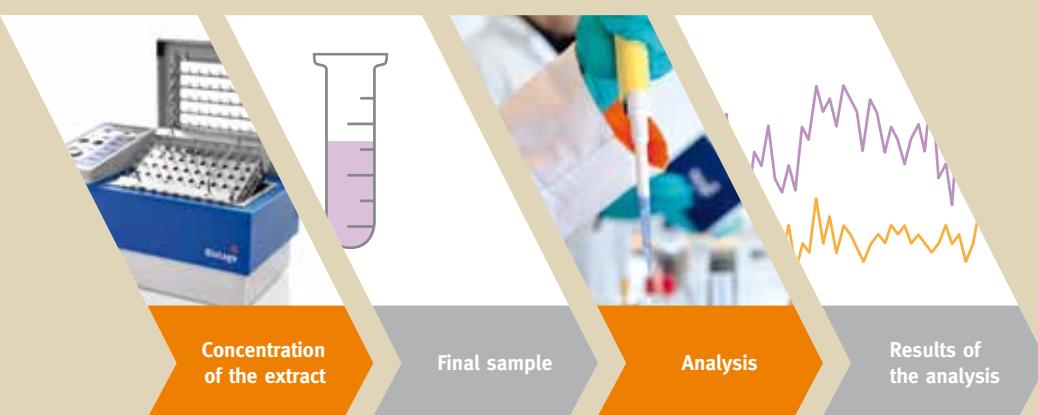
Within analytical chemistry, Biotage's products are used to analyze a broad spectrum of samples, embracing everything from blood and urine to samples of water and soil.



Utilization of Biotage's products within process chemistry

Biotage's operations within process chemistry are currently being developed. Biotage's products will be used on a large scale to remove undesirable substances from, for example, food ingredients.





Biotage's market

Biotage is an international company with its largest market outside Sweden. The Company has its own sales and service organization in most major markets in Europe, the United States and Japan. Other important markets are cultivated via distributors.

Historically, the pharmaceutical industry has been a dominant customer group for Biotage. But dependence on pharmaceutical companies has reduced in tandem with the Company's having successfully implemented its strategy of broadening its offering over the past two years so as to reach new customer groups.

However, the pharmaceutical industry is still the individually most important customer group for the Company – not least with regard to its offering within medicinal chemistry. Biotage's products within medicinal chemistry are also oriented towards biotech- and biopharmaceutical companies, academic institutions and CROs (Contract Research Organizations).

Biotage has carried out extensive development work within analytical chemistry in recent years, with particular focus on developing applications for new areas of use. This in turn has enlarged the product offering of separation solutions for analytical chemistry and at the same time significantly expanded the customer base for the Company's products. Biotage is currently oriented towards pharmaceutical companies, biotech- and biopharmaceutical companies, CROs and clinical laboratories. However, the fastest growing customer groups are outside the medicinal area and instead are found in analytical laboratories and organizations/agencies within the fields of environment, food and forensic medicine.

With regard to process chemistry and the activities acquired through MIP Technologies, the primary customer groups today are within the food and pharmaceutical industries.

Biotage's largest markets are Europe and the United States, due to the pharmaceutical industry's having been traditionally strongly established in these markets. For this reason, Japan is also an important market, although in recent years the trend has turned to rising sales in other markets. The primary cause of this situation is that the pharmaceutical industry has started to establish its own operations in growth markets such as India and China, as well as placing part of its activities with contract-research and contract-manufacturing companies in growth countries.

What customers say

The Laboratory of Peptide & Protein Chemistry & Biology (PeptLab) at the University of Florence is a multidisciplinary technology platform which is recognized worldwide for its expertise particularly in peptide and protein chemistry.

Prof. Anna Maria Papini, one of the founders of PeptLab, says that cooperating with a partner like Biotage enables them to make further advancements in peptide chemistry. They are developing step-by-step strategies to solve the issues in the synthesis of peptide molecules of interest in a wide variety of application areas such as pharmacology, immunochemistry, medicine, biophysics, material sciences and nanotechnology.

“In fact with the recent launch of the Biotage Syro Wave™, an innovative microwave and parallel peptide synthesizer, we will be able to manage peptide and protein chemical technologies from the concept stage to the production of novel peptide structures. This will certainly help us to transform peptide ideas into reality”, says Prof. Anna Maria Papini.

Factors that affect demand

Like all companies, demand for Biotage's products is affected by events and developments in the world at large, which are often difficult to control. Some of the most important parameters include:

– The pharmaceutical industry's investments in research and development

There is a distinct connection between the pharmaceutical industry's investments in research and development and demand for Biotage's instruments and consumables. In times when pharmaceutical companies increase their investments and employees within R&D, the need for further instruments and the use of consumables also rises – which affects Biotage positively. A totally opposite scenario appears in times when investments in R&D are cut back, as seen over the past two years.



- Trends within medicinal research

Just as in other sectors, trends can fluctuate within the pharmaceutical industry. In recent years, pharmaceutical companies have increased their investments in research on medicines based on biomolecules, at the cost to a certain degree of research on medicines based on small molecules (in tablet form). This implies greater demand for Biotage's instruments for peptide synthesis, while demand for instruments for synthesis and purification of small molecules reduces.

Possibility of influencing market potential

Within analytical chemistry, Biotage has good possibilities of influencing the market potential for the Company's products. Biotage can influence demand positively by presenting new applications that enable products to be used within new areas. This is also an important element behind the increase in sales within the field of analytical chemistry in recent years. Biotage has reached new customers through

further developing and adapting existing products to new areas such as the environment, forensic medicine or doping.

Biotage's research and development also plays an important role within medicinal chemistry in maintaining competitiveness in the market and increasing demand from existing customers. This is achieved by further developing existing instruments with new functionality and improved performance, as well as producing new instruments and consumables that create distinct added value for customers.

Size of the market

Biotage believes that the global market for instruments and consumables within flash chromatography will amount to approximately USD 100 million in 2011. For instruments and consumables within microwave-assisted synthesis, the global market is estimated to amount to about USD 30 million, and for products within analytical chemistry (sample preparation) to around USD 130 million in 2011.

These estimations are based on Biotage's internal assumptions combined with reports from the independent analysis company Strategic Directions International.

Biotage's sales activity

Biotage's sales strategy is based, to the greatest extent possible, on working with direct sales through its own sales organization in the major markets encompassed by the Company's product offering. Direct contacts with customers are important because they create opportunities for additional sales and a direct dialog regarding future improvements and new product concepts.

Within medicinal chemistry, Biotage currently has direct sales in Europe, the United States and Japan. The other important markets in Asia, particularly India and China, are cultivated for the time-being via well-established distributors.

For products within analytical chemistry, sales take place today either directly via Biotage or through distributors. Sales to the pharmaceutical industry take place via Biotage's own sales

organization. Sales to customers within other areas, such as the environment and food, are made either via the Company's own sales organization or via selected distributors. In line with the Company's strategy, and where it is possible to work with direct sales, distribution was taken over in France and the United Kingdom in 2010. Distribution in Denmark and Sweden was taken over by the Company at the beginning of 2011.

Establishment in China

Biotage has resolved to establish local sales and service activities in the Chinese market in order to strengthen the sales process, the supply of goods, and customer support. China is becoming an increasingly important market for Biotage within both medicinal chemistry and analytical chemistry. The pharmaceutical industry's

investments in the country are increasing simultaneously as demand is rising for products for analytical chemistry – not least within the environment and food areas. Operations will be established during the first half year of 2011 and imply that the Company will have direct sales to the major pharmaceutical companies, which are primarily located in the Shanghai area. In other parts of the country, and for customers within analytical chemistry, Biotage will continue to work through the Company's competent distributors.

Market trends during the year

The trend of ongoing rationalization measures within the pharmaceutical industry, which has been apparent over the past two years, continued in principle with unabated strength in 2010. The number of redundancies has continued to be high, albeit at a lower level than 2009. The year 2010 was also characterized by consolidations with major mergers within the sector. Together with maintained focus on costs within research and development, this has negatively affected demand for Biotage's offering within medicinal chemistry.

This situation has been most obvious in the

United States and the United Kingdom, while being less noticeable among pharmaceutical companies in Germany and Switzerland.

In recent years, Biotage has experienced a rising proportion of medicinal developments being moved to countries such as China and India. This is partly due to the large pharmaceutical companies establishing their own research activities in these countries, and partly because development is being placed with large contract research organizations located in these markets. This trend also continued in 2010, although not at all at the same distinct pace as in 2008 and 2009.

Greater access to capital

As a result of the economic downturn in 2009, biotech- and biopharmaceutical companies experienced more difficulty in finding venture capital. Biotage believes that this situation changed somewhat in 2010 and that access to capital has increased. Neither is it unusual that pharmaceutical companies today help to finance medicinal research within biotech companies – which has contributed to greater demand for Biotage within this customer group.

The academic sector has been well-financed,

China is becoming an increasingly important market for Biotage within both medicinal chemistry and analytical chemistry. The pharmaceutical industry's investments in the country are increasing simultaneously as demand is rising for products for analytical chemistry – not least within the environment and food areas.

as in 2009. This could be a result of the investments made in education and training by many governments as part of their stimulus packages during the economic downturn. Demand from this customer group has continued to be strong in parallel with increasingly greater interest in instruments with higher functionality and productivity.

More research on large molecules

One distinct trend in recent years has been the pharmaceutical industry's rising interest in medicines based on large molecules such as peptides and proteins, which is partly shown by the increase in the number of research projects within these areas in 2010.

Greater needs within food safety

Within analytical chemistry, Biotage has observed that interest in separation products related to food safety is rising. One important cause is higher demands placed by public authorities, particularly in the United States and Europe, on food imported from other markets. China is a large exporter of food to these markets, and demand for products to control such foods has increased significantly.

Sales developments in 2010

Sales at comparable currency exchange rates increased by 16 percent in 2010 compared with 2009, which can be attributable to strong sales developments within analytical chemistry and the acquisitions completed during the year.

Sales within medicinal chemistry declined during the year, due primarily to very weak demand from pharmaceutical companies in the United Kingdom and the United States. Demand from the academic sector continued to be positive and sales to customers within this area increased, which counter-balanced to a certain degree the weak sales to the pharmaceutical industry.

From a geographic perspective, sales improved in all markets with a rise of 5 percent in the United States and 3 percent in Europe. The development in Germany and Switzerland was positive while the British market performed less well.

As in 2009, developments in Japan were very strong with growth of 25 percent.

Sales in the rest of the world have increased by 35 percent due primarily to the acquisition of the RapidTrace® and TurboVap® product lines, which have a strong market in China and in countries where Biotage has not previously

been present, such as South America, the Middle East and South Africa.

Competition

Biotage does not have any individual competitor with the same broad product range within medicinal chemistry. On the other hand, the Company meets different competitors within different product areas. Biotage's primary competitors do not publish detailed financial information for the product areas where they compete with Biotage, which in turn prevents a relevant analysis of market shares. The table below provides an overview of the competition that Biotage could face.

BIOTAGE'S COMPETITORS

Medicinal chemistry

| | |
|---------------------------|--|
| Synthesis: | CEM Anton Paar |
| Peptide synthesis: | CEM PTI |
| Work-up: | Johnson Matthey Silicycle Polymer Labs |
| Purification: | ISCO Interchim Grace Yamazen |
| Evaporation: | Traditional techniques such as Genevac |

Analytical chemistry

| | |
|--------------------------------|--|
| Separation: | Waters Varian UCT |
| Process chemistry | |
| Separation/ work-up | Johnson Matthey Polymer Labs Dow/Rohm & Haas Mitsubishi |



Research & Development

Biotage's research and development activities underwent considerable changes in 2010, both organizationally and in their scope. The ambition is to conduct an even more efficient development work in the future.

Research and development (R&D) at Biotage spans many areas of technology, from the design and development of technology platforms and instruments for purification, synthesis and evaporation to the chemistry-oriented development of products for the separation of different compounds. New cutting-edge expertise was added in 2010 within molecularly imprinted polymers (MIP) and other novel polymer chemistries through the acquisition of MIP Technologies.

Research and development at three locations

Research and development within Biotage is performed at three locations: Uppsala, Lund and Cardiff, Wales. The work in Uppsala – which is also the R&D headquarters – concentrates on development related to the instruments offered by the Company. Chemistry-related R&D takes place in Lund and Cardiff, embracing the development of applications and materials.

The activities in Cardiff are focused on analytical applications in the forensic and clinical areas as well as the development of new silica-based materials, while work in Lund is concentrated on analytical applications within food and environment safety and the development

of polymer-based materials for process scale purifications.

A total of 47 people work within research and development at Biotage.

Generate new ideas

Biotage invests 10 percent of its annual sales in research and development. Of this money, 10 percent is allocated to pure research – which can for example embrace new technology areas and niches where Biotage has potential to attain a leading position in the long-term. This work is often performed in collaboration with leading academic research groups.

An important part of research is to generate a continuous flow of new ideas and concepts. Biotage has therefore established a Technology Intelligence Group (TIG) composed of employees from both the R&D department and the Company's commercial department – which has contact with customers. TIG carefully monitors global developments, such as new research results and discoveries, within the Company's areas. At the same time, they maintain a close dialog with the Company's customers so as to identify ideas for new products or modifications of existing products based on customers' demands and requirements.



Biotage's strategy for research and development is to focus resources on market segments with growth potential for the Company.



Strategic orientation

Biotage's strategy for research and development is to focus resources on market segments with growth potential for the Company. The ambition is to develop solutions that enable Biotage to attain a market-leading position within selected fields of technology and niches. Examples in the consumables area include SLE+ (Supported Liquid Extraction) and MIP (Molecularly Imprinted Polymers) where Biotage is already uniquely positioned in the market. The Company will simultaneously maintain a competitive position within other areas, concentrating its efforts in instrument development where the greatest technical and commercial impacts will result. This process is based on a clearly defined roadmap for the next three years that includes all projects and prioritizations.

Reach new customer groups

Biotage has the ambition to reach new customer groups based on existing technology and products. From a purely practical viewpoint, this implies that Biotage is seeking to attain a core of product lines that can reach completely new market segments through improvements, modifications or combinations with other products. A good example is that achieved by Biotage in recent years to broaden the use of its products

PROJECTS 2010

8 projects initiated.

10 projects completed.

2 projects in progress at year-end.

PATENTS 2010

Biotage has 175 (131) registered patents.

39 patent applications are currently being processed.

5 (15) new patents were granted in 2010, and 7 (2) new patent applications were submitted.

PRODUCT LAUNCHES 2010

| Product | Product area | Launch date |
|--|------------------------------------|-------------|
| Biotage® Syro Wave™ | Peptide synthesis and purification | 16-02-2010 |
| Biotage® GO – Gradient Technology | Purification | 22-02-2010 |
| Biotage® EVOLUTE® WCX | Sample Prep | 01-03-2010 |
| Biotage® MIPs – Molecular Imprinted Polymers | Sample Prep | 25-04-2010 |
| Biotage® RapidTrace® Biotage TurboVap® | Sample Prep | 17-05-2010 |
| Biotage® ISOLUTE® SLE+ | Sample Prep | 21-06-2010 |
| Biotage® AFFINILUTE™ | Sample Prep | 06-07-2010 |
| Biotage® ExploraSep | Sample Prep | 13-07-2010 |
| Biotage® ELSD | Purification | 29-07-2010 |
| Biotage® Isolera UV-VIS | Purification | 15-08-2010 |
| Biotage® Resolux™ peptides HPLC columns | Peptide synthesis and purification | 30-08-2010 |
| Biotage® QuEChERS | Sample Prep | 27-09-2010 |
| Biotage® ChemMatrix® Peptides Resins | Peptide synthesis and purification | 29-11-2010 |

within SPE. Through the development of new applications for these products, they now cover several environmental fields of use, such as the analysis of water and earth samples.

Product-launches in 2010

Syro Wave™ was Biotage's largest product-launch in 2010. The instrument, which was placed on the market in April, is a combined instrument for peptide synthesis that manages both traditional parallel synthesis and microwave-assisted synthesis. The system has given Biotage a unique position in the market, because competing systems are oriented towards either traditional synthesis or microwave-assisted synthesis.

Other important launches during the year were two new detector systems for the Isolera purification products – ELSD and UV-Vis, as well as several new applications within the SPE area, for example, AFFINILUTE™ MIPs and ExploraSep and ISOLUTE® SPE+.

Product-launches in 2011

Biotage has several interesting launches planned for 2011, including the strengthening of its instrument offerings in purification and microwave synthesis through the updating of systems that contain both new functionality and improved performance. Biotage will also strengthen its offering within peptide synthesis and improve its already hugely successful automated SPE analysis system, RapidTrace®.

In parallel with the strengthening of its instrument offering, Biotage will continue to broaden the areas of use of its offerings within analytical chemistry. A large number of launches are planned for 2011, including fields of application such as new SPE and SLE+ applications in forensic, clinical and food safety.

Operations

Operations embrace Biotage's entire supply chain – from the purchase of products from subcontractors and contract manufacturers to production and delivery to customers. In 2010, Biotage continuously endeavored to rationalize these processes in order to reduce costs and improve service to customers.

Biotage's Operations are headquartered in Uppsala, Sweden. Biotage also has production facilities in Cardiff, Wales and Lund, Sweden, as well as logistics centers in Charlotte, USA and Tokyo, Japan. Biotage's own production is concentrated in the consumables offered by the Company. The production of all systems has been outsourced to contract manufacturers since 2009.

Supply chain

Biotage's central purchasing department is located in Uppsala and is responsible for all purchases from contract manufacturers in Sweden, which produce the majority of all systems sold by Biotage. Uppsala is also responsible for a large part of purchases of direct material. RapidTrace® and TurboVap® procurement is performed by the unit in Charlotte, USA.

Uppsala is also the base for the logistics center that ensures the storage and delivery of products to customers in Europe and the rest of the world, except the United States. The logistics center in Charlotte, USA supplies North American

customers with products. In addition, Biotage has a further logistics center in Tokyo, Japan that ensures storage and deliveries to Japanese customers.

New business system enables rationalizations

A new Group-wise business system was implemented in 2009, which has created potential for considerable rationalizations for Biotage. Several projects were started during the year to improve methodology and processes. The joint business system enables a reduction of manual work in conjunction with placing orders and the flow of orders to production and delivery.

Another important improvement area in 2010 has been inventory levels and product staging, which have been streamlined with the new business system. This process has involved the renegotiation of contracts and agreements with contract manufacturers in order to increase flexibility for Biotage – leading to the reduction of lead-times between order and delivery of systems. Biotage can subsequently produce, to a greater extent than previously, directly against orders instead of against forecasts with the same or shorter delivery times to customers. This creates the potential for lower tied-up capital and reduced risk of obsolescence in inventories.

Biotage has also performed analyses of regional differences in the sale of different products so as to be able to optimize inventories in each respective region.

Reduced transportation costs

The analyses of which products sell most in each respective region have also formed the basis for the rationalization of transportation. Today, a large part of consumables are dispatched to the United States by sea each month instead of as previously by air freight, which apart from environmental gains also implies cost savings for Biotage.

In general, the majority of transportation in Europe is done by sea or by road between contract manufacturers, production facilities and the logistics center in Uppsala, as well as deliveries to customers. Transportation to other markets in most cases is done by air.

Production

Biotage has two production facilities – one in Lund, Sweden and one in Cardiff, Wales.

The facility in Lund, which was part of the acquisition of MIP Technologies, produces polymers in bulk, which are then sent to Cardiff for packing in products.

The facility in Cardiff produces the majority of the consumables offered by Biotage to its customers.

Quality and productivity in focus

The production in Cardiff has a distinct focus on productivity and quality, and consists to a great extent of producing different types of chemical media that are packed in a very precise way in, for example, columns and plates. Biotage's ambition is to utilize the benefits created through automating production when possible. Depending on volumes produced, Biotage currently uses both fully automated processes and semi-automated and manual processes.

The quality aspect is a central feature in production because Biotage's products are used within areas that place considerable demand on precision and consistent performance. Customers must be able to be certain that the results are the same when a test is repeated several times.

The factory in Cardiff is certified in accordance with ISO 9001:2008 and maintains systematic quality procedures. The Company's quality-control department performs regular controls through the entire production process. The raw material used in products is primarily silica, which is combined with other substances to produce the chemical media packed in the columns.

Environment

Biotage's environmental impact is primarily related to freight and transportation. The environmental impact from production operations comes essentially from the use of energy. At the factory in Cardiff, waste is also generated in the form of solvents and packaging material from incoming goods.

The production in Cardiff is not electricity-intensive and the annual electricity consumption at the factory in Cardiff is 620,000 kWh, while the use of energy in the production in Lund is significantly lower. The Company is, however, continuously focused on reducing electricity consumption. Electricity consumption is also an appraisal parameter when purchasing new production equipment.

Packaging material from incoming goods is sorted and sent for recycling as far as is possible. Solvents are used in the production of consumables, the majority of which are recycled.

The environmental aspect is also important within product development and is included in a natural way when designing new products.



Personnel

The Swedish company MIP Technologies was acquired in 2010 as well as two product lines from the American company Caliper. About 20 new employees joined Biotage as a result of the acquisitions. An integration process has been prioritized during the year, with the ambition of the employees rapidly feeling part of Biotage's corporate culture and objectives.

The most important event within Human Resources in 2010 was the acquisition of MIP Technologies and the two product lines from Caliper. A total of 15 employees joined the Company from MIP Technologies in Sweden, and a further eight people in Great Britain and the United States joined as a result of the acquisition of two product lines from Caliper.

The ambition has been to rapidly integrate the new staff into Biotage's operations, which has gone according to plan. The most important aspect has been to make the employees feel part of Biotage and the Company's culture, methodology and systems.

Common values

In 2009, a process was initiated to strengthen Biotage's common corporate culture and common values, and was continued in 2010 with regular monitoring within each department. A distinct positive effect has been improved communication within the Company.

Biotage's four core values are important when building the corporate culture, and have become uniform for the whole company. The core values summarize the mutual behavior and expectations of Biotage's employees, and are supplemented by the Company's policies that clearly stipulate what is expected of employees in relation to business ethics.

Skills enhancement

Biotage wishes its employees to develop in their role within the Company, and skills enhancement issues are a natural part of development dialogs with employees. A development plan that includes clearly defined requirements and desires regarding skills enhancement is prepared for each employee. The requirements are then addressed through either internal or external training programs.

As an example, Biotage carried out sales training in 2010 for all customer managers in Europe. For personnel in leading positions in the United States and Wales, the Company carried out a number of leadership courses.

Maintaining competence levels

Biotage has a continuous need for recruitment. Internal recruitments are always encouraged and Biotage is keen for employees to change workplace by moving to other countries, which improves the dynamics of the Company. During the year, Biotage carried out recruitments within sales and research and development. Specialist skills are often required within areas such as chemistry and peptide chemistry, where the competition for people with the right education and experience is strong. Biotage is therefore very active regarding recruitment, and uses several channels from traditional methods to pure headhunting.

Working environment and sickness absenteeism

To provide employees with a good working environment is a matter of course for Biotage, and the Company works systematically in this respect – with the physical environment and the psychological aspects, gender equality and discrimination.

Biotage has a low level of sickness absenteeism. The Company has a relatively small organization and is able to see all employees. Procedures are in place so as to be able to quickly act and take action when employees suffer ill-health. Sickness absenteeism for all employees in the Group amounted to 1.6 percent (0.5) in 2010. Health risks in general are very small at Biotage, and the Company did not experience any incidents in 2010.

Gender division, %

| | |
|-------|----|
| Men | 68 |
| Women | 32 |

Geographical division, %

| | |
|--------------|----|
| Sweden | 28 |
| UK | 41 |
| Other Europe | 5 |
| USA | 20 |
| Asia | 6 |

Educational level, %

| | |
|------------------------|----|
| Higher academic degree | 30 |
| University education | 29 |
| Non-academic education | 41 |

BIOTAGE'S CORE VALUES

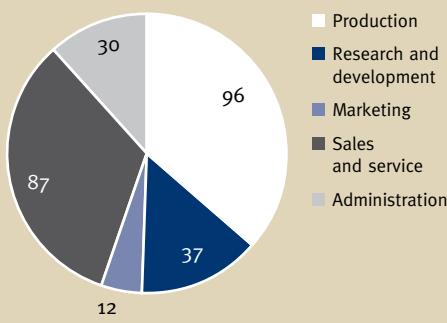
We are customer-needed driven: At Biotage, our primary focus is on the customer. When faced with challenges, we work together to develop solutions that will benefit customers, and seek input and feedback from our customer base.

We focus on performance, delivery and reliability: We provide products and solutions that perform effectively and reliably. We deliver on our commitments, keep our promises, and are accountable to our customers and to one another. We treat the company as if we own it.

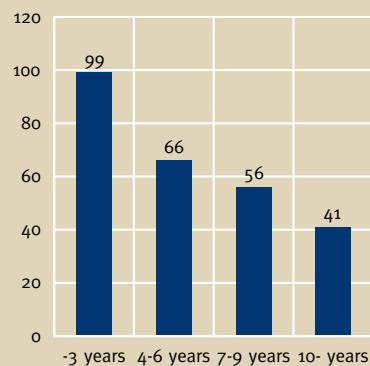
We are business and opportunity-minded: At Biotage, we welcome ideas and the changes they bring. We strive to maintain a culture where questions give rise to solutions. We value creativity and are forward-thinking; we seize opportunity.

We care about one another: We consider how our actions will impact one another. At Biotage, we believe that each individual in the company adds value, and we treat each other with dignity and respect.

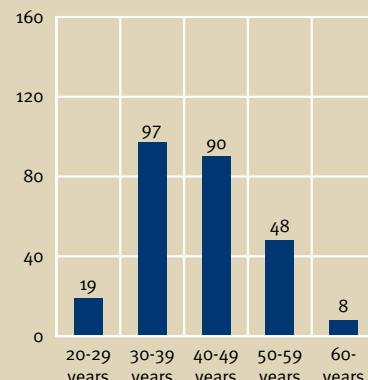
Personnel categories Number of persons



Length of employment Number of persons



Age distribution Number of persons



The Biotage Share

The Biotage share was first listed on June 30, 2000. Today, Biotage's shares are listed on the Nasdaq OMX Stockholm Small Cap list under the name of Biotage (BIOT).

Share capital in Biotage at December 31, 2010 totaled SEK 88,486,320 divided by 88,486,320 shares with a quota value of SEK 1. Each share has one vote.

Share price trends

In 2010, the share price fell by 6 percent from SEK 7.10 to SEK 6.70. During the same period, the OMXSPI rose by 23 percent. The highest price paid for the share in 2010 was SEK 8.25 and was reported on June 11. The lowest price paid for the share was SEK 6.35 and was reported on December 27. At the end of 2010, Biotage's market value totaled SEK 593m.

In 2010, a total of 38.9 million shares were traded for a value of SEK 281.1m, corresponding to an annual trading turnover of 44 percent.

Shareholders

The number of shareholders in Biotage at December 31, 2010 was 6,255 (7,393). The 15 largest shareholders accounted for 59.3 percent of the capital and 55.0 percent of the votes. The proportion of non-Swedish shareholders was 14.0 percent of the capital and 15.6 percent of the votes. The difference between the capital proportion and the vote proportion is due to the

shares that Biotage bought back and now holds having been made passive from a voting respect.

Option programs

The Parent Company has two outstanding option programs aimed at employees in the Group. The number of outstanding options is 514,800, which with full utilization entitles the holders to subscribe for 514,800 shares with a corresponding number of votes in Biotage AB. The subscription price differs between the programs, with SEK 11.83 for the first program and SEK 16.64 for the second program. The last day of the subscription periods also differs between the programs, with February 21, 2013 for the first program and February 15, 2014 for the second program. The terms of the option programs are stated in the Accounting and Valuation Principles, note 6, on pages 48-49.

Buy-back of shares

The Annual General Meeting of Shareholders held on April 27, 2009 resolved to authorize the board of directors to decide on the acquisition and transfer of the Company's own shares up and until the next Annual General Meeting of Shareholders so that Biotage's total holding of



own shares reaches a maximum of 10 percent of the total number of the Company's shares. This authorization was extended at the Annual General Meeting of Shareholders held in 2010. The purpose of the buy-back program is to enable the board to adapt and improve the Company's capital structure and thereby increase shareholder value.

The repurchase of shares has taken place on the NASDAQ OMX Stockholm at a price within the price-interval recorded at any time. No shares have been further sold. On December 31, 2010 the Company held 8,848,632 own shares that have been acquired for a total amount of SEK 64.3m. The average price was SEK 7.27. The repurchase authorization has thereby been fully exercised. The board of directors has announced that it intends to propose to the forthcoming Annual General Meeting of Shareholders that it be resolved to withdraw the repurchased shares.

Dividend

For fiscal year 2010, the board of directors of Biotage AB recommends a dividend of SEK 0.25 per share (0.20).

Shareholder categories as of December 30, 2010

| Shareholder | Number of shares | Proportion of capital % | Proportion of votes % |
|---------------------------------------|------------------|-------------------------|-----------------------|
| Swedish shareholders > 500 shares | 75,545,678 | 85.4 | 83.8 |
| of which: | | | |
| Mutual funds | 6,689,247 | 7.6 | 8.4 |
| Market-listed companies | 12,508,093 | 14.1 | 4.6 |
| Private companies | 15,539,629 | 17.6 | 19.5 |
| Insurance company | 1,198,493 | 1.4 | 1.5 |
| Investment companies | 8,969,307 | 10.1 | 11.3 |
| Pension fund investors | 4,562,267 | 5.2 | 5.7 |
| Swedish private individuals | 24,749,400 | 28.0 | 31.1 |
| Other | 1,329,242 | 1.4 | 1.7 |
| Non-Swedish shareholders > 500 shares | 12,428,189 | 14.0 | 15.6 |
| Shareholders < 500 shares | 512,453 | 0.6 | 0.6 |
| Total: | 88,486,320 | 100.0 | 100.0 |

The 15 largest shareholders as of December 30, 2010

| Ägare | Number of shares | Proportion of capital % | Proportion of votes % |
|--|------------------|-------------------------|-----------------------|
| Biotage AB (through repurchase) | 8,848,632 | 10.0 | — |
| Investor AB | 7,629,307 | 8.6 | 9.6 |
| Anders Walldov and company | 7,000,000 | 7.9 | 8.8 |
| Ove Mattsson (through endowment insurance) | 6,283,531 | 7.1 | 7.9 |
| Länsförsäkringar fondförvaltning | 3,852,273 | 4.4 | 4.8 |
| Home Capital AB | 3,659,461 | 4.1 | 4.6 |
| Varenne AB | 3,397,013 | 3.8 | 4.3 |
| Fourth Swedish National Pension Fund (AP4) | 2,449,002 | 2.8 | 3.1 |
| Mathias Uhlén and company | 2,117,493 | 2.4 | 2.7 |
| Ribbskottet AB | 1,500,000 | 1.7 | 1.9 |
| Traction AB | 1,340,000 | 1.5 | 1.7 |
| Nordea funds | 1,333,672 | 1.5 | 1.7 |
| DFA funds USA | 1,110,560 | 1.3 | 1.4 |
| Pål Nyrén | 1,011,110 | 1.1 | 1.3 |
| Skandia Liv | 978,645 | 1.1 | 1.2 |
| Total | 52,510,699 | 59.3 | 55.0 |

Shareholders by size of holdings as of December 30, 2010

| Size classes | Number of shares | Proportion of capital % | Proportion of votes % |
|------------------|------------------|-------------------------|-----------------------|
| 1 - 500 | 2,633 | 0.6 | 0.6 |
| 501 - 1,000 | 1,194 | 1.2 | 1.3 |
| 1,001 - 10,000 | 2,020 | 8.1 | 9.1 |
| 10,001 - 100,000 | 343 | 10.6 | 11.8 |
| 100,001 - | 65 | 79.5 | 77.2 |
| Total | 6,255 | 100.0 | 100.0 |

Operational risks

Customers and markets

The Company has a broad customer-base in the pharmaceutical sector, scientific research, and clinical research in the healthcare sector. An increasing number of new customers are being added within the analytical chemistry product area, which also has the largest growth potential for the Group's sales.

The customer structure consists to a significant degree of the world's leading pharmaceutical companies and scientific institutions, and no customer represents more than five percent of sales, thus reducing the risk for dependence on grants for academic research or in the customer-base in general. New or cheaper products from rivals could, however, affect the Company's market position.

Biotage counters these risks by seeking to establish the broadest usage area possible for its products, aiming to reach many customer segments so that each customer's relative proportion of sales revenues is limited. Furthermore, Biotage endeavors to run its operations as cost-effectively as possible in order to compete successfully with its prices. Biotage does not have any seasonal fluctuations that affect the Group's sales.

Products and technologies

The Company has a broad product portfolio, thereby reducing overall sensitivity to product lifecycles and global economic fluctuations. New biotechnologies take a relatively long time to establish, and competition from potential new technologies therefore represents a limited risk in the short term. However, Biotage cannot guarantee that others will not develop products based on new technologies, which would reduce the

competitiveness of the Company's products or make them completely redundant.

Biotage meets these risks by broadening its product range and marketing new products with both advantageous pricing and new or improved performance.

Production

The production of systems and instruments takes place at the Company's contracted manufacturers in Sweden and the United States, as well as consumables at the factories in Cardiff, Wales and Lund, Sweden. These facilities have the capacity, relatively quickly, to substantially increase production of all of the Group's products. The dependence on external production capacity can increase the risk of delays or non-deliveries. However, Biotage does not believe that the risk is greater than if the Group were to place all production at its own facilities.

Biotage handles these risks by designating special staff to closely monitor how suppliers are able to fulfill their obligations, with respect to both product quality and agreed delivery times.

Personnel

Biotage has a large number of key employees who are highly skilled, committed and motivated, and who have developed strong customer relations. The Company conducts research and development of new products, which means that Biotage is strongly dependent on its ability to attract and retain qualified personnel. It is therefore important that the Company can offer competitive terms of employment. If Biotage fails to recruit and retain skilled personnel, it could become difficult to fulfill the Company's business strategies.

Biotage meets these risks by offering its employees significant influence over the Group's product range and their own tasks, as well as offering ample opportunity for personal development through training and further education.

Competitors

Biotage believes that the Company's products are competitive. However, competition on the market is tough, and in certain cases Biotage is competing against larger and more established companies with substantially greater financial and industrial resources at their disposal. It cannot be ruled out that this competition may lead to lower market shares and profitability for Biotage in the future.

The Company meets these risks by offering its purchasers a major market presence and greater commitment and focus on customers' needs than its competitors.

Intellectual property rights

Biotage depends on non-patented company secrets, know-how and continuous technological inventions, and its ability to obtain and keep patents to protect the Group's technology and products. Biotage continuously applies for patent protection for the methods and products the Company develops. If Biotage fails to protect its patents, company secrets, know-how or technologies, or if the rights do not offer sufficient protection against rivals, the Company's competitive position could be undermined, thereby negatively impacting the value of the Company's current and future products. Should a party claim that the Company's inventions or use of technologies infringe on that party's intellectual property rights, the Company could be liable for damages if patent infringement were proven.

The Company could also need to initiate legal proceedings to defend its intellectual property rights. The result of such a process is uncertain. Even if Biotage were to win such a case, the process would be time-consuming and costly and would require much of management's time and attention.

Biotage addresses these risks by monitoring the development of new products and methods in the Group's environment and by maintaining good technical and legal competence within its own organization.

Financial risks

In accordance with the provisions of IFRS 7, a report on the Group's financial risks and risk management is provided on pages 46-47.

In short, these risks include currency risks, interest risks, credit risks, liquidity risks and refinancing risks.

The currency risk constitutes the most significant financial risk, while interest risks and credit risks weigh less heavily.

The currency risk lies in that the Group's sales revenues and operating costs do not match each other. A considerably larger proportion of the Group's revenues are related to foreign currencies than its operating costs, which are paid to a large degree in Swedish kronor.

In order to reduce the currency risk, some of the net flows are forward-covered.

Furthermore, the Parent Company has, through acquisitions, invested in subsidiaries in the United States, Great Britain, Germany, Switzerland and Japan. As a result of these investments, the Group's equity is affected by fluctuating exchange rates in relation to these countries' currencies.

Liquidity risk is the risk that a financial investment or other asset cannot quickly be converted at the market price, and may consequently create unforeseen costs due to the unavailability of cash funds in foreseen or unforeseen circumstances.

Biotage's financial position is satisfactory with an equity ratio of 82 per cent. The Company's liquid assets and current investments amounted to SEK 179.6m on the reporting date. The current investments have a short tenor and were made in Treasury bills or instruments that are equally realizable.

Biotage's loans at fiscal year-end amounted to only SEK 6.8m.

The cash flow statements for 2009 and 2010 show adequately positive cash flow from operating activities, which ensures fulfillment of the obligations related to the current scope of operations.

Biotage thereby does not currently face any tangible liquidity or financing risk where the Company's expansion could become dependent on credit or owner investments where the position lies outside the Group's control.

Biotage addresses these risks in the long-term by focusing strongly on operating profit, the financial position and positive cash flow from operating activities. In the long-term, this will create the conditions required for organic growth and confidence among shareholders and creditors, who can provide access to financial resources for structural transactions aimed at growth.

Net sales by foreign currency

| Amounts in SEK thousands | 2010 | | % distribution | 2009 | | % |
|-----------------------------|-------------|---------|-------------------|-------------|---------|-----|
| | In currency | In SEK | | In currency | In SEK | |
| EUR | 10,387 | 99,109 | 23 | 8,583 | 91,177 | 23 |
| USD | 28,856 | 207,901 | 48 | 25,395 | 193,718 | 49 |
| GBP | 4,384 | 48,770 | 11 | 4,157 | 49,434 | 13 |
| JPY | 720,976 | 59,271 | 14 | 580,116 | 47,444 | 12 |
| SEK | 13,874 | 13,874 | 3 | 12,350 | 12,350 | 3 |
| Total | | 428,926 | 100 | | 394,123 | 100 |

Sensitivity analysis regarding changes in sales revenues, gross margins and operating expenses

| Change in: | By % | Affects earnings by SEK 000 |
|----------------------------|------------------------|-----------------------------|
| Net sales (volume changes) | +10/-10 | 25,626 -25,626 |
| Net sales (price changes) | +10/-10 | 42,893 -42,893 |
| Gross margin | +1/-1 percentage point | 4,289 -4,289 |
| Operating expenses | +10/-10 | -23,089 23,089 |

Five Years in Summary

| Key figures and ratios | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|---------|-----------|-----------|---------|---------|
| <i>Group</i> | | | | | |
| Net sales, SEK 000 | 428,926 | 394,123 | 385,295 | 397,568 | 430,043 |
| Growth in net sales, % | 8.8 | 2.3 | -3.1 | -23.5 | 20.7 |
| Gross profit, SEK 000 | 256,263 | 225,098 | 224,457 | 239,861 | 255,310 |
| Gross margin, % | 59.7 | 57.1 | 58.3 | 60.3 | 59.4 |
| Operating margin, % ¹⁾ | 6.0 | -2.6 | 7.1 | 4.2 | -1.1 |
| Profit margin, % ¹⁾ | 6.2 | -1.7 | 6.1 | 5.0 | 2.0 |
| Profit before tax, SEK 000 ¹⁾ | 25,936 | -8,999 | 27,672 | 14,260 | -4,929 |
| Total assets, SEK 000 | 693,427 | 1,227,390 | 1,299,012 | 988,599 | 917,265 |
| Equity/assets ratio, % | 81.9 | 88.7 | 86.6 | 80.5 | 77.7 |
| Proportion of risk-bearing capital, % | 81.9 | 88.7 | 86.6 | 80.5 | 77.7 |
| Capital expenditure, SEK 000 | 176,236 | 39,958 | 24,743 | 30,411 | 43,099 |
| Average number of employees | 263 | 268 | 323 | 336 | 341 |
| Debt/equity ratio, % | 1.2 | 3.5 | 4.2 | 9.0 | 11.5 |
| Interest coverage ratio, times ¹⁾ | 33.8 | -3.0 | 8.2 | 3.6 | 1.4 |
| Return on equity, % ¹⁾ | 2.3 | -0.9 | 3.2 | 6.8 | 0.4 |
| Return on capital employed, % ¹⁾ | 3.2 | -0.6 | 3.1 | 2.4 | 2.4 |
| Return on total assets, % ¹⁾ | 2.8 | -0.5 | 2.8 | 2.1 | 2.1 |
| <i>Data per share</i> | | | | | |
| Earnings, SEK/share ¹⁾ | 0.41 | 0.15 | 3.38 | 0.58 | -0.09 |
| Earnings after dilution, SEK/share ¹⁾ | 0.41 | 0.15 | 3.38 | 0.58 | -0.09 |
| Dividend, SEK/share ²⁾ | 0.20 | 0.20 | 0.20 | 0 | 0 |
| Stock market price at end of period, SEK/share | 6.70 | 7.10 | 5.10 | 8.60 | 13.30 |
| Equity, SEK/share | 6.42 | 12.31 | 12.71 | 9.00 | 8.05 |
| Equity per share, after dilution, SEK/share | 6.42 | 12.31 | 12.70 | 8.95 | 8.01 |
| Price/book value per share, SEK/share | 6.42 | 12.31 | 12.68 | 8.99 | 8.05 |
| Price/book value per share, after dilution, SEK/share | 6.42 | 12.31 | 12.67 | 8.93 | 8.01 |
| P/E ratio, times ¹⁾ | 16.8 | 46.5 | 14.5 | 14.9 | 417.9 |
| P/S ratio, times | 1.4 | 1.6 | 1.2 | 1.9 | 2.7 |
| Cash flow from operations, SEK/share | 0.39 | 0.45 | 0.62 | 0.40 | 0.45 |
| Weighted average number of shares, thousands ³⁾ | 83,528 | 88,263 | 88,486 | 88,486 | 88,486 |
| Weighted average number of shares, after dilution, thousands ³⁾ | 83,528 | 88,263 | 88,541 | 89,015 | 88,884 |
| Total number of shares outstanding at end of period, thousands ³⁾ | 88,486 | 88,486 | 88,486 | 88,486 | 88,486 |
| Total number of shares outstanding at end of period, thousands, after dilution ³⁾ | 88,486 | 88,486 | 88,486 | 88,986 | 88,986 |

¹⁾ Amount/percentage does not include the Group's goodwill write-down of SEK 444.5m charged to operating profit for 2010.

²⁾ The Board proposes that the AGM adopt a dividend of SEK 0.25 per share for the fiscal year 2010.

³⁾ In 2009 and 2010, the Parent Company Biotage AB repurchased 8,848,632 of the Company's own shares, which has affected the average number of shares outstanding. The number of shares at December 31, 2010, includes the repurchased shares, as these are still in the Company's possession.

Definitions

Gross margin, %

Gross profit divided by net sales.

Earnings per share

Net profit for the year divided by the average number of shares outstanding.

Equity/assets ratio

Equity divided by total assets.

Debt/equity ratio

Interest-bearing liabilities divided by equity.

Interest coverage ratio

Profit after financial items plus finance costs divided by finance costs.

Return on equity

Net profit for the year divided by average equity.

Return on capital employed

Profit after financial items plus finance costs divided by average capital employed.

Return on total assets

Profit after financial items plus finance costs divided by average total assets.

Capital employed

Total assets minus non-interest-bearing liabilities and provisions. Average capital employed is the sum of capital employed at the beginning and end of the fiscal year divided by two.

Total assets

Average total assets is the sum of total assets at the beginning and end of the fiscal year divided by two.

Proportion of risk-bearing capital

The total of equity and deferred tax liabilities in untaxed reserves divided by total assets. As the Group has no untaxed reserves, the proportion of risk-bearing capital is the same as the equity/assets ratio.

Earnings per share

Net profit for the period divided by the average number of shares during the period. As loss per share would decline in the case of diluted earnings per share as a result of outstanding options, earnings per share is calculated without reference to dilution.

Equity per share

Equity divided by the number of shares outstanding at the end of the period.

Price/book value per share

Equity plus or minus the difference between fair value (market value) and the carrying amount (book value) of assets and liabilities, plus or minus deferred tax assets or liabilities.

P/E ratio

Share price divided by earnings per share.

P/S ratio

Stock market price divided by sales per share outstanding at the end of the period. For parts of a year, sales are calculated on a straight-line basis to provide a full-year figure.

Cash flow from operations per share

Cash flow from operating activities divided by the number of shares outstanding at the end of the period.

Operating margin

Operating profit/loss divided by sales.

Profit margin

Operating profit/loss plus finance income divided by sales.



Directors' report

Biotage AB (556539-3138)

About the Company

Biotage is a global company active within bio-scientific research with strong technologies, broad activities and a long-term view of the market. The Company offers solutions, know-how and experience within analytical chemistry and medicinal chemistry. Promising products for the separation and purification of substances in large-scale production are being evaluated. Biotage's customers include the world's largest pharmaceutical and biotechnological companies as well as leading academic institutions. Biotage AB, headquartered in Uppsala, Sweden, is the Parent Company of the Group. The Biotage Group is composed of wholly-owned subsidiaries in Sweden, Great Britain, Germany, France, Italy, the United States and Japan.

Important events during the year

Acquisition of MIP Technologies AB

On April 30, Biotage acquired all shares in MIP Technologies AB, a company that works within the interface between chemistry and materials science. Since its foundation in 2000, the company has developed pioneering technologies and solutions within the separation area through using molecularly imprinted polymers (MIP) and other new polymer technologies. The company provides unique solutions for several large multinational companies within the food and drink industry, and develops new analytical products for food, the environment, veterinary and pharmaceutical laboratories, including several of the largest state-owned laboratories that control the presence of impurities and additives in food and health products.

MIP fits extremely well into Biotage's continued expansion and diversification to markets outside the medicinal chemistry area, and will also strengthen the Company's offering within Sample Preparation.

The initial purchase consideration corresponded to a company value of SEK 16m. MIP Technologies' activities also include research projects commissioned by a number of industrial customers, which in the long-term could lead to the delivery of products in commercial volumes. The outcome of these projects is covered by the agreement regarding the purchase

consideration with the vendors of MIP Technologies. MIP Technologies has 17 employees and reported total sales of SEK 13m in 2009. MIP Technologies has been consolidated with the Biotage Group as of April 30, 2010.

Growing demand within peptide synthesis

Biotage entered into a collaboration agreement in the first quarter 2009 with the German company MultiSynTech GmbH. This partnership embraces the distribution of MultiSynTech's current system for peptide synthesis and a project regarding microwave-aided peptide synthesis. Sales and the projects have developed positively, and Biotage launched an instrument for parallel and microwave synthesis in the first quarter 2010.

Acquisition of SPE and Evaporation products from Caliper Life Sciences, Inc.

Biotage has acquired the RapidTrace® and TurboVap® product lines with related assets from Caliper Life Sciences, Inc. for USD 16.5m (SEK 128.2m). RapidTrace® SPE Workstation is an automated, modular and scaleable platform for solid-phase extraction with high capacity. A collaboration agreement with Caliper has recently resulted in the RapidTrace® product becoming totally compatible with Biotage's ISOLUTE® columns for SPE.

The TurboVap® line of evaporation products is composed of computer-controlled systems that enable unmonitored and automated evaporation and the completion of tests. The TurboVap® line is a logical expansion and complement to Biotage's existing product line within evaporation, V-10.

Eight people from Caliper have been employed by Biotage. The operations have been consolidated as of May 25, 2010.

Sale of Biotage's premises in Charlottesville, Virginia

Biotage announced on January 22, 2009 that the Company had decided, as part of the ongoing rationalization process, to move the manufacture of the Company's products from Charlottesville, Virginia to contracted manufacturers and to its own factory in Cardiff, Wales. The transfer of these operations was completed at the beginning of 2010.

The premises in Charlottesville were sold in January for SEK 39.9m (USD 5.5m), resulting in a minor loss of SEK 0.6m (USD 0.1m). The Company received a net cash inflow of SEK 9.5m (USD 1.3m) after related transaction costs and the redemption of loans.

Patent dispute in the United States

As previously announced, Biotage is being sued for patent infringement in the United States. The lawsuit was filed by Scientific Plastic Products, Inc. and concerns the U.S. patent numbers 7,138,061, 7,381,327 and 7,410,571.

Biotage subsequently submitted an application to the U.S. Patent and Trademark Office with a request to re-examine the validity of all patent claims in the patents concerned. In parallel, Biotage has submitted a request that the infringement case at the district court be stayed pending the outcome of the re-examination proceedings. The court granted Biotage's request.

In March 2011, the U.S. Patent and Trademark Office declared invalid



all patent claims in U.S. patent 7,381,327. The decision can be appealed. Decisions regarding the other two patents are expected during the current year. For the time-being, there is no reason to reappraise Biotage's initial analysis of the factual matter. Biotage continues to believe that the counter-party lacks reason for the alleged patent infringement.

Additional purchase consideration for the Biosystems business area

In the fourth quarter 2008, Qiagen acquired the assets and certain liabilities of the Biosystems business area as well as Biotage's shares in Corbett (17.5 percent) at an initial purchase consideration of USD 53m. Under the provision that certain sales targets be achieved, additional purchase considerations totaling a maximum of USD 7m would be paid to Biotage during the period from Qiagen's possession of the operations up to December 31, 2012. In the fourth quarter 2008, Biotage achieved the goal for the first additional purchase consideration in the amount of USD 500k. For fiscal year 2009, Biotage received a further USD 3,239k in additional purchase consideration, and for fiscal year 2010 an even further USD 2,206k in additional purchase consideration.

In total, Biotage has thereby received USD 5,945k implying that a further maximum of USD 1,055k may be received up to 2012.

Decision regarding buy-back of own shares

The Annual General Meeting of Shareholders held on April 27, 2009 resolved to authorize the board of directors to decide on the acquisition and transfer of the Company's own shares up and until the next Annual General Meeting of Shareholders so that Biotage's total holding of own shares reaches a maximum of 10 percent of the total number of the Company's shares. This authorization was extended in 2010. The purpose of the buy-back program is to enable the board to adapt and improve the Company's capital structure and thereby increase shareholder value. The repurchase of shares has taken place on the NASDAQ OMX Stockholm at a price within the price-interval recorded at any time.

No shares have been further sold. On December 31, 2010 the Company held 8,848,632 own shares that been acquired for a total amount of SEK 64.3m. The average price was SEK 7.27. The repurchase authorization has thereby been fully exercised. The board of directors has announced that it intends to propose to the forthcoming Annual General Meeting of Shareholders that it be resolved to withdraw the repurchased shares.

Income and cash flow

The Group's net sales amounted to SEK 428.9m, compared to SEK 394.1m for the year 2009, representing an increase of 9 percent. When stated at comparable rates of exchange, sales rose by 16 percent.

The United States accounted for 39 percent of total sales, the European Union for 37 percent, and the rest of the world for 24 percent.

The Group's gross margin was 59.7 percent (57.1). The rise in the gross margin is mainly attributable to an improved product mix with an increase in sales of instruments with a higher margin.

Operating costs amounted to SEK 230.6m (235.2).

The operating profit, excluding write-down of goodwill, was SEK 25.7m (-10.1).

Profit after tax, excluding write-down of goodwill, amounted to SEK 34.2m (13.5).

Cash flow from operating activities amounted to SEK 57.6m (36.2).

Balance-sheet items and financial position

The Group's liquid assets and current investments amounted at December 31, 2010 to SEK 179.6m, compared with SEK 364.9m on December 31, 2009. The Group's interest-bearing liabilities amounted to SEK 6.8m, compared with SEK 37.7m on December 31, 2009.

Biotage reports total goodwill of SEK 473.7m as of December 31, 2010, which pertains essentially to the acquisitions of the subsidiaries Personal

Chemistry, Biotage, Argonaut and Separtis. In view of weak developments for major pharmaceutical companies in recent years, uncertainty has increased regarding the sales trends of this customer group, particularly for instruments. The board of directors has therefore decided to appraise developments within this area as having a higher risk and has therefore written down the Company's goodwill by SEK 444.5m.

The Group reports total goodwill of SEK 104.8m (473.7) as of December 31, 2010. The change is partly attributable to the acquisition of MIP Technologies and Caliper's product lines (SEK 103.2m), the above write-down (SEK -444.5m), and effects of differences in currency rates (SEK -27.6m).

Other intangible non-current assets in the form of patents and license rights amounted to SEK 50.6m (12.0) and capitalized development costs of SEK 57.5m (49.9).

Equity at December 31, 2010 was SEK 567.9m, compared with SEK 1,089.0m at December 31, 2009. The decrease in equity is attributable to the net loss for the year (SEK -410.2m), repurchase of the Company's own shares (SEK -54.2m), dividend to shareholders (SEK -17.3m) and effects of differences in currency rates (SEK -39.4).

Investments

Investments during the year totaled SEK 176.2m (40.0), of which SEK 19.1m (22.1) pertained to capitalized development costs. Acquisitions of companies and product lines represented SEK 144.1m of the investments.

Depreciation and amortization amounted to SEK 34.9m (35.3), of which SEK 18.4m (16.7) was the amortization of capitalized development costs.

Discontinued operations

The profit after tax for discontinued operations was SEK 15.0m (23.3). For 2010, this amount pertains to the additional purchase consideration from Qiagen, as it also did primarily in 2009.

Research and development

Biotage's strategy for research and development is clearly market-oriented. Efforts are mostly aimed at developing new products by improving existing technology and adding new functionality. During the year, Biotage invested 9.4 percent of net sales in research and development before capitalization. The Company's long-term goal is to reach a research and development investment level of about 10 percent of sales revenue.

Intellectual property rights

Biotage uses its intellectual property rights (intangible rights) as a commercial instrument to create and secure competitive advantages. Patent protection is sought for all strategically important results, including processes, synthesis and analysis methods, products and applications. In addition to filing patent applications, the Company seeks to register its intangible rights in the form of design patents and trademarks. Biotage continuously evaluates its own portfolio of intangible rights based on a cost-benefit perspective. The Company actively monitors events and third

party intellectual property rights to ensure that Biotage does not infringe on the rights of others, and that other parties do not infringe on the rights of the Company. Biotage currently has 179 registered patents as well as 39 patent applications pending divided into 41 patent families. During the year, 5 new patents were granted, and 7 new patent applications were submitted.

Personnel

The Group had 272 employees at December 31, 2010 compared with 245 employees at the beginning of the year. The increase in number of employees is mainly attributable to personnel from the acquisition of MIP Technologies AB in Lund and the staff taken over following the Caliper acquisition.

Environment

Biotage has a low environmental impact in its production because it does not have any manufacturing processes. The Company's production consists primarily of the assembly and installation of components, and complies with the European Union's RoHS Directive.

Risks

The Company has a broad customer-base in the pharmaceutical sector, scientific research, and clinical research within the healthcare sector. Three-quarters of the customer structure is mainly associated with the world's leading pharmaceutical companies, and no customer represents more than ten percent of sales, thus reducing the risk of dependence on fluctuations in grants for academic research or in the customer-base in general. The Company does, however, have customers that represent a rather significant proportion of its sales, and the Company is exposed to serious competition from other companies with greater marketing and distribution capacity, as well as greater financial resources. This could affect the customer-base and Biotage's market position negatively, particularly if one of the larger customers were involved. Furthermore, new or cheaper products from rivals could also negatively affect the Company's market position. A more detailed description is set forth on pages 24-25, where the following risk areas are described:

- Customers and market
- Products and technologies
- Production
- Personnel
- Competitors
- Intellectual property rights
- Financial risks

In accordance with the provisions of IFRS 7, a report of the Group's financial risks and risk management is provided on pages 46-47.

In short, these risks include:

- Currency risk
- Interest risk
- Credit risk
- Liquidity and refinancing risk

The currency risk comprises the most significant financial risk, while interest risks and credit risks are given minor or insignificant importance. The currency risk lies in that the Group's sales revenues and operating costs do not match each other. A considerably larger proportion of the Group's revenues are related to foreign currencies than its operating costs, which are paid to a large degree in Swedish kronor. In order to reduce the currency risk, some of the net flows are forward-covered.

Parent Company

The Group's Parent Company, Biotage AB, has wholly-owned subsidiaries in Sweden, the United States, Great Britain, Germany, France, Italy and Japan. The Parent Company is responsible for Group management, strategic business development and administrative functions at Group and subsidiary level.

The Parent Company's net sales amounted to SEK 1.5m (1.5) in the fourth quarter and SEK 6.2m (6.1) for the full year 2010.

The loss after financial items was SEK -289.6m (profit: 24.2) in the fourth quarter, and SEK -297.9m (profit: 43.1) for the full year 2010. The loss figures for both the fourth quarter and the full year 2010 are attributable to the write-down of shares in and receivables with subsidiaries in the amount of SEK 306.0m.

The Parent Company's investments in intangible non-current assets amounted to SEK 9.8m (0.1) in the fourth quarter and SEK 138.1m (0.9) for the full year 2010.

The Parent Company's liquid assets and current investments were SEK 106.6m at December 31, 2010 and SEK 330.0m at December 31, 2009.

The Biotage share

Biotage has a total of 88,486,320 shares, and following the completed buy-back program there were 8,848,632 shares (10 percent) in own custody. The Company's shares each give the right to one vote, and the Articles of Association do not contain any restrictions with regard to the number of shares a shareholder may vote for at general meetings. Neither are there any restrictions as to the share's transferability. The Company is not aware in this regard of any agreements that may exist between shareholders.

Proposed principles and guidelines for remuneration of senior executives

The principles and guidelines resolved at the Annual General Meeting of Shareholders held in 2010 and the proposals of the board of directors to the Annual General Meeting of Shareholders to be held in 2011 are set forth on pages 53-54.

Significant events after the reporting date

No events of a significant nature can be reported for the period after the reporting date up until the publication of this Annual Report.

Proposed appropriation of income

The Parent Company holds the following amounts at the disposal of the Annual General Meeting of Shareholders:

| | |
|-----------------------------------|--------------|
| Retained earnings brought forward | 833,833,645 |
| Fund for fair value | -46,928,791 |
| Loss for the year | -301,050,850 |
| Total | 485,854,004 |

The board of directors and the chief executive officer propose that the above amount be appropriated as follows:

| | |
|---|-------------|
| Payment of a dividend to shareholders of SEK 0.25 per share | 19,909,422 |
| Carried forward to retained earnings | 465,944,582 |
| Total | 485,854,004 |

The recommended dividend reduces the Parent Company's equity ratio by 0.8 percentage points calculated at December 31, 2010.

The board of directors proposes that the record date be Monday, May 2, 2011 as payment of the dividend is planned to take place on Thursday, May 5, 2011.

The equity ratio is satisfactory in view of the fact that the Group's operations are expected to continue to be profitable. It is deemed that liquidity within the Group can be maintained at a similarly satisfactory level. The board of directors is of the opinion that the recommended dividend does not prevent the Company from fulfilling its commitments and obligations in the short and long-term or from making necessary investments. The recommended dividend can therefore be justified pursuant to Chapter 17, section 3, paragraphs 2-3 (known as the prudence rule) of the Swedish Companies Act.

The Group's and the Parent Company's earnings and financial position in general are set forth in the Group's statement of comprehensive income, statement of financial position and statement of cash flows, as well as the Parent Company's income statement, balance sheet, cash flow statement and summary of changes in equity, with related accounting principles and notes.

Consolidated Statement of Comprehensive Income

| Amounts in SEK thousands | | 12-31-2010 | 12-31-2009 |
|---|-------|-----------------|----------------|
| Net sales | 2 | 428,926 | 394,123 |
| Cost of sales | 4 | -172,662 | -169,025 |
| Gross profit | | 256,263 | 225,098 |
| Distribution costs | 2,8 | -145,275 | -132,297 |
| Administrative expenses | 2,6,8 | -45,949 | -61,020 |
| Research & development expenses | 2,8 | -39,662 | -34,130 |
| Other operating income | 3 | 7,825 | 10,951 |
| Other operating expenses | 9 | -7,503 | -18,725 |
| Goodwill impairment | 13 | -444,460 | - |
| Total operating expenses | | -675,024 | -235,221 |
| Operating profit | | -418,760 | -10,123 |
| Finance income | 10 | 1,028 | 3,367 |
| Finance costs | 10 | -791 | -2,243 |
| Profit before tax | | -418,524 | -8,999 |
| Income tax | 11 | -6,729 | -818 |
| Profit for the year from continuing operations | | -425,252 | -9,817 |
| Profit for the year from discontinued operations | 5 | 15,010 | 23,295 |
| Profit for the year | | -410,243 | 13,478 |
| Other comprehensive income | | | |
| Exchange differences from translation of foreign subsidiaries | | -39,298 | -22,467 |
| Cash flow hedges | | - | 1,042 |
| Total other comprehensive income | | -39,298 | -21,425 |
| Total comprehensive income for the year | | -449,541 | -7,948 |
| Profit for the year attributable to owners of the Parent | | -410,243 | 13,478 |
| Total comprehensive income attributable to owners of the Parent | | -449,541 | -7,948 |
| Average number of shares outstanding | | 83,527,613 | 88,262,934 |
| Average number of shares outstanding after dilution | | 83,527,613 | 88,262,934 |
| Ordinary shares outstanding at the reporting date | | *) 88,486,320 | 88,486,320 |
| Earnings per share | | -4.91 SEK | 0.15 SEK |
| Earnings per share after dilution | | -4.91 SEK | 0.15 SEK |
| Earnings per share relates to: | | | |
| Continuing operations | | -5.09 SEK | -0.11 SEK |
| Discontinued operations | | 0.18 SEK | 0.26 SEK |
| Total earnings per share | | -5.38 SEK | -0.09 SEK |
| Earnings per share after dilution | | -5.38 SEK | -0.09 SEK |

*) Biotage owns 8,848,632 (1,578,109) of the number of shares outstanding at December 31, 2010. The shares were purchased under the share buy-back mandate adopted at the annual general meetings on 04-27-2009 and 04-29-2010.

| Quarterly Summary for 2009 and 2010 | 2010 | | | | 2009 | | | |
|--|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Amounts in SEK thousands | | | | | | | | |
| Net sales | 116,093 | 109,467 | 103,502 | 99,863 | 99,519 | 90,602 | 104,411 | 99,591 |
| Cost of sales | -44,447 | -44,531 | -42,704 | -40,982 | -45,647 | -39,426 | -41,002 | -42,951 |
| Gross profit | 71,646 | 64,937 | 60,799 | 58,881 | 53,872 | 51,176 | 63,410 | 56,641 |
| Gross margin | 61.7% | 59.3% | 58.7% | 59.0% | 54.1% | 56.5% | 60.7% | 56.9% |
| Operating expenses | -507,515 | -60,094 | -53,166 | -54,248 | -50,304 | -49,154 | -57,435 | -78,328 |
| Operating profit | -435,869 | 4,843 | 7,633 | 4,633 | 3,568 | 2,022 | 5,975 | -21,687 |
| Net financial items | 186 | 347 | 102 | -399 | 680 | -253 | 379 | 317 |
| Profit before tax | -435,683 | 5,190 | 7,734 | 4,235 | 4,248 | 1,769 | 6,354 | -21,370 |
| Tax | -4,093 | -508 | -1,104 | -1,023 | 454 | -385 | -610 | -277 |
| Profit for the period, continuing operations | -439,776 | 4,682 | 6,630 | 3,211 | 4,702 | 1,384 | 5,744 | -21,647 |
| Profit for the period, discontinued operations | 15,010 | - | - | - | 23,361 | -152 | -263 | 349 |
| Profit for the period | -424,766 | 4,682 | 6,630 | 3,211 | 28,063 | 1,232 | 5,480 | -21,298 |

Consolidated Statement of Financial Position

| Amounts in SEK thousands | Note | 12-31-2010 | 12-31-2009 |
|---|------|----------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant & equipment | 12 | 35,330 | 41,915 |
| Goodwill | 13 | 104,791 | 473,661 |
| Other intangible assets | 14 | 108,064 | 61,970 |
| Financial assets | 15 | 2,670 | 2,293 |
| Deferred tax asset | 15 | 39,436 | 42,570 |
| Total non-current assets | | 290,291 | 622,409 |
| Current assets | | | |
| Inventories | 16 | 97,976 | 80,288 |
| Trade and other receivables | 17 | 125,587 | 121,228 |
| Cash & cash equivalents and short-term investments | | 179,573 | 364,902 |
| Total current assets | | 403,135 | 566,417 |
| Total assets of continuing operations | | 693,427 | 1,188,827 |
| Non-current assets held for sale | 5 | – | 38,564 |
| Total assets | | 693,427 | 1,227,390 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves attributable to owners of the parent | | | |
| Share capital | | 88,486 | 88,486 |
| Other paid-in capital | | 4,993 | 4,993 |
| Reserves | | -104,644 | -65,345 |
| Retained earnings | | 579,112 | 1,060,893 |
| Total equity | | 567,948 | 1,089,027 |
| Non-current liabilities | | | |
| Liabilities to credit institutions | 10 | 6,401 | 7,615 |
| Non-current provisions | 18 | 31,433 | 2,913 |
| Total non-current liabilities | | 37,834 | 10,528 |
| Current liabilities | | | |
| Trade and other payables | 19 | 82,180 | 92,615 |
| Tax liabilities | | 2,636 | 1,746 |
| Liabilities to credit institutions | 10 | 436 | 915 |
| Current provisions | 18 | 2,393 | 3,356 |
| Total current liabilities | | 87,645 | 98,632 |
| Total equity and liabilities for continuing operations | | 693,427 | 1,198,187 |
| Liabilities attributable to non-current assets held for sale | 5 | – | 29,204 |
| Total equity and liabilities | | 693,427 | 1,227,390 |
| Pledged assets | 21 | 107,452 | 147,760 |
| Contingent liabilities | 21 | – | – |

Consolidated Statement of Changes in Equity

| Amounts in SEK thousands | Share capital | Other paid-in capital | Translation reserve | Hedging reserve | Retained earnings | Total Equity |
|---|---------------|-----------------------|---------------------|-----------------|-------------------|------------------|
| Opening balance January 1, 2009 | 88,486 | 847,173 | -42,878 | -1,042 | 233,053 | 1,124,792 |
| Changes in equity in 2009 | | | | | | |
| Total comprehensive income for 2009 | – | – | -22,467 | 1,042 | 13,478 | -7,948 |
| Total non-owner changes in 2009 | 0 | 0 | -22,467 | 1,042 | 13,478 | -7,948 |
| Transactions with owners of the parent | | | | | | |
| Dividend to owners of the parent | | | | | -17,697 | -17,697 |
| Share buy-back by parent company ^{*)} | | | | | -10,120 | -10,120 |
| Distribution adopted by EGM, registered with Swedish Companies Registration Office | | | | | | |
| on February 11, 2009 | – | -842,180 | – | – | 842,180 | 0 |
| Closing balance December 31, 2009 | 88,486 | 4,993 | -65,345 | 0 | 1,060,893 | 1,089,027 |
| Changes in equity in 2010 | | | | | | |
| Total comprehensive income for 2010 | – | – | -39,298 | | -410,243 | -449,541 |
| Total non-owner changes in 2010 | 0 | 0 | -39,298 | 0 | -410,243 | -449,541 |
| Transactions with owners of the parent | | | | | | |
| Dividend to shareholders of the parent | | | | | -17,303 | -17,303 |
| Share buy-back by parent company ^{*)} | | | | | -54,235 | -54,235 |
| Closing balance December 31, 2010 | 88,486 | 4,993 | -104,644 | 0 | 579,112 | 567,948 |

^{*)} Share buy-back

At the annual general meeting held on April 27, 2009 the Board was granted a mandate to purchase and transfer the Company's own shares during the period up to the next annual general meeting, provided Biotage's total holding of its own shares did not exceed ten percent of the total number of shares. The annual general meeting held on April 29, 2010 extended the mandate until the 2011 AGM. The Company used the mandates to purchase a total of 8,848,632 shares between September 2009 and December 2010 at an average purchase price of SEK 7.27.

The number of repurchased shares corresponds to 10.0 percent of the number of issued shares. There were no sales of shares and the Board will propose to the 2011 AGM that the shares be canceled.

This will mean that the Board's mandate to repurchase the Company's shares is fully utilized.

Consolidated Statement of Cash Flows

| Amounts in SEK thousands | 2010 | 2009 |
|--|-----------------|----------------|
| Operating activities | | |
| Profit before tax | -418,524 | -8,999 |
| Adjustments for non-cash items | 486,232 | 34,470 |
| | 67,709 | 25,471 |
| Income tax paid | -6,077 | -818 |
| Cash flow from operating activities | | |
| before changes in working capital | 61,631 | 24,653 |
| <i>Cash flow from changes in working capital:</i> | | |
| Increase (-)/decrease (+) in inventories | -10,543 | 18,623 |
| Increase (-)/decrease (+) in trade receivables | -3,248 | -1,863 |
| Increase (-)/decrease (+) in other current receivables | 2,676 | -1,791 |
| Increase (+)/decrease (-) in other liabilities | -16,282 | 269 |
| Cash flow from operating activities | | |
| – continuing operations | 34,234 | 39,892 |
| Cash flow from operating activities | | |
| – discontinued operations | 23,361 | -3,644 |
| Cash flow from operating activities | 57,595 | 36,248 |
| Investing activities | | |
| Acquisition of intangible assets | -21,109 | -23,042 |
| Acquisition of property, plant & equipment | -10,333 | -16,257 |
| Acquisition of financial assets | -678 | -659 |
| Sale of property, plant & equipment | 39,884 | – |
| Sale of financial assets | 183 | – |
| Acquisition of companies and product lines (Note 4) | -144,116 | – |
| Cash flow from investing activities | | |
| – continuing operations | -136,169 | -39,958 |
| Cash flow from investing activities | | |
| – discontinued operations | – | – |
| Cash flow from investing activities | -136,169 | -39,958 |
| Financing activities | | |
| Dividend to shareholders | -17,303 | -17,697 |
| Repurchase of own shares | -54,235 | -10,120 |
| New borrowing | – | – |
| Repayment of borrowings | -31,402 | -6,669 |
| Cash flow from financing activities | | |
| – continuing operations | -102,941 | -34,486 |
| Cash flow from financing activities | | |
| – discontinued operations | – | – |
| Cash flow from financing activities | -102,941 | -34,486 |
| Cash flow for the year | -181,515 | -38,197 |
| Cash & cash equivalents and short-term investments at beginning of year | 364,902 | 404,991 |
| Exchange differences | -3,814 | -1,892 |
| Cash & cash equivalents and short-term investments at end of year | 179,573 | 364,902 |
| Additional disclosures: | | |
| <i>Adjustments for non-cash items:</i> | | |
| Depreciation and impairment | 482,467 | 35,332 |
| Other items | 3,766 | -862 |
| Total | 486,232 | 34,470 |
| Interest received | 1,028 | 3,367 |
| Interest paid | -791 | -2,243 |

Income Statement, Parent

| Amounts in SEK thousands | Note | 2010 | 2009 |
|---|-------------|-----------------|---------------|
| Net sales | 2 | 6,183 | 6,126 |
| Administrative expenses | 4,6 | -17,800 | -19,652 |
| Research & development expenses | 4,8 | -2,215 | -2,709 |
| Other operating income | 3 | 15,414 | 28,363 |
| Other operating expenses | 9 | -5,824 | -261 |
| Operating expenses, net | | -10,425 | 5,742 |
| Operating profit | | -4,242 | 11,867 |
| <i>Profit/loss from financial investments:</i> | | | |
| Interest income from receivables from group companies | | 14,343 | 15,226 |
| Interest expense from liabilities to group companies | | -1,868 | -1,910 |
| Profit/loss from investments in group companies | | -306,700 | 15,000 |
| Other interest and similar income | | 1,006 | 3,009 |
| Interest and similar expense | | -456 | -138 |
| Net finance income/expense | 10 | -293,675 | 31,187 |
| Profit/loss after financial items | | -297,916 | 43,054 |
| Income tax | 11 | -3,134 | - |
| Profit for the year | | -301,051 | 43,054 |

Statement of Comprehensive Income, Parent

| Amounts in SEK thousands | | 2010 | 2009 |
|---|--|-----------------|---------------|
| Profit for the year | | -301,051 | 43,054 |
| Other comprehensive income | | | |
| Exchange differences on translation of receivables from foreign subsidiaries | | -23,024 | -21,644 |
| Comprehensive income for the year | | -324,075 | 21,410 |

Balance Sheet, Parent

| Amounts in SEK thousands | Note | 12-31-2010 | 12-31-2009 |
|---|------|----------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| <i>Intangible assets</i> | | | |
| Patents and licenses | 14 | 5,574 | 6,196 |
| <i>Financial assets</i> | | | |
| Investments in group companies | 20 | 413,833 | 557,090 |
| Receivables from group companies | | 133,026 | 179,583 |
| Deferred tax asset | | 39,436 | 42,570 |
| | | 586,295 | 779,243 |
| Total non-current assets | | 591,869 | 785,439 |
| Current assets | | | |
| <i>Current receivables</i> | | | |
| Receivables from group companies | | 87,788 | 62,565 |
| Other receivables | 17 | 808 | 2,054 |
| Prepayments and accrued income | 17 | 16,695 | 25,463 |
| | | 105,291 | 90,082 |
| <i>Cash, bank deposits and short-term investments</i> | | 106,619 | 330,038 |
| Total current assets | | 211,910 | 420,121 |
| Total assets | | 803,779 | 1,205,559 |
| EQUITY, PROVISIONS AND LIABILITIES | | | |
| Equity | | | |
| <i>Restricted equity</i> | | | |
| Share capital | | 88,486 | 88,486 |
| <i>Unrestricted equity</i> | | | |
| Fair value reserve | | -46,928 | -23,904 |
| Retained earnings | | 833,833 | 847,526 |
| Profit for the year | | -301,051 | 43,054 |
| | | 485,854 | 866,676 |
| Total equity | | 574,340 | 955,163 |
| Provisions | | 28,799 | – |
| <i>Current liabilities</i> | | | |
| Trade payables | 19 | 714 | 1,067 |
| Liabilities to group companies | | 195,051 | 245,827 |
| Other current liabilities | 19 | 397 | 390 |
| Accruals and deferred income | 19 | 4,476 | 3,111 |
| | | 200,639 | 250,395 |
| Total equity and liabilities | | 803,779 | 1,205,559 |
| Pledged assets | 21 | 22,500 | 22,500 |
| Contingent liabilities | 21 | – | – |

Statement of Changes in Equity, Parent

| Amounts in SEK thousands | Share capital | Statutory reserve | Fair value reserve | Retained earnings | Total equity |
|--|----------------------|--------------------------|---------------------------|--------------------------|---------------------|
| Opening balance January 1, 2009 | 88,486 | 842,180 | -2,260 | 33,150 | 961,556 |
| Changes in 2009 | | | | | |
| Distribution as adopted by extraordinary general meeting | – | -842,180 | – | 842,180 | 0 |
| Distribution as adopted by annual general meeting: | | | | | |
| Dividend to shareholders of the parent | – | – | – | -17,697 | -17,697 |
| Share buy-back *) | – | – | – | -10,120 | -10,120 |
| Group contributions received | – | – | – | 15,967 | 15,967 |
| Shareholder contributions | – | – | – | -15,953 | -15,953 |
| Total comprehensive income for 2009 | – | – | -21,644 | 43,054 | 21,410 |
| Closing balance December 31, 2009 | 88,486 | 0 | -23,904 | 890,580 | 955,163 |
| Changes in 2010 | | | | | |
| Distribution as adopted by annual general meeting: | | | | | |
| Dividend to shareholders of the parent | – | – | – | -17,303 | -17,303 |
| Share buy-back *) | – | – | – | -54,235 | -54,235 |
| Group contributions received | – | – | – | 14,791 | 14,791 |
| Total comprehensive income for 2010 | – | – | -23,024 | -301,051 | -324,075 |
| Closing balance December 31, 2010 | 88,486 | 0 | -46,928 | 532,782 | 574,340 |

*) Share buy-back

At the annual general meeting held on April 27, 2009 the Board was granted a mandate to purchase and transfer the Company's own shares during the period up to the next annual general meeting, provided Biotage's total holding of its own shares did not exceed ten percent of the total number of shares. The annual general meeting held on April 29, 2010 extended the mandate until the 2011 AGM. The Company used the mandates to purchase a total of 8,848,632 shares between September 2009 and December 2010 at an average purchase price of SEK 7.27.

The number of repurchased shares corresponds to 10.0 percent of the number of issued shares. There were no sales of shares and the Board will propose to the 2011 AGM that the shares be canceled.

This will mean that the Board's mandate to repurchase the Company's shares is fully utilized.

Statement of Cash Flows, Parent

| Amounts in SEK thousands | 2010 | 2009 |
|--|-----------------|----------------|
| Operating activities | | |
| Profit/loss after financial items | -297,916 | 43,054 |
| Adjustments for non-cash items | 330,467 | -7,308 |
| | 32,551 | 35,746 |
| Income tax paid | - | - |
| Cash flow from operating activities before changes in working capital | 32,551 | 35,746 |
| <i>Cash flow from changes in working capital:</i> | | |
| Increase (-)/decrease (+) in other current receivables | 10,014 | -20,230 |
| Increase (+)/decrease (-) in other liabilities | -71,167 | -13,684 |
| Cash flow from operating activities | -28,603 | 1,832 |
| Investing activities | | |
| Acquisition of intangible assets | -1,044 | -905 |
| Acquisition of financial assets | -137,025 | -42 |
| Cash flow from investing activities | -138,068 | -947 |
| Cash flow from financing activities | | |
| Group contributions received | 14,791 | - |
| Dividend to shareholders of the parent | -17,303 | -17,697 |
| Share buy-back | -54,235 | -10,120 |
| Cash flow from financing activities | -56,747 | -27,818 |
| Cash flow for the year | -223,419 | -26,933 |
| Cash & cash equivalents at beginning of year | 330,038 | 356,972 |
| Cash & cash equivalents at end of year | 106,619 | 330,038 |
| Additional disclosures: | | |
| <i>Adjustments for non-cash items:</i> | | |
| Depreciation and impairment | 324,407 | 1,483 |
| Exchange differences | 6,060 | -8,792 |
| Total | 330,467 | -7,308 |
| Interest received | 15,349 | 18,234 |
| Interest paid | -2,324 | -2,048 |

Summary of the Group's Significant Accounting and Measurement Policies

This section of the annual financial report provides a summary of the key accounting and measurement policies, and aims to give the reader better understanding of the preparation and presentation of the Group's financial position, performance and cash flows based on the adopted accounts of the Group's legal entities. These accounting policies form the basis of Biotage's financial reporting.

The policies applied will also have an effect on the consolidated financial statements in future years. In order to provide more valuable information about the Group's accounting and measurement policies, additional information about the effect of the policies applied to the annual financial statements for 2010 and the comparative year 2009 has been included as deemed necessary. In order to avoid providing superfluous information, the effects have only been described when they are not immediately obvious from the financial statements or notes.

Contents

1. General accounting policies
2. Items in the consolidated statement of financial position
3. Items in the consolidated income statement
4. Financial risks and the Group's risk management
5. Significant accounting estimates
6. Share option plans for Group employees

1. General accounting policies

1.1 Introductory information

The consolidated annual financial statements for Biotage AB for the fiscal year ending December 31, 2010 were approved by the Board and CEO for publication on February 10, 2011. The financial statements will be presented for adoption at the annual general meeting on April 27, 2011.

The Parent Company is a Swedish public limited liability company with its registered office in Uppsala, where the Group's management and central functions are located. The Company's shares are listed on the OMX Nordic Stock Exchange's Small Cap list.

The consolidated financial statements include the parent company Biotage AB (the Company) and its subsidiaries, which together are referred to as the Group or Biotage.

The accounting policies described below have been applied consistently to all periods presented in the consolidated financial statements. They have also been applied consistently by the companies in the Biotage Group.

The Group's main activity is in the field of bioscience. The Group offers complete solutions, expertise and experience in medicinal chemistry.

Operations are conducted mainly in the United States and the EU area. These are also the Group's most important geographical sales markets. It should also be said that Asia is playing an increasingly important role in the Group's sales. Research and development is based in Sweden, while production takes place in Sweden and the UK.

1.2 Basis of preparation

Statement of compliance with reporting standards

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union.

The consolidated financial statements for 2010 have been prepared in full compliance with IFRS. The consolidated financial statements have also been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules.

New IFRS standards

Companies which prepare their financial statements in accordance with IFRS are required to apply a number of amendments to existing standards, new interpretations and new standards which came into effect in 2009 or 2010 and are applicable with effect from the 2010 fiscal year for companies that follow the calendar year. As far as Biotage is concerned, the following issued standards and

amendments are considered most relevant to the Company's accounting policies that have been applied in the preparation of these financial statements.

The revised IFRS Business Combinations and IAS 27 Consolidated and Separate Financial Statements apply to acquisitions and transactions taking place on or after January 1, 2010. Amendments to these standards mean that transactions with non-controlling interests where control is retained are accounted for as an equity transaction with owners. The rules on accounting for contingent consideration have also been amended so that the cost of acquisition is reported at the time of the business combination. Subsequent adjustments to the cost are recognized in profit or loss. Acquisition-related costs are not included in the cost of a business combination; instead, they are reported as an operating expense, meaning that acquisition-related costs of SEK 2.0m have been charged to operating profit in 2010. In a business combination achieved in stages, the acquirer is required to measure the previously held equity interest in the acquiree at its acquisition-date fair value (the date on which control is obtained). The cost of acquisition is the fair value of the previously held equity interest plus the purchase consideration for the newly acquired interest. Any changes in the value of the previously held equity interest are recognized in profit or loss.

New and amended standards not yet effective

The IASB and IFRIC have issued a number of new and amended standards and interpretations that have not yet come into effect.

Amended and new standards which are considered likely to affect the Group's future financial statements are as follows:

IFRS 7 Financial instruments

IAS 24 Related party disclosures

IAS 32 Financial Instruments: Presentation

IAS 12 Income Taxes

Company management has not yet been able to assess the full implications of the introduction of the new standards on initial application. However, other amended and new standards and interpretations are not considered likely to have any material effect on the Group's financial accounting in the period of initial application.

Standards the Group applies prospectively

The Biotage Group has not applied any standards prospectively.

Functional currency and presentation currency

These financial statements are reported in Swedish kronor, which is Biotage's functional currency and also the presentation currency for the Group's financial reporting. Unless otherwise stated, amounts are reported in SEK thousands.

Basis of measurement

Assets, liabilities, contingent assets and contingent liabilities are measured at cost, apart from certain financial assets and liabilities which are measured at fair value. Assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

Use of accounting estimates

Preparation of financial statements in accordance with IFRS, Swedish legislation and generally accepted accounting principles requires management to make critical judgments, accounting estimates and assumptions which affect the application of the accounting policies. Management's accounting estimates take into account internal and external circumstances and the Group's goals and strategic plans. If the actual outcome differs from these accounting estimates, this may have an effect on the Group's future financial position and performance.

Accounting estimates and assessments are regularly reviewed. Changes in accounting estimates are recognized in the period of the change if the change only affects that period. Changes are recognized in the period of the change and future periods if the change affects both.

Information about complex areas which require a high degree of estima-

tion and areas where accounting estimates are of key significance to the consolidated financial statements can be found in section 5 Significant accounting estimates. The assumptions used in preparing the 2010 financial statements are also described in the same section.

Classification

Non-current assets, liabilities and provisions are essentially amounts that are expected to be recovered or paid more than twelve months after the reporting date. Current assets, liabilities and provisions are essentially amounts expected to be recovered or paid within twelve months of the reporting date. Investments in financial instruments for the purpose of managing temporary excess liquidity are classified as cash & cash equivalents if they have an original maturity of three months or less. Financial instruments with an original maturity of over three months are classified as other short-term investments.

On translation, internal foreign currency receivables and liabilities are divided into two categories:

- a) intra-group receivables and liabilities for which settlement is neither planned nor likely to occur in the foreseeable future
- b) intra-group receivables and liabilities associated with goods and services for which payments are being made or are planned.

Receivables and liabilities in category a) are, in substance, a part of the Company's net investment in the foreign operation. Exchange differences arising on translation to Swedish kronor are recognized in other comprehensive income in the statement of comprehensive income.

Exchange differences attributable to receivables and liabilities in category b) are recognized in profit or loss.

Effects on the 2010 consolidated financial statements

Exchange losses of SEK 39.3m on intra-group balances were recognized in other comprehensive income in 2010. (2009: exchange losses of SEK 22.5m).

1.3 Consolidation and business combinations

Consolidation

The consolidated financial statements comprise the Parent Company and its subsidiaries. The financial statements of the Parent Company and its subsidiaries relate to the same period and are prepared using the Group's accounting policies.

All intra-group balances, income, expenses, gains and losses arising from transactions between consolidated companies are eliminated in their entirety.

The results of operations of a subsidiary are included in the consolidated financial statements from the date of acquisition, which is the date on which the Parent Company obtains control, until the date on which control ceases. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The existence and effect of potential voting rights which may be used or converted is taken into account when assessing whether control exists.

Business combinations

IFRS 3 is applied for business combinations implemented on or after January 1, 2004, which is in accordance with IFRS 1 and, as such, exempt from the main rule requiring retrospective application of IFRS. As no acquisitions were made in 2004, the Group did not apply the rules contained in IFRS 3 until 2005.

The consolidated financial statements have been prepared using the acquisition method, which means the carrying amount of the Parent Company's shares in subsidiaries is eliminated against equity, including the share of untaxed reserves. Under the acquisition method, the fair value of identifiable acquired assets, liabilities and contingent liabilities is determined at the acquisition date. Identifiable assets and liabilities also include assets, liabilities and provisions (including obligations and claims from external parties) which are not recognized in the balance sheet of the acquiree. The difference between the cost of acquisition and the acquired share of the acquiree's net assets is

classified as goodwill and reported under intangible assets in the consolidated balance sheet. If on acquisition of a subsidiary the fair value of acquired assets, liabilities and contingent liabilities is higher than cost, the excess is recognized immediately in the income statement. In the 2010 consolidated financial statements, these principles have affected the Group's accounting for acquisition-related costs and purchase consideration.

1.4 Segment reporting

Segment information is required to be presented using a management approach, and operating segments are therefore identified on the basis of internal reporting to the Group's chief operating decision-maker. Biotage has identified the CEO as its chief operating decision-maker. In the internal reporting used by the CEO to review operating results and make decisions about resources to be allocated, financial information is only presented for the Group as a whole. Consequently, the Group consists of one operating segment.

Effects on the 2010 consolidated financial statements

As the Group consists of one operating segment, Biotage does not report separate segment information.

1.5 Foreign currency translation

(a) Functional currency and presentation currency

Items in the individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in Swedish kronor, which is the Parent Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Exchange gains and losses arising on settlement of these transactions and on translation of foreign currency monetary assets and liabilities using the closing rate are recognized in profit or loss.

According to IAS 21:15, when an entity has a monetary item receivable from or payable to a foreign operation, for which settlement is neither planned nor likely to occur in the foreseeable future, this is, in essence, a part of the entity's net investment in that foreign operation. According to IAS 21:32-33, exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognized in other comprehensive income.

(c) Group companies

No Group company has a functional currency that is the currency of a hyperinflationary economy. The results and financial position of all Group companies are translated into the Group's presentation currency using the following procedures:

- (i) assets and liabilities are translated at the closing rate;
- (ii) income and expenses are translated at the average exchange rate for the reporting period. On consolidation, exchange differences arising from the translation of the net investment in foreign operations and the translation of borrowings and other currency instruments designated as hedges of such investments are accounted for in other comprehensive income. When a foreign operation is disposed of, exchange differences that were recorded in OCI are recognized in the income statement as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate to the extent that they are reported in the sub-group's balance sheet. Items which only exist at the parent company level, and which are eliminated along with recorded amounts for shares in subsidiaries, are not translated but are recognized at the previously reported exchange rate on the acquisition date. For example, when the fair value of identified assets and liabilities is determined on the transaction date, this value is recognized in the consolidated financial

statements on elimination of the carrying amount of shares in subsidiaries.

Effects on the 2010 consolidated financial statements

Exchange losses of SEK 1.7m were recognized in the Group's operating profit in 2010 (2009: exchange gains of SEK 5.5m). Exchange losses of SEK 39.3m were recognized in other comprehensive income in 2010. (2009: exchange losses of SEK 22.5m).

2. Items in the consolidated statement of financial position

2.1 Intangible assets

Technology-based intangible assets

The Group's research and development expenses have been capitalized since 2002, in accordance with IAS 38.

Capitalized expenditure reflects the Company's intention to market and sell a wide range of products in the foreseeable future. Development projects are recognized as an asset when it is probable that they will generate future economic benefits. Technology-based intangible assets also include assets the Group acquires in a business combination. If a business combination gives the Group access to products, technological equipment or processes it did not previously have and the utilization of those is considered to provide economic benefits for the Group, a value for these may be reported in the consolidated statement of financial position.

The purpose of development projects is to develop new products and improve existing ones. Because development of products in the areas in which Biotage is active is a long process, it is not uncommon for a development project to span several fiscal years.

Reporting and control of development expenses takes place through project reporting, which is part of the Group companies' financial reporting system.

Development projects are classified as follows:

- Product Care
- Pre-Study
- Product Development

Expenditure associated with Product Care projects is recognized immediately as an expense.

Expenditure associated with Pre-Study projects, which take place during the research phase, is recognized immediately as an expense.

When a project moves from the research phase to the development phase, and it can be demonstrated how the intangible asset will generate probable future economic benefits, it is reclassified as Product Development. The development phase is aimed at producing a new product with a new, unique article number and ends when the new product is launched in the Group's sales markets.

The amortization period begins when the new product is launched and is based on the product's estimated useful life, which is normally three years.

Software applications, which are an integral part of the Group's products sold in different markets, are capitalized as development expenditure and amortized over their estimated useful life, which, like other capitalized development expenditure, is normally 3-5 years. The useful life of technology-based assets is normally 3-10 years.

Market and customer-related intangible assets

Patent and license rights and trademarks are recognized at cost less accumulated amortization. The amortization period is based on the asset's useful life, which for patents is the duration of the patent protection – normally 6-20 years. The useful life of trademarks is six years.

Effects on the 2010 consolidated financial statements

In 2010, the Group capitalized research & development expenses of SEK 19.1m (22.1m), with SEK 18.4m (16.7m) of these expenses being amortized. Investments in patents and license rights amounted to SEK 2.0m (0.9m), with amortization and impairment amounting to SEK 7.8m (5.1m). At December 31, 2010, the value of capitalized research & development expenses was SEK 57.5m

(49.9m), while the value of patents and licenses was SEK 12.0m (12.0m). As a result of business combinations, market and customer-related intangible assets totaling SEK 41.4m have been acquired.

Apart from goodwill, the Group has not classified any intangible assets as assets with indefinite useful lives.

Goodwill

Goodwill is recognized as an intangible asset at cost less accumulated impairment in the balance sheet. The difference between the cost of acquisition and the fair value of the acquired identifiable assets at the date of the transaction is recognized as goodwill. Gains or losses arising from the disposal of an entity include the remaining carrying amount of goodwill attributable to the discontinued operation. Assets are tested for impairment when preparing the Group's financial statements or as soon as there is an indication of a permanent decline in value.

As previously mentioned in the section on consolidated financial statements, goodwill has not been amortized since the transition to IFRS on January 1, 2004. If impairment testing reveals that an asset has declined in value, an impairment loss is recognized immediately and the asset is written down to its fair value. Goodwill is allocated to the smallest cash-generating unit for goodwill testing.

Each of the identified cash-generating units represents the Group's investment in that particular part of the business. See also section 4 Significant accounting estimates on page 47.

Effects on the 2010 consolidated financial statements

The Group has recognized goodwill of SEK 104.8m (473.7m) in its statement of financial position. This is mainly attributable to the acquisition of two product lines from Caliper Life Sciences and the shares in MIP Technologies AB in 2010. The change in the carrying amount in 2010 is due to impairment losses of SEK 444.5m, business combinations SEK +103.2m and exchange differences SEK -27.6m.

Software

Acquired software licenses are capitalized on the basis of the expenditure incurred when the software itself is acquired and placed in service. Amortization is applied over the useful life, which is three to five years.

2.2 Property, plant & equipment

Items of property, plant & equipment are recognized at cost less accumulated depreciation and impairment losses. These assets include factories and offices, testing instruments, production tools, computers and peripherals and office and warehouse equipment.

The cost of property, plant & equipment comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. The cost of an item of property, plant & equipment is recognized as an asset on initial measurement, as is the cost of major spare parts if it is probable that future economic benefits associated with the asset will flow to the Group. Other costs are recognized as an expense in the period in which they are incurred.

Depreciation is applied on a straight-line basis over the asset's estimated useful life. Parts of an item of property, plant and equipment which constitute a large proportion of the asset's total cost and which have different useful lives are treated as separate components of property, plant & equipment and are subject to separate depreciation.

The following useful lives normally apply:

| | |
|-----------------------------------|-----------------|
| Land | No depreciation |
| Site improvements | 20 years |
| Buildings | 40 years |
| Production tools | 5 years |
| Improvement of 3rd-party property | 10 years |
| Computers | 3 years |
| Other property, plant & equipment | 5 years |

The gain or loss arising from the disposal of an item of property, plant & equipment is the difference between the selling price and the asset's carrying amount, and is reported under other operating income or other operating expenses.

Effects on the 2010 consolidated financial statements

Investments for the year in property, plant & equipment amounted to SEK 10.4m (16.3m), while depreciation was SEK 8.7m (13.6m). Sale of owner-occupied property in the United States generated SEK 39.9m.

2.3 Financial assets

Financial assets are accounted for in accordance with the description in section 2.7 Financial instruments.

2.4 Leased assets

Leases are classified as finance leases or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Otherwise, leases are classified as operating leases.

Under IAS 17, lessees are required to recognize finance leases as assets and liabilities in their balance sheets. An asset leased under a finance lease is subject to depreciation over its estimated useful life, while minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Assets leased under an operating lease are not recognized in the lessee's balance sheet. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term.

Effects on the 2010 consolidated financial statements

All the Group's leases and rental agreements are classified as operating leases.

2.5 Inventories

Inventories are measured using the "lower value" principle, i.e., the lower of cost and net realizable value. Cost is measured using the FIFO method. The cost of finished goods and work in progress consists of design costs, raw materials, direct labor, other direct costs and related indirect manufacturing costs. Borrowing costs are not included in cost. The net realizable value is the estimated selling price in the ordinary course of business less costs of completion and costs necessary to make the sale. The inventory value is reported net of obsolescence and internal gains on intra-group deliveries.

2.6 Foreign currency receivables and liabilities

Foreign currency receivables and liabilities are translated to Swedish kronor at the closing rate. Unrealized exchange gains and losses on operating receivables and liabilities are recognized in operating profit or loss, while unrealized exchange gains and losses on financial assets and liabilities are recognized in net financial items. The accounting treatment of intra-group exchange gains and losses is described in section 1.2 Basis of preparation.

2.7 Financial instruments:

Under IFRS 7, entities are required to present disclosures that enable users of their financial reports to assess the significance of financial instruments on the entity's financial position and performance. Users of financial reports must also be given the opportunity to assess the nature and scope of risks to which the entity is exposed.

Financial instruments recognized in the balance sheet include the following assets and liabilities: securities, other financial receivables, trade and other receivables, cash & cash equivalents, trade and other payables, loans and derivatives.

Recognition in the statement of financial position

Financial assets are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Trade receivables are recognized when an invoice has been sent. A liability is recognized when the counterparty has performed and there is a contractual obligation to pay.

Financial assets are derecognized when the rights to receive cash flows from the instruments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the contractual obligation has been discharged or extinguished in some other way.

A financial asset and a financial liability may be offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognized amounts, and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Measurement and classification

Classification of financial instruments in accordance with IAS 39 determines each asset's measurement and accounting treatment. A financial instrument is classified according to the purpose for which it was acquired. The categories determine how a financial instrument is measured subsequent to initial recognition. The definitions of the different categories are such that a financial instrument could be classified in more than one category.

IAS 39 classifies financial instruments in the following categories:

1. Financial assets and liabilities at fair value through profit or loss.

This category consists of financial assets and liabilities held for trading and other financial assets and liabilities which Biotage designated in this category on initial recognition. Assets and liabilities in this category are measured at fair value at the end of the reporting period, and any changes in fair value are recognized in the statement of comprehensive income. Examples of assets in this category include bank deposits. Any deposits in currencies other than Swedish kronor are measured at the closing rate. Biotage's short-term investments in financial instruments are also classified in this category. These comprise interest-bearing financial instruments, which are measured at fair value on the reporting date. Fair value is normally the financial instrument's quoted price on a regulated market.

Effects on the 2010 consolidated financial statements

At December 31, 2010, the Group's cash & cash equivalents and short-term investments amounted to SEK 179.6m (364.9m). As shown in the statement of cash flows, the decline is due to investments and transactions with owners of the parent.

No financial liabilities were classified in this category.

2. Held-to-maturity investments.

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity which an entity has the positive intention and ability to hold to maturity.

Effects on the 2010 consolidated financial statements

No financial assets were classified in this category.

3. Loans and receivables

This category includes trade receivables, other receivables and other non-current receivables.

Trade receivables have a short maturity and are measured, without discounting, at the billed amount less allowances for impairment losses. Non-current receivables are measured at cost less allowances for impairment losses.

Effects on the 2010 consolidated financial statements

At December 31, 2010, the Group's trade and other receivables amounted to SEK 125.6m (121.2m). Other non-current receivables amounted to SEK 2.7m (2.3m).

4. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either

designated in this category or not classified in any of the other categories. They are measured at fair value at the end of each reporting period, and any changes in fair value are recognized in profit or loss. In the absence of an active market for a financial asset, it is measured at cost less impairment, provided the decline in value is considered permanent. In this case, the impairment loss is calculated and recognized in the statement of comprehensive income.

When assets are sold, the cumulative gain or loss is recognized in profit or loss.

An asset may be classified as available-for-sale (even if the intention is not to sell it) provided it can be sold without jeopardizing the Group's operations.

Effects on the 2010 consolidated financial statements

No financial assets were classified in this category.

Derivatives and hedge accounting

Under Biotage's financial policy, derivative financial instruments may only be held for hedging purposes. Derivatives consist of forward contracts which are used to hedge currency risk associated with external and internal flows of products and services. Biotage applies the hedge accounting rules described in IAS 39. In its hedge accounting, the Group uses cash flow hedges and fair value hedges.

Hedging of forecast currency flows (cash flow hedges) takes the form of forward contracts and derivatives reported in the statement of financial position if on the reporting date a difference is identified between the forward rate and the closing rate. The difference between the closing rate and the forward rate for cash flows associated with firm commitments is calculated using the present value on the reporting date and is recognized as a current receivable or liability in equity in the hedging reserve. When the hedged cash flow affects profit or loss, the hedging instrument's accumulated value changes are reclassified to profit or loss.

Effects on the 2010 consolidated financial statements

Biotage did not have any outstanding forward contracts at December 31, 2010.

Effects of financial instruments on the Group's results and financial position

The Group's financial instruments, as reported in the consolidated statement of comprehensive income or additional information, are essentially based on transactions associated with the Group's business operations. Biotage does not engage in active trading or conduct transactions in financial instruments other than for the development, production and sale of the Company's products and services. Consequently, the main financial instruments are trade receivables, other operating receivables, shares, trade payables, other operating liabilities and loans with security in owner-occupied property.

Effects on the 2010 consolidated financial statements

The Group's financial instruments at December 31, 2010 are wholly attributable to operations, with the exception of certain cash & cash equivalents, which are available as a resource if Biotage wishes to enter into collaboration agreements or acquire operations or businesses.

Classification

Classification of the Group's financial instruments described above is as follows:

Financial instruments

Carrying amount and fair value 12-31-2010

| Assets | Classification | Carrying amount | Fair value |
|------------------------------|-----------------------|------------------------|-------------------|
| Non-current receivables | 3 | 1,419 | 1,419 |
| Other non-current securities | 3 | 1,251 | 1,251 |
| Trade receivables | 3 | 88,874 | 88,874 |
| Other current receivables | 3 | 13,433 | 13,433 |
| Accruals and deferred income | 3 | 23,280 | 23,280 |
| Cash and bank balances | 1 | 179,573 | 179,573 |
| Derivatives | | — | — |
| Total | | 307,830 | 307,830 |

| Liabilities | Classification | Carrying amount | Fair value |
|---------------------------------|-----------------------|------------------------|-------------------|
| Non-current liabilities | | | |
| to credit institutions | *) | 6,401 | 6,401 |
| Current liabilities | | | |
| to credit institutions | *) | 436 | 436 |
| Trade payables | *) | 26,741 | 26,741 |
| Other current liabilities | *) | 6,918 | 6,918 |
| Accruals and deferred income | *) | 48,521 | 48,521 |
| Total | | 89,017 | 89,017 |

Classification according to IAS 39:

- 1) Financial assets and liabilities at fair value through profit or loss.
 - 2) Held-to-maturity investments.
 - 3) Loans and receivables.
 - 4) Available-for-sale financial assets.
- *) Other liabilities not classified in IAS 39.

On each reporting date, the Group assesses whether an asset or group of assets is impaired.

As shown in the summary above, the carrying amount of the Group's financial instruments that are assets amounts to SEK 307,808 (482,912) thousand, which corresponds to 44.4 (39.8) percent of the Group's assets at December 31, 2010. The carrying amount of the Group's financial instruments that are liabilities is SEK 89,017 (130,949) thousand, which corresponds to 12.8 (10.6) percent of the Group's equity and liabilities.

Net sales

The Group's main revenue currency is the USD, while the Swedish krona, which is Biotage's functional currency, has a subordinate role in the composition of the Group's revenue.

Net sales by foreign currency

| Amounts in thousands | Currency | in SEK | % | 2010 | Currency | in SEK | % | 2009 |
|-----------------------------|-----------------|---------------|----------|-------------|-----------------|---------------|----------|-------------|
| | | | | | | | | |
| EUR | 10,387 | 99,109 | 23 | 8,583 | 91,177 | 23 | | |
| USD | 28,856 | 207,901 | 48 | 25,395 | 193,718 | 49 | | |
| GBP | 4,384 | 48,770 | 11 | 4,157 | 49,434 | 13 | | |
| JPY | 720,976 | 59,271 | 14 | 580,116 | 47,444 | 12 | | |
| SEK | 13,874 | 13,874 | 3 | 12,350 | 12,350 | 3 | | |
| Total | | 428,926 | 100 | | 394,123 | 100 | | |

Net sales

The situation for the Group's net assets is not the same as for net sales, as there is a predominance of assets and liabilities in Swedish kronor.

Net assets by foreign currency

| Amounts in thousands | Currency | in SEK | % | 2010 | Currency | in SEK | % | 2009 |
|-----------------------------|-----------------|---------------|----------|-------------|-----------------|---------------|----------|-------------|
| | | | | | | | | |
| EUR | -161 | -1,451 | 0 | | 3,069 | 31,778 | 3 | |
| USD | 3,277 | 22,288 | 4 | | 30,945 | 223,193 | 20 | |
| GBP | 6,355 | 67,024 | 12 | | 13,715 | 157,518 | 14 | |
| JPY | -62,925 | -5,251 | -1 | | 373,659 | 29,314 | 3 | |
| CHF | 1,266 | 9,163 | 2 | | 1,233 | 8,571 | 1 | |
| SEK | 476,174 | 476,174 | 84 | | 638,654 | 638,654 | 59 | |
| Total | | 567,948 | 100 | | 1,089,027 | 100 | | |

Net interest income

In 2009 and 2010, the following items were recognized in the consolidated financial statements:

| SEK thousands | Interest income | Interest expense | Net interest | % of Group's sales |
|--------------------------|----------------------------|-----------------------------|-------------------------|-------------------------------|
| 2010 | 1,028 | -791 | 236 | 0.06 |
| 2009 | 3,367 | -2,243 | 1,124 | 0.29 |

The Group's legal entities had substantial intra-group balances at the reporting date. Translation of these balances to Swedish kronor may have a significant effect on the Group's financial position and results.

Other information about financial instruments*Trade receivables*

Trade receivables are reported net of provision for doubtful debts. As trade receivables are of short duration, they are measured at nominal amounts without discounting, using the amortized cost method. A provision for doubtful debts is recognized when there are objective grounds for assuming that the Group will not receive all amounts due under the original terms and conditions. The size of the provision is the difference between the asset's carrying amount and the value of estimated future cash flows. The provision amount is recognized in the income statement.

Non-current securities and other financial assets

Non-current securities are recognized at cost, unless there is a clear indication that their fair value is lower than their cost and the decline in value is permanent. If this is the case, an impairment loss is recognized and the assets are written down to their fair value.

Trade payables

As trade payables are of short duration, they are measured at nominal amounts without discounting, using the amortized cost method.

Loans

Amounts due to credit institutions, bank overdrafts and other liabilities are measured at amortized cost. Any transaction costs are distributed over the term

of the loan using the effective interest method. Non-current liabilities are due for settlement more than 12 months after the reporting date, and current liabilities within 12 months of the reporting date.

Section 4 contains more information about the Group's financial risk management.

2.8 Taxes

Income tax consists of current tax and deferred tax. Taxes are recognized in the statement of comprehensive income, except when the underlying transaction is recognized in other comprehensive income or directly in equity, in which case the related tax effect is also recognized in other comprehensive income or directly in equity. Examples of this type of transaction include received and paid Group contributions.

A current tax liability or asset is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the current year and prior years.

A deferred tax liability or asset is recognized for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases or the carryforward of unused tax losses and credits. Biotage does not recognize deferred tax liabilities or assets for temporary differences arising from non-deductible goodwill or the initial recognition of an asset or liability which does not affect accounting profit or taxable profit or loss.

Deferred tax assets are only recognized to the extent that it is probable that taxable profit will be available against which they can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the deferred tax asset can be utilized. Deferred tax liabilities and assets are measured using national tax rates (in the countries where the Group has legal entities) that have been enacted or substantively enacted by the reporting date, and where tax losses can be utilized.

Effects on the 2010 consolidated financial statements

At December 31, 2010, the Group's deferred tax assets amounted to SEK 39.4m (42.6m). Impairment testing during preparation of the 2010 year-end report revealed impairment losses of SEK 3.2m on deferred tax assets. The Group starts the 2011 tax year with tax losses of SEK 650m. Approximately SEK 1m of this amount will be used in connection with the results of the Swedish companies in 2010.

2.9 Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Restructuring provisions include the cost of lease cancellation and termination benefits to employees. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions for warranties for products sold during the year are based on the warranty terms & conditions and historical warranty costs and quality rates. The warranty period is one year, apart from in Germany, where it is two years. Provisions are classified as non-current and current items. Non-current obligations do not require an outflow of resources during the next financial year. All other obligations are classified as current.

Effects on the 2010 consolidated financial statements

The Group's provisions amounted to SEK 33.8m (6.3m) at December 31, 2010. The increase is due to a provision for adjustment to purchase consideration for business combinations during the year. The provision for warranties amounted to SEK 2.5m (3.5m).

2.10 Share capital

All issued shares are ordinary shares which are classified as equity. The Company has outstanding warrants issued to the Group's key management personnel. The share option program is described on pages 48-49.

Transaction costs directly attributable to the issue of new shares or options are recognized in equity, net of tax, as a deduction from the issue proceeds.

2.11 Capital management

Biotage defines capital as equity. Capital management ensures Group companies are able to discharge their obligations and necessary resources are available for business investments and expansion. It also supports fulfillment of the Group's financial targets. Management and maintenance of a capital structure is also designed to achieve a reasonable balance between equity, loan financing and liquidity so that a reasonable cost of capital is achieved. Biotage endeavors to finance its organic growth and normal investment needs by generating sufficient positive cash flow from operating activities. The essential foundation of these efforts is creating and maintaining confidence in the Group as an investment or as a contractual partner. Biotage believes this is best achieved by

- having clear and correct communication and information-sharing with the stock market and other stakeholders
- promptly discharging obligations to customers, employees, suppliers, lenders and authorities
- being guided by ethical values, thereby enhancing the Group's reputation as a genuine and serious partner
- having policies, processes and procedures to ensure decisions are made and followed up
- protecting employees' health and working environment and offering good conditions of employment.

3. Items in the consolidated income statement

3.1 Classification of income statement items

The income statement is classified using the cost of sales method, which is also referred to as the function of expense method. Operating expenses are divided into cost of sales, distribution costs, administrative expenses and research & development expenses. The cost of sales method has been chosen in view of the fact that this is the method adopted by other biotechnology and pharmaceutical companies with shares that are traded on a regulated market. It is also easier for the reader to make comparisons between companies if they use the same presentation for their income statements.

The Company's common costs, such as office materials, electricity, cleaning of premises, renting of office machinery, telephones and postage, are allocated to each function. The allocation is based on space used and the number of employees.

3.2 Revenue recognition

Revenue is the fair value of the consideration received or receivable from goods sold or services rendered in the course of the Group's ordinary activities, excluding VAT and discounts, and after elimination of intra-group sales.

(a) Sale of goods

The Group develops and sells systems, reagents, accessories, spare parts and services on a global basis directly to end users through its subsidiaries, and through distributors.

Revenue from the sale of goods is recognized when the amount of revenue can be measured reliably, the significant risks and rewards of ownership of the goods have transferred to the buyer and the customer has confirmed acceptance of the goods, which normally happens on delivery.

(b) Rendering of services

Revenue associated with a transaction involving the rendering of services is recognized by reference to the stage of completion of the transaction at the end of the reporting period.

(c) Royalties

Revenue from royalties is recognized on an accrual basis in accordance with the economic substance of the relevant agreement.

(d) Interest income

Interest income is distributed over the term of the interest-bearing investment using the effective interest method.

(e) Dividends

Dividends are recognized when payment has been received.

3.3 Cost of sales

Cost of sales comprises:

- payment of sub-contractors when the Company uses other manufacturers
- raw materials for production
- salaries and other personnel expenses for production staff
- costs of premises
- packing and freight costs
- depreciation of production facilities
- share of common costs

3.4 Employee Benefits

(a) Retirement benefit obligations

The Group companies have different pension plans. The plans are funded by contributions to insurance policies. All pension plans for the Group's employees are defined contribution plans. Defined contribution plans are plans under which companies pay fixed contributions into a separate entity (a fund).

Under defined contribution pension plans, the Group's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. It has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

(b) Share-based payment

IFRS 2 Share-based Payment describes the accounting treatment of this type of payment.

When the Group's employees receive equity-settled share-based payment, this takes the form of share options. These are equity instruments entitling

the holder to subscribe to the Parent Company's shares at a fixed price. At the reporting date, the Company had two outstanding programs.

The fair value of options granted is recognized under personnel expenses, with a corresponding amount recognized directly in equity. The fair value is calculated using the Black & Scholes option pricing formula at the grant date and is distributed over the vesting period. The terms and conditions upon which the equity instruments were granted are taken into account. The amount recognized as an expense is regularly adjusted to reflect the actual number of vested options.

Cash proceeds from the exercise of options and purchase of shares are credited to share capital at the par value of the shares. Associated transaction costs are charged to earnings for the period.

Effects on the 2010 consolidated financial statements

Neither the 2009 nor the 2010 results were affected by any expenses arising from the application of IFRS 2. No new share option programs have been launched since 2007 and no mandate has been granted by the annual general meeting. The scope of costs associated with incentive programs in progress and which were recognized as an expense up to the end of 2008 has been such that no further costs will arise during the remaining duration of the programs.

A comprehensive description of outstanding option programs is provided in section 6 Option programs for Group employees

(c) Termination benefits

Termination benefits are paid when employment is terminated before the normal retirement age or when an employee accepts voluntary layoff in return for termination benefits. The Company recognizes termination benefits when it is demonstrably committed to terminating the employment of employees before the normal retirement date or providing termination benefits as a result of an offer made to encourage voluntary layoff. The Company is demonstrably committed to a termination when it has a detailed formal plan for the termination.

(d) Profit-sharing and bonus plans

Bonus payments to key management personnel are described on pages 51-54. The Group also has a bonus program for employees in positions where their performance has a measurable effect on the Group's earnings. Bonus expenses are recognized annually and provision is made for these expenses in the consolidated balance sheet.

(e) Short-term employee benefits

For short-term employee benefits (such as wages, paid vacation and sick leave) and pensions, the amount of the benefits expected to be paid in respect of service rendered by employees in a period is recognized in that period.

3.5 Distribution costs

Distribution costs consist mainly of salaries, other personnel expenses, travel expenses for the Group's sales and marketing personnel, marketing campaigns (including payment to advertising agencies) and production of sales material. Distribution costs also include a share of common costs.

3.6 Administrative expenses

Administrative expenses consist mainly of salaries and other personnel expenses for Group management, and financial and other administrative staff. Administrative expenses also include expenses for legal consultancy, auditing and business development, and a share of common costs.

3.7 Research & development expenses

Research & development expenses consist of

- salaries and other personnel expenses
- patent costs
- fees to consultants and external suppliers for development of instruments and software

- material costs for prototypes and test units
- amortization of capitalized development expenses
- share of common costs
- other costs associated with the design, development, testing and improvement of the Group's products.

3.8 Impairment

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The carrying amounts of the Company's assets are assessed at each reporting date to determine whether there is any indication of impairment. If there is such an indication, the asset's recoverable amount is measured. The recoverable amount is the higher of the asset's value in use and net realizable value.

When measuring value in use, cash flows are discounted using a pre-tax discount rate that reflects the risk-free rate of interest and the risks specific to the asset. In the case of assets which do not generate cash flows that are independent of the cash flows from other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

If an impairment loss recognized in prior periods no longer exists, as the recoverable amount of the asset exceeds its carrying amount, the impairment loss is reversed. Reversed impairment losses are recognized in the income statement. Testing of previous impairment losses is conducted on an individual basis.

Effects on the 2010 consolidated financial statements

The Group's net profit for 2010 was adversely affected by impairment losses as follows: goodwill SEK 444.5m (o), and deferred tax assets SEK 3.1m (o).

A more detailed description of impairment testing can be found in section 5 Significant accounting estimates.

3.9 Other operating income and expenses

Other operating income and other operating expenses include one-time payments, exchange gains/losses on operating receivables and liabilities and gains/losses on the sale or disposal of non-current assets.

4. Financial risks and the Group's risk management

4.1 Financial risks in the Biotage Group

In addition to business risks, Biotage is also exposed to different types of financial risks in the course of its operations. The main financial risks are currency risk, interest rate risk, credit risk and refinancing risk.

Credit risk associated with customer relationships is managed within a defined framework and is decentralized by means of local credit ratings. Other risks are managed centrally by the Chief Financial Officer in consultation with the CEO. Under the Group's financial policy, financial risks shall be minimized, taking into account reasonable hedging expenses, and access to liquidity shall be maintained.

Currency risk

A significant proportion of the Group's sales is in the euro, US dollar, pound sterling and Japanese yen. The Group's operating expenses and financial instruments are also related to these currencies. As the Group's functional currency is Swedish kronor, movements of this currency against other transaction currencies will have an effect on the Group's results and financial position.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates. The Group's financial assets are not particularly exposed to these changes as these holdings are of short duration. The Group's interest rate is essentially the risk that its refinancing will be more expensive if general interest rates rise and vice-versa.

Credit risk

Credit risk is the risk that customers will be unable to pay for delivered goods.

The majority of customers are large pharmaceutical companies and scientific institutions with operations which are normally state-financed. Consequently, customer losses were less than SEK 100 thousand for 2009 and 2010. However, the Group's trade receivables at the balance sheet date were high compared with its net sales. This is largely because sales are normally high in December and many clients pay after the due date. Historical facts show that Biotage's credit risk is very low.

Liquidity and refinancing risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial instruments. The cash flow statements for 2009 and 2010 show sufficiently positive cash flows from operations to allow the Group to fully discharge its current obligations.

In addition, Biotage's cash & cash equivalents at December 31, 2010 were considerably higher than its current and non-current liabilities. Finally, the Group also has unused credit facilities.

In a long-term perspective, the Group's liquidity and financing risk is the risk that it may become dependent on credit facilities or capital contributions for its expansion.

4.2. The Group's risk management

The sections above describe the financial risks associated with Biotage's business activities and financial administration. In order to minimize any negative effects arising from these risks, a Group financial policy has been formulated and adopted for by the Board. This policy is designed to facilitate the Group's financial work and alleviate the economic consequences of financial risks.

The structure of the financial policy is as follows:

1. General principles

The Group's finance function is based on the following principles:

- The Group's financial risks shall be minimized according to defined principles.
- Work shall be performed carefully and professionally.
- Implemented measures shall be documented and reported to the appropriate company body.
- Administration costs shall be minimized.

2. Division of responsibilities

The policy document contains a specific division of responsibilities, duties and authority between the Company's Board, CEO, CFO and Accounting Manager.

The Board has overall responsibility for managing the Group's financial risks, reviewing the financial policy annually, appointing Company signatories and defining frameworks and guidelines for areas such as borrowing and currency exposure.

The CEO is responsible for ensuring compliance with the approved policy and ensuring the policy is reviewed annually by the Board. The CEO is also responsible for the checking and reconciliation of business confirmations from external parties with regard to investments and currency hedging instruments.

The CFO has operational responsibility for financial risk management.

The accounting manager is responsible for the checking and reconciliation of business confirmations from external parties with regard to investments and currency instruments, and for documentation and archiving of business confirmations and statements.

3. Administrative routines

Those who conduct transactions must be separate from those who control, account for and report transactions.

Systematic reporting documentation for financial transactions must be submitted to the accounting manager for checking against the documents received by the transaction counterparty.

4. Income statement and balance sheet exposure

Because the Group engages in operations, production and sales in a number of

countries, it has certain income statement exposure as a result of its income and expense being in different currencies. This exposure may be affected by factors such as choice of currency for sales and purchases.

Similarly, the Group's assets, liabilities and equity in its wholly-owned subsidiaries, and receivables from and liabilities to external customers and suppliers in different currencies result in balance sheet exposure and currency risk.

This exposure is largely managed by choice of currency for sales and purchases, loans and foreign currency investments.

5. Management of currency risk

Biotage aims to minimize the currency risk which arises in commercial cash flows. Biotage will not engage in speculative position-taking in order to exploit exchange rate volatility. Speculative position-taking involves entering into transactions for which there is no underlying commercial cash flow or imbalance.

Biotage AB's central finance function manages currency risk for the entire Group.

Under Biotage's risk strategy, sales between the Parent Company and its subsidiaries are in the subsidiary's currency in order to avoid exposing the subsidiary to currency risk.

Sales between subsidiaries are conducted in the seller's currency.

6. Reporting

The Group's currency exposure shall be analyzed and reported to the Board at least annually.

A report on outstanding foreign exchange forward transactions and the current borrowing and liquidity situation shall be presented at every Board meeting.

A weekly liquidity report and four-week forecast shall be submitted to management.

A weekly status review of trade receivables shall be carried out.

7. Credit risks

Trade receivables shall be monitored continuously. A constant check shall be kept on past due receivables, action taken and perceived credit risks. New customers, previously unknown to the Group, shall undergo credit rating checks.

There are uniform rules for credit periods and claims management.

8. Liquidity and loan management

Available liquidity is managed on an ongoing basis. The necessary credit facilities for business financing must be in place in the Swedish companies and the foreign company as far as possible. For foreign companies, the purpose of operating loans is to reduce currency exposure, cover working capital requirements, offset liquidity fluctuations and avoid unnecessary excess liquidity.

9. Investment of excess liquidity

Existing excess liquidity is invested in short-term securities, normally denominated in Swedish kroner.

The duration of short-term investments may not exceed six months.

5. Significant accounting estimates

The financial statements for the Parent Company and Group are prepared in accordance with the Swedish Annual Accounts Act, IFRS, the recommendations and standards issued by regulatory bodies and the "true and fair view" principle. These also form the basis of measurement of balance sheet items and presentation of the financial statements.

In preparing the consolidated financial statements, the Board and CEO have made a number of judgments and assumptions which may be of significance to the reported financial position and results.

Estimation uncertainty

Accounting estimates and assessments are evaluated regularly. They are largely

based on historical experience and other factors, including expectations about future events which are considered reasonable in the present circumstances.

Certain accounting estimates and assumptions are of particular significance when measuring assets and liabilities in the balance sheet. Goodwill is the balance sheet item with the greatest risk of value changes in the following year as a result of adjusted assumptions or estimates. The most significant estimates used in the measurement of assets and liabilities relate to the future scope for marketing the Group's products and services in volumes and at prices that allow a reasonable business profit. Marketing, in its turn, is largely dependent on the Group's access to technical expertise for the production of new and improved products. It is also affected by the level of investment by the pharmaceuticals industry and scientific institutions in new product development, new knowledge and new methods in the scientific areas in which the Group's products are used.

The calculated success level of the Group's objective to broaden products' applications in, for example, food, agriculture and environment also affects the overall estimates of Biotage's sales figures and financial results. The Group reduced its operating expenses considerably between 2004 and 2008, and was able to maintain the level in 2009 and 2010. Improvement of the Group's financial performance is dependent on this level remaining stable or at least not rising more quickly than sales growth. Operating expenses as a proportion of sales revenue fell by approx. one percentage point in 2010 compared with 2009, while the gross margin increased slightly after the mix of products sold was changed to products with higher margins. In addition, a reduction in production costs was reported, as a result of the discontinuation of production at the Biotage factory in the United States.

There is also potential for further productivity expansion in the Group, although not on the same scale as between 2004 and 2010. Competition in the Group's product areas has intensified over the last five years and although Biotage has been able to maintain its margins well, they are being challenged by competition for sales and competition for highly qualified personnel.

Impairment testing of goodwill and other assets

Goodwill is tested for impairment annually when the annual financial statements are prepared, or as soon as impairment is indicated by changes such as a different business climate or a decision to dispose of or discontinue an operation. Goodwill testing involves calculating the recoverable amount of the cash generating unit to which the carrying amount of goodwill is allocated. This requires calculation of the Group's projected cash flows. An impairment loss is recognized if the carrying amount exceeds the recoverable amount. Impairment losses are recognized in operating profit.

Effects on the 2010 consolidated financial statements

The carrying amount of goodwill was SEK 104,791 (473,661) thousand at December 31, 2010. The change in value during 2010 is attributable to the acquisition of MIP Technologies AB and Caliper Life Sciences' product lines (SEK 103.2m), impairment losses (SEK -444.5m) and exchange differences (SEK-27.6m).

Impairment testing during preparation of the consolidated annual financial statements revealed goodwill impairment of SEK 444.5m in the Group. Biotage had opened the year with a goodwill item arising mainly from the acquired subsidiaries Personal Chemistry, Biotage, Argonaut and Separatis. Poor growth for large pharmaceutical companies in recent years has increased uncertainty about sales trends for this customer group, particularly sales of instruments. Consequently, the Board has assessed development in this area as risky and has decided to recognize a goodwill impairment loss of SEK 444.5m.

Capitalized development expenditure

Biotage capitalizes its development on the basis of a measurement of each project's expected contribution to the Group's sales revenue. Projects are measured at cost. An impairment loss is recognized in the balance sheet when a product no longer is marketed or is only expected to generate sales revenue on a very limited scale. Preparation of the consolidated financial statements

involves reviewing the carrying amounts of products and projects in progress in the statement of financial position. As this is based on an assessment of expected product demand and prices, it is subject to some uncertainty. Impairment losses may also arise from rapid technological development and improved products from competitors.

Effects on the 2010 consolidated financial statements

Between 2006 and 2010, the Group's capitalized development expenses amounted to SEK 120.5m, while amortization of development expenses was SEK 67.6m. The total residual value at December 31, 2010 is SEK 57.5m (50.0m) and as there are no indications that the recoverable amount is lower than the carrying amount, no impairment losses have been recognized.

Deferred tax asset

Biotage recognizes deferred tax assets to the extent that it is probable that taxable profit will be available against which tax losses can be utilized. Tax loss carryforwards are mainly associated with the Swedish and US companies. When determining the value of tax losses carried forward, an assessment must be made of the coming year's tax credits and the countries in which they are expected to occur. If the Group were unable to realize its plans with regard to sales and earnings, an impairment loss would have to be recognized for this item.

Effects on the 2010 consolidated financial statements

Biotage has recognized tax loss carryforwards of SEK 39.5m (42.6m) in its consolidated statement of financial position. After the 2011 income year, tax loss carryforwards are expected to amount to approx. SEK 710m, with Sweden accounting for SEK 435m of this figure. Approx. SEK 1m of the amount is expected to be utilized in the 2011 tax year.

6. Share option plans for Group employees

Share-based incentive programs

At December 31, 2010, Biotage has two employee share option plans in progress under which the Company has issued a total of 1,146,900 options, which entitle the holders to subscribe for an equal number of shares. The previous nine plans were completed and closed at the end of 2009.

At December 31, 2010, there were 514,800 outstanding options held by the Group's employees. Each option entitles the holder to subscribe for one share. The other options issued have lapsed as a result of the holders having left the Company. If the outstanding options are fully exercised, present holdings will be diluted by 0.6 percent.

In addition, IFRS 2 requires all costs associated with share option plans to be recognized in the consolidated income statement. These were recognized up to the end of 2008. No further costs arose during 2009 and 2010, and no costs will arise in future years.

The 2005 plan in detail

At the annual general meeting on April 27, 2005, the Board was granted a mandate to adopt an additional employee share option plan. The plan was implemented in February 2006. The plan comprised 549,400 share options. These were distributed as follows: members of Group management each received up to 45,000 share options, other executive management each received up to 10,000 share options, other key management personnel each received up to 2,000 share options and other employees each received up to 400 share options.

One employee share option entitles the holder to purchase one Biotage share at an exercise price of SEK 11.83. The share options are valid for a period of seven years and may be exercised one year after the grant date until the end of the third year after the grant date, with a maximum of one-third of the number of issued share options allowed in each one-year period. At December 31, 2010, a total of 176,800 employee share options were outstanding under the 2005 plan.

On exercise of the share options, the holder must, in principle, still be employed in the Group. To ensure Biotage is able to meet its obligations under the employee share option plan, the Board exercised the mandate granted at

the annual general meeting on April 27, 2005 to issue up to 640,000 warrants. The warrants carry entitlement to subscribe for up to 640,000 shares in the Company. Each warrant issued on February 21, 2006 entitles the holder to subscribe for one new share in the Company at a subscription price of SEK 11.83 per share during the period between registration of the issue at the Swedish Companies Registration Office and February 21, 2013.

The 2006 plan in detail

At the annual general meeting on April 27, 2006, the Board was granted a mandate to adopt an additional employee share option plan. The plan was implemented in February 2007. The plan comprises 597,500 share options. These were distributed as follows: members of Group management each received up to 30,000 share options, senior management each received up to 10,000 share options, other key management personnel each received up to 5,000 share options and other employees each received up to 3,000 share options. The President & CEO was granted 55,000 share options. One employee share option entitles the holder to purchase one Biotage share at an exercise

price of SEK 16.64. The share options are valid for a period of seven years and may be exercised one year after the grant date until the end of the third year after the grant date, with a maximum of one-third of the number of issued share options allowed in each one-year period. At December 31, 2010, a total of 338,000 employee share options were outstanding under the 2006 plan.

On exercise of the share options, the holder must, in principle, still be employed in the Group. To ensure Biotage is able to meet its obligations under the employee share option plan, on February 9, 2007 the Board exercised the mandate granted at the annual general meeting on April 27, 2006 to issue up to 700,000 warrants. The warrants carry entitlement to subscribe for up to 700,000 shares in the Company. Each warrant issued on February 9, 2007 entitles the holder to subscribe for one new share in the Company at a subscription price of SEK 16.64 per share during the period between registration of the issue at the Swedish Companies Registration Office and February 9, 2014.

Summary of outstanding options at December 31, 2010

| Year | Number of options | Shares per option ^(a) | Number of shares for subscription | Number that can be issued for cash flow hedging ^(b) | Subscription price SEK ^(a) | Start of subscription period | Final day of subscription period |
|--|-------------------|----------------------------------|-----------------------------------|--|---------------------------------------|------------------------------|----------------------------------|
| <i>Share option plans for Group employees:</i> | | | | | | | |
| 2006 | 176,800 | 1.00 | 176,800 | 28,288 | 11.83 | 02-21-2006 | 02-21-2013 |
| 2007 | 338,000 | 1.00 | 338,000 | 54,080 | 16.64 | 02-15-2007 | 02-15-2014 |
| Total | 514,800 | | 514,800 | 82,368 | | | |

^(a) The subscription price and share entitlement per option have been adjusted in relation to new issues.

^(b) Using the mandate granted by the annual general meeting, the Parent Company has issued options to its subsidiary CEMU Bioteknik AB. Selling the options will allow a neutralization of the cash flow that arises when the employer's contribution is added to the value of the option holders' benefits on exercise of the options to subscribe for shares. The total number of options is 193,100. Up to 82,368 of these options may be sold if necessary, although it is highly unlikely that CEMU Bioteknik will sell any options for cash flow reasons.

| Year | Opening balance 2010 | Options lapsed 2010 | Closing balance 2010 | Option plan costs acc. to IFRS 2, incl. statutory employer's contributions | | Remaining cost Dec. 31, 2010 for 2011-2014 |
|-------|----------------------|---------------------|----------------------|--|------|--|
| | | | | 2005-2009 | 2010 | |
| 2006 | 211,200 | -34,400 | 176,800 | 1,378,525 | — | — |
| 2007 | 373,500 | -35,500 | 338,000 | 2,252,998 | — | — |
| Total | 584,700 | -69,900 | 514,800 | 3,631,523 | 0 | 0 |

The Black & Scholes option valuation model was used to calculate the costs of the option plans in accordance with the rules contained in IFRS 2.

| The following key parameters were used: | Issue year | | Issue year 2006 | Issue year 2007 | Higher than expected staff turnover meant the total cost for 2006-2008 was somewhat lower than the calculation above and no further costs needed to be recognized in 2009 and 2010. No further costs will be recognized in the consolidated income statement for the remainder of the option plans. |
|--|-------------------------------------|----------------------------------|----------------------------------|--------------------|---|
| | 2006 | 2007 | | | |
| Value of underlying share at grant date | SEK 11.30 | SEK 16.64 | | | |
| Exercise price for implemented share issues | SEK 11.83 | SEK 16.64 | | | |
| Expected duration | Vesting 1 Vesting 2 Vesting 3 | 4.0 yr 4.5 yr 5.0 yr | 4.0 yr 4.5 yr 5.0 yr | | |
| Distribution over vesting periods | | 1/3 each | 1/3 each | | |
| Risk-free interest | Vesting 1 Vesting 2 Vesting 3 | 3.30% 3.40% 3.50% | 3.90% 3.93% 3.93% | | |
| Expected future share price volatility | | 40.0% | 40.0% | | |
| Expected dividend over the life of the options | | SEK 0.00 | SEK 0.00 | | |
| Expected staff turnover | | 7.0% | 7.0% | | |
| Värde per option | Vesting 1 Vesting 2 Vesting 3 | SEK 3.78 SEK 4.06 SEK 4.32 | SEK 5.01 SEK 5.37 SEK 5.71 | | |
| Cost according to IFRS 2 (excl. employer's contribution) | | SEK 1,760,520 | SEK 2,779,631 | | |

Recognition and Measurement Policies, Parent

The recognition and measurement policies applied in preparing the consolidated statement of comprehensive income, statement of financial position and statement of cash flows are described on pages 39-49.

This part of the report provides additional information about the principles and conditions that apply specifically to the Parent Company. To obtain an overall picture of the accounting and measurement policies applied when preparing the financial statements of the Parent Company, sub-groups and subsidiaries, information about the Group should also be read.

The annual financial statements for the Group parent Biotage AB for the fiscal year ending December 31, 2010 were approved by the Board and CEO for publication on February 10, 2011. The financial statements will be presented for adoption at the annual general meeting on April 29, 2011.

The Company is a Swedish public limited company with its registered office in Uppsala, where the Group's management and central functions are located. The Company's shares are listed on the OMX Nordic Stock Exchange's Small Cap list.

Biotage AB does not engage in any business operations as a legal entity; the operations the Company has created or acquired are conducted in wholly-owned and second-tier subsidiaries. The Group's main activity is in the field

of bioscience. The Group offers complete solutions, expertise and experience in three areas – medicinal chemistry, analytical chemistry and process development. Operations are conducted mainly in the United States and the EU area. These are also the Group's most important geographical sales markets. Research and development is based in Sweden, while production takes place in Sweden and the UK.

Statement of compliance

The financial statements have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and other directives issued by the SFRB.

The amendments to RFR 2 which have come into force for the fiscal year 2010 have resulted in changes in the Parent Company's presentation. The Parent Company's income and expense, which was previously recognized in equity and did not include owner transactions, is now presented in a statement of comprehensive income immediately after the Parent Company's income statement. In the Parent Company's statement of changes in equity, comprehensive income is presented separately from owner transactions.



Notes

NOTE 1 AVERAGE NUMBER OF EMPLOYEES, SALARIES, EMPLOYEE BENEFITS AND SOCIAL SECURITY CONTRIBUTIONS

| | Group | | Parent | |
|---|----------------|----------------|--------------|--------------|
| | 2010 | 2009 | 2010 | 2009 |
| Board and senior executives | | | | |
| A presentation of Board members and senior executives can be found on pages 76-77 | | | | |
| <i>Board</i> | | | | |
| Female | 1 | – | 1 | – |
| Male | 5 | 6 | 5 | 6 |
| Total | 6 | 6 | 6 | 6 |
| Group management | | | | |
| Female | – | – | – | – |
| Male | 3 | 3 | 1 | 1 |
| Total | 3 | 3 | 1 | 1 |
| Average number of employees | | | | |
| Female | 84 | 91 | 0 | 0 |
| Male | 179 | 177 | 1 | 1 |
| Total | 263 | 268 | 1 | 1 |
| Salaries and benefits | | | | |
| Board and CEO | 4,369 | 5,370 | 4,369 | 5,370 |
| Other senior executives, 2 individuals | 2,755 | 3,143 | – | – |
| Other employees | 131,856 | 124,934 | – | – |
| Total salaries and benefits | 138,980 | 133,447 | 4,369 | 5,370 |
| Contractual and statutory social security contributions | | | | |
| Board and CEO | 1,373 | 1,687 | 1,373 | 1,687 |
| Other senior executives | 866 | 984 | – | – |
| Other employees | 20,835 | 17,479 | – | – |
| Total contractual and statutory social security contributions | 23,074 | 20,151 | 1,373 | 1,687 |
| Pension expenses | | | | |
| Board and CEO | 740 | 731 | 740 | 731 |
| Other senior executives | 859 | 742 | – | – |
| Other employees | 7,305 | 7,777 | – | – |
| Total pension expenses | 8,904 | 9,251 | 740 | 731 |
| Total salaries, social security contributions and pension expenses | 170,957 | 162,849 | 6,481 | 7,789 |

Average number of employees by country

| | 2010 | | | 2009 | | |
|----------------------|-------|------|--------|-------|------|--------|
| | Total | male | female | Total | male | female |
| Parent, Sweden | 1 | 1 | 0 | 1 | 1 | 0 |
| Subsidiaries, Sweden | 73 | 51 | 23 | 59 | 40 | 19 |
| USA | 53 | 37 | 16 | 78 | 51 | 27 |
| UK | 108 | 69 | 39 | 106 | 66 | 40 |
| Germany | 13 | 12 | 1 | 10 | 10 | 1 |
| France | 1 | 1 | – | – | – | – |
| Japan | 15 | 10 | 6 | 13 | 9 | 5 |
| Total | 263 | 179 | 84 | 268 | 177 | 91 |
| Distribution % | | 68% | 32% | | 66% | 34% |

Salaries and employee benefits by country

| | 2010 | 2009 |
|--------------------------------|----------------|----------------|
| <i>Board and CEO</i> | | |
| Parent, Sweden | 4,369 | 5,370 |
| Subsidiaries, Sweden | – | – |
| Total | 4,369 | 5,370 |
| <i>Other senior executives</i> | | |
| Parent, Sweden | – | – |
| Subsidiaries, Sweden | 2,755 | 3,143 |
| USA | – | – |
| Total | 2,755 | 3,143 |
| <i>Other employees</i> | | |
| Parent | – | – |
| <i>Subsidiary</i> | 2010 | 2009 |
| Sweden | 35,717 | 27,385 |
| USA | 51,256 | 51,256 |
| UK | 27,915 | 30,122 |
| Germany | 8,069 | 9,130 |
| Japan | 8,899 | 7,040 |
| Total, subsidiaries | 131,856 | 124,934 |
| Total, group | 138,980 | 133,447 |

Sick leave as a percentage of total hours worked, Swedish companies

| | 2010 | 2009 |
|--------------------------------|-------------|-------------|
| Sick leave, all employees | 0.1 | 0.5 |
| Long-term sick leave | 0.0 | 0.0 |
| Sick leave, women | 0.9 | 0.8 |
| Sick leave, men | 0.3 | 0.3 |
| Sick leave, <29 years of age | 0.7 | 0.5 |
| Sick leave, 30-49 years of age | 0.5 | 0.5 |
| Sick leave, >50 years of age | 0.0 | 0.6 |

Long-term sick leave refers to absence comprising 60 or more consecutive days.

Remuneration of Board members and senior executives**Principles**

The Chairman and members of the Board are paid the fees adopted by the annual general meeting.

The President & CEO Torben Jørgensen receives a basic salary, variable pay, other benefits and a pension. Other senior executives also receive a basic salary, variable pay, other benefits and a pension. Group management is made up of other senior executives (two individuals) and the President & CEO.

The basic salary to variable pay ratio must be proportional to responsibility and authority. The President & CEO Torben Jørgensen receives variable pay, which is linked to the Group's annual results, up to a maximum of SEK 2,500,000. Other senior executives receive variable pay up to a maximum of 30 percent of their basic salary.

Accrued salaries, fees and other benefits in 2010

| | Board fees | Basic salary | Variable pay | Other benefits | Pension expense | Other remuneration | Total |
|---|-------------------|---------------------|---------------------|-----------------------|------------------------|---------------------------|------------------|
| <i>Chairman of the Board:</i> | | | | | | | |
| Ove Mattsson *) | | 425,000 | | | | | 425,000 |
| <i>Other board members:</i> | | | | | | | |
| Anders Walldov | | 83,333 | | | | | 83,333 |
| Thomas Eklund | | 175,000 | | | | | 175,000 |
| Eva-Lotta Kraft | | 83,333 | | | | | 83,333 |
| Staffan Lindstrand | | 125,000 | | | | | 125,000 |
| Bengt Samuelsson | | 41,667 | | | | | 41,667 |
| Mathias Uhlén | | 41,667 | | | | | 41,667 |
| Per-Olof Eriksson | | 125,000 | | | | | 125,000 |
| Total accrued cost of fees paid to Board members in 2010 | 1,100,000 | | | | | | 1,100,000 |
| CEO | | | | | | | |
| Torben Jørgensen | | 2,627,529 | 0 | 10,424 | 739,734 | 630,600 | 4,008,287 |
| <i>Other senior executives (2 individuals)</i> | | 2,481,600 | 219,937 | 53,511 | 859,208 | – | 3,614,256 |
| Total for 2010 | 1,100,000 | 5,109,129 | 219,937 | 63,935 | 1,598,942 | 630,600 | 8,722,543 |
| Total for 2009 | 1,250,000 | 5,054,586 | 1,569,038 | 6,606 | 1,473,710 | 633,185 | 9,987,125 |

*) The Chairman of the Board also receives compensation for statutory employer contributions of SEK 45,099, as his fee is paid to a legal entity.

Comments on the tables on the previous page

Board

The 2009 annual general meeting adopted Board fees of SEK 1,025,000 for the period until the 2010 annual general meeting. SEK 400,000 of this amount related to the Chairman's fees. The 2010 annual general meeting adopted Board fees of SEK 1,025,000 for the period until the 2011 annual general meeting. SEK 400,000 of this amount relates to the Chairman's fees. In addition, a framework of up to SEK 100,000 was adopted for remuneration of committee work. This framework was defined by the 2009 and 2010 annual general meetings. As a result of an early retirement from the Board, the cost of Board fees for 2010 was reduced by SEK 25,000. Consequently, total fees paid to the Board were SEK 1,100,000 instead of the previously adopted SEK 1,125,000.

President & CEO

The President & CEO Torben Jørgensen receives a basic monthly salary of SEK 208,000. The basic salary includes a vacation allowance in accordance with the Swedish Annual Leave Act. The President & CEO also receives variable pay and a pension, and is entitled to termination benefits, which are described below.

Other senior executives

The pension provision for other senior executives exceeded the ceiling of 30 percent of the fixed annual salary during the year. This was because of the employees' links to collective agreements and because the insurance companies changed their premium withdrawals for these employees. The Board has approved the derogation during the year.

Bonuses and other benefits

The President & CEO Torben Jørgensen receives an annual quality bonus of up to SEK 2,500,000. In addition, the President & CEO receives fixed pay of up to SEK 800,000, which is 10 percent of his shareholding in the Company.

Pensions

The Group only has defined contribution pension plans. The retirement age for the President & CEO Torben Jørgensen is 60. The pension premium is 30 percent of the pension-generating salary. Pension-generating salary is the basic salary.

Termination of employment/termination benefits

The President & CEO is entitled to a 6-month period of notice in the event of voluntary termination of employment and a 6-month period of notice when employment is terminated by the Company, in the event of involuntary termination of employment (not as a result of gross neglect of duties to the Company) or voluntary termination as a result of an acquisition of more than 50 percent of the shares in the Company, termination benefits corresponding to 12 monthly salaries will be paid from the end of the period of notice. Termination benefits are not pension-generating pay and do not count towards vacation pay. In other cases of voluntary termination of employment, the President & CEO does not receive termination benefits, although payment may be available in return for a commitment not to compete.

The Company and senior executives are entitled to a period of notice of between 6 and 12 months.

Financial instruments

The annual general meeting of Biotage AB has, on different occasions, granted the Board a mandate to adopt share option plans for the Group's employees. The plans are described in detail on pages 48-49 of this annual report. Adopted plans still outstanding at December 31, 2010 cover a total of 584,700 options entitling holders to subscribe for the same amount of shares.

| | 2006 Plan Number of options | 2007 Plan Number of options |
|--|-----------------------------------|-----------------------------------|
| Number of employee share options | | |
| CEO | | |
| Torben Jørgensen: | | |
| At beginning of year | – | 55,000 |
| Options exercised for new share subscription in 2010 | – | – |
| At end of year | 0 | 55,000 |
| <i>Other senior executives (2 individuals)</i> | | |
| At beginning of year | 30,000 | 60,000 |
| Options exercised for new share subscription in 2010 | – | – |
| At end of year | 30,000 | 60,000 |
| Total options holdings – CEO and other senior executives | 30,000 | 115,000 |
| Number of shares that can be subscribed for | 30,000 | 115,000 |
| Subscription price | 11.83 kr | 16.64 kr |

Comments:

Option plan conditions and information about all the outstanding options in the Company can be found on pages 48-49. Information on the total number of financial instruments in the Company held by Board members and management can be found on pages 76-77.

Guidelines for remuneration of senior executives

The Board's proposed guidelines adopted by the 2010 annual general meeting
The Company shall endeavor to offer the Company's senior executives market-related salaries. The remuneration committee shall prepare remuneration matters and present proposals for the Board's consideration. Proposals for remuneration shall take into account the importance of duties, expertise, experience and performance. Remuneration shall comprise a fixed annual salary, variable pay, retirement benefits, discretionary bonuses and termination benefits. The Board is entitled to derogate from these guidelines if it believes there is sufficient reason to do so in a particular case.

CEO

The Company's CEO receives an annual salary of SEK 2,500,000 under the terms of his current employment contract. The Company makes a pension provision corresponding to 30 percent of the CEO's fixed annual salary. In addition to the fixed annual salary, the CEO receives variable pay of up to SEK 2,500,000. The variable pay is linked to the Company's achievement of defined financial targets.

Under the terms of his employment contract, the CEO is obliged to purchase up to SEK 5m of the Company's shares. The Company pays the CEO an annual amount corresponding to 10 percent of the cost of acquisition for shares within the range of SEK 5 and 8 million.

The CEO receives annual compensation of SEK 100,000 for travel and increased housing costs.

Other members of Company management

This group consists of six individuals, who report directly to the CEO.

All members of Company management receive a fixed annual salary which is in line with market salaries, and a bonus of up to 30 percent of the fixed annual salary. 75 percent of the variable pay is linked to the Company's achievement of defined financial targets. The remaining 25 percent is based on personal performance. The pension provision is up to 30 percent of the fixed salary.

Any new members of Company management can expect the same remuneration conditions.

Discretionary bonuses

The Board may decide to award a discretionary bonus to members of Company management, including the CEO. This type of bonus may only be paid in exceptional circumstances.

Variable pay and performance requirements

The Board may decide on the criteria for variable pay.

Termination benefits

Salaries during the period of notice and termination benefits for senior executives shall not exceed 24 monthly salaries.

The Board's proposed guidelines for the remuneration of senior executives to be presented for adoption at the 2011 annual general meeting

The Company shall endeavor to offer the Company's senior executives market salaries. The remuneration committee shall prepare remuneration matters and present proposals for the Board's consideration. Proposals for remuneration shall take into account the importance of duties, expertise, experience and performance. Remuneration shall comprise a fixed annual salary, variable pay, retirement benefits, discretionary bonuses and termination benefits. The Board is entitled to derogate from these guidelines if it believes there is sufficient reason to do so in a particular case.

CEO

The Company's CEO receives an annual salary of SEK 2,500,000 under the terms of his current employment contract. The Company makes a pension provision corresponding to 30 percent of the CEO's fixed annual salary. In addition to the fixed annual salary, the CEO receives variable pay of up to SEK 2,500,000. The variable pay is linked to the Company's achievement of defined financial targets.

Under the terms of his employment contract, the CEO is obliged to purchase up to SEK 5m of the Company's shares. The Company pays the CEO an annual

amount corresponding to 10 percent of the cost of acquisition for shares within the range of SEK 5 and 8 million.

The CEO receives annual compensation of SEK 100,000 for travel and increased housing costs.

Other members of Company management

This group consists of six individuals, who report directly to the CEO.

All members of Company management receive a fixed annual salary which is in line with market salaries, and a bonus of up to 30 percent of the fixed annual salary. 75 percent of the variable pay is linked to the Company's achievement of certain defined financial targets. The remaining 25 percent is based on defined goals relating to personal performance. The pension provision may amount to up to 30 percent of the fixed annual salary.

These individuals have the opportunity to acquire shares in Biotage for their own resources, and have a conditional right to reimbursement by the company of a percentage of the invested amount (approx. 50 percent). However, the amount may not exceed 15 percent of the individual's fixed annual income. The Board decides annually on the detailed conditions relating to the size of the annual amount and any performance requirements associated with it. The subsidized amount from the Company is conditional on (i) the individual remaining in employment with the Company and (ii) the qualifying acquisition not being sold. Both of these conditions must be fulfilled at the time of payment of the subsidized amount. The subsidy is earned each year and paid in equal amounts over three years. However, the Board has the right to pay the subsidy in advance to employees whose employment is terminated by Biotage or who are forced to leave because of prolonged illness, death or other circumstances.

Any new members of Company management can expect the same remuneration conditions.

Discretionary bonuses

The Board may decide to award a discretionary bonus to members of Company management, including the CEO. This type of bonus may only be paid in exceptional circumstances.

Variable pay and performance requirements

The Board may decide on the criteria for receipt of variable pay.

Termination benefits

Salaries during the period of notice and termination benefits for senior executives shall not exceed 24 monthly salaries.

Previously decided remuneration

There is no previously decided remuneration that is not yet due for payment. A description of existing incentive programs can be found on pages 48-49.

Remuneration in 2010

For information on remuneration of senior executives in 2010, see note 1 on page 52.

NOTE 2 COMPOSITION OF INCOME AND EXPENSE

Biotage presents its statements of income in this Annual Report as follows:

| Income statement presented | Group | | Parent | |
|-----------------------------------|-----------------|----------------|---------------|---------------|
| | 2010 | 2009 | 2010 | 2009 |
| <i>Operating income</i> | | | | |
| Net sales | (note a) | 428,926 | 394,123 | 6,183 |
| | | | | 6,126 |
| <i>Operating expenses</i> | | | | |
| Cost of sales | | -172,662 | -169,025 | – |
| Distribution costs | | -145,275 | -132,297 | – |
| Administrative expenses | | -45,949 | -61,020 | -17,800 |
| Research & development expenses | | -39,662 | -34,130 | -2,215 |
| Goodwill impairment | | -444,460 | – | – |
| Other operating items | | 322 | -7,773 | 9,590 |
| Total operating expenses | | -847,686 | -404,246 | -10,425 |
| | | | | 5,742 |
| Operating profit | -418,760 | -10,123 | -4,242 | 11,867 |

If Biotage had presented its income statements classified by nature of expense, the composition would have been as follows:

| Income statement classified by nature of expense | Group | | Parent | |
|--|-----------------|----------------|---------------|---------------|
| | 2010 | 2009 | 2010 | 2009 |
| <i>Operating income</i> | | | | |
| Net sales | | 428,926 | 394,123 | 6,183 |
| | | | | 6,126 |
| <i>Operating expenses</i> | | | | |
| Purchased finished products, input products, semi-finished goods and production services | | -126,504 | -97,575 | – |
| Personnel expenses | | -168,505 | -160,028 | -6,481 |
| Other external costs | | -73,667 | -103,538 | -11,869 |
| Scheduled depreciation/ amortization of assets | | -34,872 | -35,332 | -1,665 |
| Goodwill impairment | | -444,460 | – | – |
| Other operating items | | 322 | -7,773 | 9,590 |
| Total operating expenses | | -847,686 | -404,246 | -10,425 |
| | | | | 5,741 |
| Operating profit | -418,760 | -10,123 | -4,242 | 11,867 |

| (note a) Composition of sales revenue: | Group | | Parent | |
|---|--------------|-------------|---------------|-------------|
| | 2010 | 2009 | 2010 | 2009 |
| Net sales are distributed between products and services as follows: | | | | |
| Products | 378,042 | 351,702 | – | – |
| Service contracts and other services | 43,666 | 35,741 | 6,183 | 6,126 |
| Other sales revenue | 7,217 | 6,681 | – | – |
| Total sales revenue | 428,926 | 394,123 | 6,183 | 6,126 |

| Revenue by geographical market | 2010 | 2009 |
|---------------------------------------|-------------|-------------|
| USA | 167,281 | 158,877 |
| Europe | 158,702 | 154,518 |
| Japan | 60,050 | 47,444 |
| Other markets | 42,893 | 33,284 |
| Total sales revenue | 428,926 | 394,123 |

| Intra-group sales and purchases of products and services: | Group | | Parent | |
|--|--------------|-------------|---------------|-------------|
| | 2010 | 2009 | 2010 | 2009 |
| Parent to subsidiary, products | – | – | – | – |
| Parent to subsidiary, services | 6,183 | 6,126 | 6,183 | 6,126 |
| Subsidiary to parent, products | – | – | – | – |
| Subsidiary to parent, services | 2,810 | 2,810 | – | – |
| Subsidiary to subsidiary, products | 188,018 | 161,808 | – | – |
| Subsidiary to subsidiary, services | 42,476 | 53,535 | – | – |
| Total intra-group sales | 239,487 | 224,279 | 6,183 | 6,126 |

As these amounts were eliminated during preparation of the consolidated income statement, they are not included in the above sales revenue for products and services.

NOTE 3 OTHER OPERATING INCOME

| | Group | | Parent | |
|--|-------|--------|--------|--------|
| | 2010 | 2009 | 2010 | 2009 |
| Exchange gains/losses on receivables and liabilities | 3,515 | 5,509 | – | 5,005 |
| Gains/losses on the sale of non-current assets | 433 | – | – | – |
| Payment for one-off services | 3,043 | 3,900 | 404 | – |
| Profit/loss from the sale of the Biosystems business area ^{a)} | – | – | 15,010 | 23,361 |
| Other items | 834 | 1,543 | – | -3 |
| Total other operating income | 7,825 | 10,951 | 15,414 | 28,363 |

^{a)} In the group, profit/loss from the sale of the business area is reported as an item in profit/loss from discontinued operations.

NOTE 4 BUSINESS COMBINATIONS DURING THE YEAR

In the second quarter of 2010, the Group acquired all the shares in the Swedish company MIP Technologies AB and two product areas of the US company Caliper Life Sciences Inc.

As the acquirer, the Company is required to provide the additional financial information below under the disclosure requirements of IFRS 3 Business Combinations.

The CEO's statement on pages 8-9 describes the background and rationale for the acquisitions.

1. Summary information

| SEK thousands | Caliper | | |
|---|---------------------|------------------------------|---------|
| | MIP Technologies AB | Life sciences' product lines | Total |
| Parent's cash outlay | 16,000 | 108,815 | 124,815 |
| Cash outlay, subsidiaries | -130 | 19,431 | 19,301 |
| Group's cash outlay | 15,870 | 128,246 | 144,116 |
| Expected additional purchase consideration | 28,799 | – | 28,799 |
| The Group's acquisition cost | 44,669 | 128,246 | 172,915 |
| Assets acquired, excluding cash | 13,626 | 22,845 | 36,472 |
| Liabilities & contingent liabilities assumed | -4,633 | -3,559 | -8,191 |
| Net assets acquired | 8,994 | 19,287 | 28,280 |
| Group surplus value distributed as follows: | 35,675 | 108,959 | 144,635 |
| Group goodwill | 35,675 | 67,511 | 103,186 |
| Intangible assets | – | 41,426 | 41,426 |
| Property, plant & equipment | – | 155 | 155 |
| Inventories | – | -132 | -132 |
| Total Group surplus value | 35,675 | 108,959 | 144,635 |
| Costs directly attributable to the acquisitions have been charged to the Group's operating profit | | | 2,009 |

2. MIP Technologies AB

| | |
|---|-----------------------|
| Date of acquisition: | 04-30-2010 |
| Type of acquisition: | Shares in the company |
| Acquired share: | 100 percent |
| Total acquisition cost: | SEK thousands |
| of which expected additional consideration: | SEK thousands |

| | Acc. to Company's balance sheet 04-30-2010 | Biotage's additional funding | Expected additional consideration *) | Total acquisition cost | Adjustments under IFRS 3 | Opening balance in Group's balance sheet 04-30-2010 |
|--|--|------------------------------------|---|---------------------------|-----------------------------|--|
| Acquisition analysis: SEK thousands | | | | | | |
| Parent's cash outlay | 2,885 | 13,115 | | 16,000 | | 16,000 |
| Cash & cash equivalents in company | | -130 | | -130 | | -130 |
| Additional purchase consideration | | | 28,799 | 28,799 | | 28,799 |
| Total acquisition cost, Group | 2,885 | 12,985 | 28,799 | 44,669 | 0 | 44,669 |
| Assets | | | | | | |
| Intangible assets | 8,870 | | | 8,870 | | 8,870 |
| Group goodwill | | | | 0 | 35,675 | 35,675 |
| Property, plant & equipment | 1,231 | | | 1,231 | | 1,231 |
| Inventories | 1,573 | | | 1,573 | | 1,573 |
| Current receivables | 1,922 | 31 | | 1,953 | | 1,953 |
| Cash & cash equivalents | | 130 | | 130 | | 130 |
| Total assets | 13,595 | 161 | 0 | 13,756 | 35,675 | 49,432 |
| Equity and liabilities | | | | | | |
| Non-current liabilities | 11,201 | -10,035 | | 1,166 | | 1,166 |
| Provisions | | | | 0 | 28,799 | 28,799 |
| Current liabilities | 5,845 | -2,378 | | 3,466 | | 3,466 |
| Equity | -3,451 | 12,574 | 0 | 9,124 | 6,876 | 16,000 |
| Total equity and liabilities | 13,595 | 161 | 0 | 13,756 | 35,675 | 49,432 |

Under the agreement for the acquisition of MIP Technologies AB, an additional purchase consideration, based on the distribution of gross profits in certain areas, may be applied in the period up to the end of 2015. The agreement with the sellers does not refer to a maximum amount, as there is considerable uncertainty about future results. However, the Company has estimated this at SEK 28.8m.

3. Caliper Life Sciences Inc.

| | |
|---|---|
| Date of acquisition: | 05-25-2010 |
| Type of acquisition: | Two product lines and their net assets |
| Acquired share: | 100 percent |
| Total acquisition cost: | SEK thousands 128,246 (USD 16,500 thousand) |
| of which expected additional consideration: | SEK thousands 0 |

| | Transferred balance sheet items 05-25-2010 | Adjustments under IFRS 3 | Opening balance in Group's balance sheet 05-25-2010 |
|--------------------------------------|--|-----------------------------|--|
| Acquisition analysis: | | | |
| SEK thousands | | | |
| Parent's cash outlay | 108,815 | | 108,815 |
| Subsidiary Biotage LLC's cash outlay | 19,431 | | 19,431 |
| Total acquisition cost, Group | 128,246 | 0 | 128,246 |
| <i>Assets</i> | | | |
| Intangible assets, technology-based | | 15,700 | 15,700 |
| Intangible assets, market-based | | 25,725 | 25,725 |
| Group goodwill | | 67,511 | 67,511 |
| Property, plant & equipment | | 155 | 155 |
| Inventories | 10,263 | -132 | 10,131 |
| Current receivables | 12,582 | | 12,582 |
| Total assets | 22,845 | 108,959 | 131,805 |
| <i>Equity and liabilities</i> | | | |
| Provisions | 1,839 | | 1,839 |
| Current liabilities | 1,719 | | 1,719 |
| Net assets | 19,287 | 108,959 | 128,246 |
| Total equity and liabilities | 22,845 | 108,959 | 131,805 |

4. The acquired entities' impact on the consolidated statement of comprehensive income

Common costs relating to sales/marketing and administration have not been charged to the following income statement items.

| Income statements TSEK | Caliper | | |
|---------------------------------|---------------------|------------------------------|---------|
| | MIP Technologies AB | Life sciences' product lines | Total |
| Net sales | 7,899 | 42,577 | 50,476 |
| Cost of sales | -5,689 | -17,834 | -23,523 |
| Gross profit | 2,211 | 24,743 | 26,953 |
| Gross margin | 28.0% | 58.1% | 53.4% |
| Distribution costs | -25 | -5,682 | -5,707 |
| Administrative expenses | -1,040 | -268 | -1,309 |
| Research & development expenses | -6,891 | -14 | -6,906 |
| Other operating income | 2,036 | 1,816 | 3,851 |
| Other operating expenses | -805 | -814 | -1,619 |
| Total operating expenses | -6,726 | -4,963 | -11,689 |
| Operating profit | -4,515 | 19,780 | 15,264 |

5. Other information relating to goodwill.

As shown above, the acquisition of the entities resulted in an increase of SEK 103,186 thousand in the Group's goodwill, with 35,675 thousand of this figure relating to the acquisition of shares in MIP Technologies AB and 67,511 thousand to the acquisition of two product lines from Caliper Life Sciences Inc.

Note 13 Goodwill provides a complete reconciliation of the Group's goodwill for 2010.

SEK 67,511 thousand of the acquired goodwill is deductible for tax purposes because of annual amortization charges in the US subsidiary. As the item SEK 35,675 thousand is only recognized in the consolidated financial statements, it is not tax deductible.

NOTE 5 DISCONTINUED OPERATIONS

The Biosystems business area was sold on October 2, 2008. The business area accounted for approximately 20 percent of the Group's annual sales.

The information below is reported in accordance with the provisions of IFRS 5.

1. Statement of financial position

| | 12-31-2010 | 12-31-2009 |
|---|------------|------------|
| Assets in discontinued operations in consolidated statement of financial position | — | — |
| Liabilities attributable to assets in discontinued operations in consolidated statement of financial position | — | — |

2. Statement of comprehensive income

In the consolidated statement of comprehensive income, profit/loss from discontinued operations is reported as one item.

| | 2010 | 2009 |
|--|---------------|---------------|
| Profit/loss from discontinued operations | 15,010 | 23,295 |
| This is broken down as follows: | | |
| Net sales | | 2,516 |
| Cost of sales | | -2,174 |
| Gross profit | 0 | 342 |
| Distribution costs | | -408 |
| Total operating expenses | 0 | -408 |
| Operating profit | 0 | -66 |
| Profit/loss from disposal of Biosystems 1) | 15,010 | 23,361 |
| Profit/loss after financial items | 15,010 | 23,295 |
| Tax on profit for the year | — | — |
| Profit for the period | 15,010 | 23,295 |

1) Profit/loss on disposal of Biosystems

This item relates to the additional purchase consideration based on the purchaser's sales revenue and gross profit for 2009 and 2010.

NOTE 6 ADMINISTRATIVE EXPENSES

Administrative expenses include the following fees paid to auditors.

Audit services include examination of the annual financial statements, interim reports, accounting records, internal control and administration of the business by the CEO and Board. They also include examination of the financial statements of subsidiaries, advice and other assistance relating to observations made during the audit. Other advice and assistance comes under other fees.

| | Group | | Parent | |
|---|--------------|--------------|------------|--------------|
| | 2010 | 2009 | 2010 | 2009 |
| <i>Fees to the auditors Deloitte AB</i> | | | | |
| Audit services | 1,692 | 1,892 | 915 | 952 |
| Other assistance arising from audit | 222 | 495 | 28 | 217 |
| Tax advisory services | 20 | 221 | – | 50 |
| Other services | 50 | – | 50 | – |
| Total | 1,983 | 2,609 | 993 | 1,218 |
| <i>Fees to other auditors</i> | | | | |
| Audit fees | – | – | – | – |
| Other fees | – | – | – | – |
| Total | – | – | – | – |
| Total fees | 1,983 | 2,609 | 993 | 1,218 |

NOTE 7 LEASES AND RENTAL AGREEMENTS

For accounting purposes, all leases in the Group are classified as operating leases which means the lease payments are recognized over the term of the lease.

| | Group | | Parent | |
|--|---------------|---------------|--------|------|
| | 2010 | 2009 | 2010 | 2009 |
| Leases and rental agreements during the year | 11,546 | 11,560 | – | – |
| Remaining rental and lease payments | | | | |
| Within one year | 7,498 | 8,912 | – | – |
| Between one and five years | 10,851 | 15,895 | – | – |
| After five years | 823 | 3,945 | – | – |
| Total | 19,172 | 28,753 | – | – |
| Remaining rental and lease payments relating to rent for premises | | 13,824 | | |

NOTE 8 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF ASSETS

Depreciation/amortization is included in the different functions and is distributed as follows:

| | Group | | Parent | |
|--|----------------|---------------|----------------|--------------|
| | 2010 | 2009 | 2010 | 2009 |
| Cost of sales | 4,286 | 7,691 | – | – |
| Distribution costs | 5,752 | 2,411 | – | – |
| Administrative expenses | 2,523 | 3,806 | – | – |
| Research & development | 22,311 | 21,424 | 1,665 | 1,483 |
| Total depreciation/amortization | 34,872 | 35,332 | 1,665 | 1,483 |
| Goodwill impairment | 444,460 | – | – | – |
| Impairment of deferred tax assets | 3,134 | – | 3,134 | – |
| Impairment of shares in subsidiaries | – | – | 322,742 | – |
| Total depreciation, amortization and impairment | 482,467 | 35,332 | 327,542 | 1,483 |

NOTE 9 OTHER OPERATING EXPENSES

| | Group | | Parent | |
|---|--------------|---------------|--------------|------------|
| | 2010 | 2009 | 2010 | 2009 |
| Exchange gains/losses on receivables and liabilities | 5,256 | – | 5,824 | – |
| Gains/losses on the sale of non-current assets | – | 489 | – | 261 |
| Restructuring expenses | – | 17,993 | – | – |
| Costs associated with acquisition of subsidiaries and product lines | 2,000 | – | – | – |
| Other items | 246 | 243 | – | – |
| Total other operating expenses | 7,503 | 18,725 | 5,824 | 261 |

NOTE 10 FINANCE INCOME, FINANCE COSTS AND BORROWING

| | Group | | Parent | |
|---|--------------|--------------|----------------|---------------|
| | 2010 | 2009 | 2010 | 2009 |
| Finance income: | | | | |
| Interest income on bank deposits and short-term investments | 1,028 | 3,367 | 1,006 | 3,009 |
| Interest income from receivables from group companies | – | – | 14,343 | 15,226 |
| Profit/loss from investments in group companies | – | – | – | 15,000 |
| Total | 1,028 | 3,367 | 15,349 | 33,234 |
| Finance costs: | | | | |
| Interest expense and similar payments to banks | 791 | 2,243 | 456 | 138 |
| Interest expense arising from liabilities to group companies | – | – | 1,868 | 1,910 |
| Profit/loss from investments in group companies (a) | – | – | 306,700 | – |
| Total | 791 | 2,243 | 309,024 | 2,048 |
| Net finance income/expense | | | | |
| (a) Profit/loss from investments in group companies comprises: | | | | |
| Dividend from shares in subsidiaries | – | – | 16,042 | – |
| Impairment of shares in subsidiaries | – | – | -200,266 | – |
| Transfer to revaluation reserve for receivables from subsidiaries | – | – | -122,476 | – |
| Net cost | – | – | -306,700 | – |

Explanation of impairment of shares in subsidiaries and transfer to revaluation reserve for receivables from subsidiaries:

The Group has a goodwill impairment loss of SEK 444.5m at 12-31-2010. During preparation of the consolidated statement of financial position, some of the value of shares in subsidiaries in the Parent Company's balance sheet is replaced with the Group's goodwill.

Consequently, there is a clear connection between the value of the items in the two statements. The Parent Company's impairment losses recognized for shares in subsidiaries and transfer to the revaluation reserve for receivables from subsidiaries are therefore a consequence of the revaluation and depreciation in value of the Group's goodwill.

| | 12-31-2010 | 12-31-2009 | 12-31-2010 | 12-31-2009 |
|-----------------------------------|--------------|---------------|------------|------------|
| | 12-31-2010 | 12-31-2009 | 12-31-2010 | 12-31-2009 |
| Borrowing: | | | | |
| Long-term | | | | |
| Bank loans | 6,401 | 7,615 | – | – |
| Total long-term borrowing | 6,401 | 7,615 | – | – |
| Loan maturities: | | | | |
| 1-5 years | 2,370 | 2,375 | | |
| 6+ years | 4,031 | 5,239 | | |
| Short-term | | | | |
| Operating loans from banks | 436 | 30,119 | – | – |
| Total short-term borrowing | 436 | 30,119 | – | – |
| Total borrowing | 6,837 | 37,734 | – | – |

| Distribution of credit by currency: | Group | 12-31-2010 | 12-31-2009 |
|-------------------------------------|----------------|---------------|---------------|
| | Local currency | SEK thousands | SEK thousands |
| USD | – | – | 29,644 |
| GBP | 648,214 | 6,837 | 8,090 |
| Total | | 6,837 | 37,734 |

NOTE 11 TAXES

| | Group | | Parent | |
|--|---------------|-------------|---------------|----------|
| | 2010 | 2009 | 2010 | 2009 |
| Current tax | -3,594 | 5,999 | - | - |
| Deferred tax | -3,134 | -6,817 | -3,134 | - |
| Total | -6,729 | -818 | -3,134 | - |
| Reconciliation of effective tax | | | | |
| Profit before tax (including discontinued operations) | -403,514 | 14,296 | -297,916 | 43,054 |
| Tax according to parent's applicable tax rate | 106,124 | -3,760 | 78,352 | -11,323 |
| Effect of different tax rates for foreign subsidiaries | 314 | 4,676 | - | - |
| Non-taxable income | 13,227 | 1,941 | 4,219 | 3,951 |
| Non-deductible expenses | -122,963 | -2,232 | -84,881 | -7 |
| Other taxable income statement items | | | | |
| not included in profit for the year | -59 | -957 | - | 5,692 |
| Other deductible income statement items | | | | |
| not included in profit for the year | 2,245 | 5,689 | 2,245 | - |
| Correction, prior years | -652 | -67 | - | - |
| Effect of increase (-)/decrease (+) in loss carryforwards | | | | |
| without effect on deferred tax | -1,830 | -6,107 | 3,955 | 5,170 |
| Impairment of loss carryforwards | -3,134 | - | -3,134 | 0 |
| Effect of group contributions | - | - | -3,890 | -3,482 |
| Total tax reported in consolidated and parent income statements | -6,729 | -818 | -3,134 | 0 |
| Items in other comprehensive income | -39,298 | -21,425 | -23,024 | -21,644 |
| Tax effects of these items | - | - | - | - |

NOTE 12 PROPERTY, PLANT & EQUIPMENT**Land and buildings**

| Cost: | Group | |
|---|---------------|---------------|
| | 12-31-2010 | 12-31-2009 |
| Opening balance, January 1 | 65,532 | 65,379 |
| Acquisitions during the year | - | 153 |
| Sales during the year | -48,131 | - |
| Disposals/impairment during the year | - | - |
| Sub-total | 17,401 | 65,532 |
| Opening change in value due to exchange differences | -2,119 | 1,276 |
| Closing change in value due to exchange differences | -836 | -3,395 |
| Closing balance, December 31 | 14,446 | 63,413 |
| Accumulated depreciation and impairment: | | |
| Opening balance, January 1 | -11,370 | -9,601 |
| Depreciation for the year | -351 | -1,769 |
| Sales during the year | 9,566 | - |
| Disposals/impairment during the year | - | - |
| Sub-total | -2,154 | -11,370 |
| Opening change in value due to exchange differences | -279 | -830 |
| Closing change in value due to exchange differences | 123 | 551 |
| Closing balance, December 31 | -2,310 | -11,648 |
| Carrying amount | 12,136 | 51,765 |

NOTE 12 PROPERTY, PLANT & EQUIPMENT CONT'D.**Improvement of third-party property**

| | Group | |
|---|-------------------|-------------------|
| | 12-31-2010 | 12-31-2009 |
| Cost: | | |
| Opening balance, January 1 | 15,881 | 14,937 |
| Acquisitions during the year | 1,076 | 944 |
| Sales during the year | -12,247 | - |
| Disposals/impairment during the year | - | - |
| Sub-total | 4,710 | 15,881 |
| Opening change in value due to exchange differences | -681 | -703 |
| Closing change in value due to exchange differences | -147 | 22 |
| Closing balance, December 31 | 3,882 | 15,200 |
| Accumulated depreciation and impairment: | | |
| Opening balance, January 1 | -13,437 | -11,720 |
| Depreciation for the year | -376 | -1,717 |
| Sales during the year | 11,564 | - |
| Disposals/impairment during the year | - | - |
| Sub-total | -2,250 | -13,437 |
| Opening change in value due to exchange differences | 432 | 447 |
| Closing change in value due to exchange differences | 79 | -14 |
| Closing balance, December 31 | -1,738 | -13,005 |
| Carrying amount | 2,143 | 2,195 |

Plant and machinery

| | Group | |
|---|-------------------|-------------------|
| | 12-31-2010 | 12-31-2009 |
| Cost: | | |
| Opening balance, January 1 | 107,889 | 127,591 |
| Acquisitions during the year | 9,267 | 15,160 |
| Business combinations | 4,157 | - |
| Sales during the year | -18,587 | - |
| Reclassifications | -6,085 | - |
| Disposals/impairment during the year | -2,655 | -34,862 |
| Sub-total | 93,985 | 107,889 |
| Opening change in value due to exchange differences | -7,718 | -4,594 |
| Closing change in value due to exchange differences | -2,196 | -3,123 |
| Closing balance, December 31 | 84,071 | 100,171 |
| Opening balance, January 1 | -80,212 | -105,006 |
| Depreciation for the year | -7,991 | -8,300 |
| Business combinations | -2,771 | - |
| Sales during the year | 17,668 | - |
| Disposals/impairment during the year | 2,656 | 33,094 |
| Sub-total | -70,650 | -80,212 |
| Opening change in value due to exchange differences | 6,561 | 3,803 |
| Closing change in value due to exchange differences | 1,069 | 2,758 |
| Closing balance, December 31 | -63,021 | -73,652 |
| Carrying amount | 21,050 | 26,520 |

NOTE 12 PROPERTY, PLANT & EQUIPMENT CONT'D.

| | Group | |
|--|-------------------|-------------------|
| | 12-31-2010 | 12-31-2009 |
| Summary of carrying amount: | | |
| Land and buildings | 12,136 | 51,765 |
| Improvement of third-party property | 2,143 | 2,195 |
| Plant and machinery | 21,050 | 26,520 |
| Total in consolidated balance sheet | 35,330 | 80,480 |
| Of the amount reported as: | | |
| Non-current assets held for sale | – | 38,564 |
| Property, plant & equipment | 35,330 | 41,915 |
| | 35,330 | 80,480 |
| Total property, plant & equipment and intangible assets reported: | | |
| Land and buildings | 12,136 | 51,765 |
| Improvement of third-party property | 2,143 | 2,195 |
| Plant and machinery | 21,050 | 26,520 |
| Goodwill | 104,791 | 473,661 |
| Capitalized development expenditure | 57,449 | 49,925 |
| Patent, licenses, trademarks, etc. | 50,615 | 12,045 |
| Total | 248,185 | 616,111 |
| Distribution by country: | | |
| Sweden | 77,046 | 212,998 |
| USA | 106,875 | 213,794 |
| UK | 40,938 | 138,967 |
| Other | 23,328 | 50,351 |
| Total | 248,185 | 616,111 |

NOTE 13 GOODWILL

| | Group | |
|--|-------------------|-------------------|
| | 12-31-2010 | 12-31-2009 |
| Opening cost | 483,420 | 496,986 |
| Business combinations in 2010 | 103,186 | – |
| Translation differences | -27,596 | -13,566 |
| Closing accumulated cost | 559,010 | 483,420 |
| Opening amortization | -9,759 | -9,759 |
| Total amortization | -9,759 | -9,759 |
| Impairment for the period (see below) | -444,460 | – |
| Total amortization and impairment | -454,219 | -9,759 |
| Translation differences | 0 | 0 |
| Closing accumulated amortization and impairment | -454,219 | -9,759 |
| Carrying amount | 104,791 | 473,661 |

Goodwill impairment testing

Under IFRS rules, Biotage ceased the practice of reporting goodwill amortization under the item goodwill in the consolidated balance sheet with effect from January 1, 2005. Instead, goodwill is tested for impairment.

Preparation of the 2010 annual financial statements included goodwill impairment testing which involved calculation of projected cash flows from the Group's operations. The projected cash flows revealed an indication of goodwill impairment, as the recoverable amount was found to be lower than the carrying amount in the consolidated statement of financial position.

The cash flows are based on the Group's budget for 2011 and business forecasts for 2012-2015. Key parameters in the calculation of the recoverable amount are estimated sales growth, gross profit, gross margin, operating expenses, investments, amortization, working capital and discount rate. Goodwill impairment testing requires the value of future cash flows to be discounted to the present value.

In its consolidated statement of financial position for 2009, Biotage had a goodwill item, the majority of which had arisen from the acquisitions of the subsidiaries, Personal Chemistry, Biotage LLC, Argonaut and Separtis. Poor growth for large pharmaceutical companies in recent years has increased uncertainty about sales trends for this customer group. Consequently, the Board has assessed development in this area as risky and has decided to recognize a goodwill impairment loss of SEK 444.5m.

NOTE 14 OTHER INTANGIBLE ASSETS**Capitalized development expenditure**

| Cost: | Group | | Parent | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 12-31-2010 | 12-31-2009 | 12-31-2010 | 12-31-2009 |
| Opening balance, January 1 | 82,745 | 63,841 | - | - |
| Acquisitions during the year | 19,065 | 22,137 | - | - |
| Business combinations | 6,824 | - | - | - |
| Disposals during the year | - | -3,233 | - | - |
| Sub-total | 108,634 | 82,745 | - | - |
| Opening change in value due to exchange differences | -574 | -59 | - | - |
| Closing change in value due to exchange differences | -4 | -515 | - | - |
| Closing balance, December 31 | 108,057 | 82,172 | - | - |
| Accumulated amortization and impairment: | | | | |
| Opening balance, January 1 | -32,764 | -19,338 | - | - |
| Amortization for the year | -18,361 | -16,659 | - | - |
| Sales during the year | - | - | - | - |
| Disposals during the year | - | 3,233 | - | - |
| Sub-total | -51,125 | -32,764 | - | - |
| Opening change in value due to exchange differences | 517 | 23 | - | - |
| Closing change in value due to exchange differences | - | 494 | - | - |
| Closing balance, December 31 | -50,608 | -32,247 | - | - |
| Carrying amount | 57,449 | 49,925 | - | - |

Patent, licenses, trademarks, etc.

| Cost: | Group | | Parent | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 12-31-2010 | 12-31-2009 | 12-31-2010 | 12-31-2009 |
| Opening balance, January 1 | 41,560 | 40,789 | 11,301 | 10,530 |
| Acquisitions during the year | 45,449 | 905 | 1,044 | 905 |
| Reclassifications | 6,085 | - | - | - |
| Disposals during the year | - | -134 | - | -134 |
| Sub-total | 93,094 | 41,560 | 12,344 | 11,301 |
| Opening change in value due to exchange differences | -693 | -457 | - | - |
| Closing change in value due to exchange differences | -5,170 | -236 | - | - |
| Closing balance, December 31 | 87,231 | 40,867 | 12,344 | 11,301 |
| Accumulated amortization and impairment: | | | | |
| Opening balance, January 1 | -29,302 | -24,317 | -5,105 | -3,756 |
| Amortization for the year | -7,794 | -4,985 | -1,665 | -1,349 |
| Sales during the year | - | - | - | - |
| Disposals during the year | - | - | - | - |
| Sub-total | -37,097 | -29,302 | -6,770 | -5,105 |
| Opening change in value due to exchange differences | 480 | 248 | - | - |
| Closing change in value due to exchange differences | - | 232 | - | - |
| Closing balance, December 31 | -36,616 | -28,822 | -6,770 | -5,105 |
| Carrying amount | 50,615 | 12,045 | 5,574 | 6,196 |

| Summary of carrying amount: | Group | | Parent | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 12-31-2010 | 12-31-2009 | 12-31-2010 | 12-31-2009 |
| Capitalized development expenditure | 57,449 | 49,925 | - | - |
| Patent, licenses, trademarks, etc. | 50,615 | 12,045 | 5,574 | 6,196 |
| Total in consolidated balance sheet | 108,064 | 61,970 | 5,574 | 6,196 |

Development projects are capitalized when they meet the criteria contained in the company's project manual. The main requirement is that the result of the project must be capable of being sold at normal market conditions. The criteria the Company applies are consistent with the capitalization rules in IAS 38. Capitalized development costs are amortized over the asset's estimated useful life, which is normally three years.

The amortization period for patents is the duration of the patent protection, which is normally 20 years.

The amortization period for trademarks and other intangible assets is seven years.

NOTE 15 FINANCIAL ASSETS AND DEFERRED TAX

| | Group | | Parent | |
|---|---------------|---------------|---------------|---------------|
| | 12-31-2010 | 12-31-2009 | 12-31-2010 | 12-31-2009 |
| Miscellaneous non-current receivables | 1,251 | 700 | – | – |
| Miscellaneous long-term deposits | 1,419 | 1,593 | – | – |
| Total financial assets | 2,670 | 2,293 | 0 | 0 |
| Capitalization of loss carryforwards | 39,436 | 42,570 | 39,436 | 42,570 |

Capitalization of loss carryforwards

At December 31, 2010, the Group's deferred tax assets amounted to SEK 39.4m. The Group starts the 2011 income year with tax losses of SEK 435m in the Swedish legal entities. Approximately SEK 1m of this amount will be used in the 2011 income year. Tax losses related to US subsidiaries are restricted until the end of the 2029 fiscal year. They amount to approx. SEK 213m. Tax losses related to subsidiaries in Germany amount to approx. SEK 10m.

Based on the Group's expected results in the next few years, Biotage has reassessed the value of the Group's tax losses and decided to recognize deferred tax assets of SEK 39.4m at December 31, 2010.

NOTE 16 INVENTORIES

| | Group | |
|--|---------------|----------------|
| | 12-31-2010 | 12-31-2009 |
| Raw materials and consumables | 12,732 | 16,800 |
| Products in process | 10,866 | 11,193 |
| Finished products | 74,377 | 52,296 |
| Total inventories | 97,976 | 80,288 |
| Inventories are measured at the lower of cost and net realizable value. | | |
| Reasons for changes in inventories in 2010: | | |
| Effects of price changes | 8,029 | 2,084 |
| Effects of volume changes | 2,701 | -20,708 |
| Effects of exchange rate movements | -4,747 | -5,313 |
| Inventories in acquired operations | 11,704 | – |
| Total changes in inventories | 17,688 | -23,936 |

NOTE 17 TRADE AND OTHER RECEIVABLES

| | Group | | Parent | |
|---|----------------|----------------|---------------|---------------|
| | 12-31-2010 | 12-31-2009 | 12-31-2010 | 12-31-2009 |
| Trade payables | 88,874 | 75,191 | – | – |
| Prepayments and accrued income (a) | 23,280 | 32,274 | 16,695 | 25,463 |
| Other current receivables (b) | 13,433 | 13,762 | 808 | 2,054 |
| Total trade and other receivables | 125,587 | 121,228 | 17,503 | 27,517 |
| (a) Prepayments and accrued income | | | | |
| Additional purchase consideration for Biosystems business area sold in 2008 | 15,010 | 23,361 | 15,010 | 23,361 |
| Accrued income | 601 | 885 | 464 | 844 |
| Prepaid rents | 1,875 | 1,758 | – | – |
| Prepaid insurance | 1,950 | 1,943 | 1,066 | 1,062 |
| Other items | 3,844 | 4,326 | 155 | 197 |
| Total | 23,280 | 32,274 | 16,695 | 25,463 |
| (b) Other current receivables | | | | |
| VAT | 6,369 | 9,036 | 293 | 172 |
| Income tax | 3,411 | 4,404 | 358 | 1,800 |
| Other current receivables | 3,652 | 322 | 157 | 82 |
| Total | 13,433 | 13,762 | 808 | 2,054 |
| Age structure of trade receivables: | | | | |
| Past due | 1,545 | 1,307 | – | – |
| 1-60 days | 81,344 | 68,820 | – | – |
| over 60 days | 5,986 | 5,064 | – | – |
| | 88,874 | 75,191 | – | – |

NOTE 18 PROVISIONS

| | Group | |
|---|-------------------|-------------------|
| | 12-31-2010 | 12-31-2009 |
| Provision for warranties | 2,526 | 3,487 |
| Provision for social security contributions on share option plans | 423 | 776 |
| Provision for taxes | 1,245 | 1,052 |
| Provision for additional consideration for business combinations | 28,799 | – |
| Other provisions | 833 | 954 |
| Total provisions | 33,826 | 6,270 |
| Distribution between current and non-current items: | | |
| Non-current items: | | |
| Provision for warranties | 146 | 146 |
| Provision for social security contributions on share option plans | 423 | 776 |
| Provision for taxes | 1,232 | 1,037 |
| Provision for additional consideration for business combinations | 28,799 | – |
| Other provisions | 833 | 954 |
| Total | 31,433 | 2,913 |
| Current items | | |
| Provision for warranties | 2,379 | 3,341 |
| Provision for taxes | 13 | – |
| Other provisions | – | 15 |
| Total | 2,393 | 3,356 |

Provision for warranties

Biotage provides a one-year warranty on its products. The recognized provision for warranties corresponds to 1.75 percent of sales revenue for the products covered by warranties. The majority of the provision for warranties is classified as current, and it is considered highly likely that the settlement amount for warranty obligations will correspond to the amount in the provision.

Provision for social security contributions on share option plans

Biotage's current employee share option plans are accounted for in accordance with IFRS 2, which requires recognition of the expected employer contributions at the value of the share options granted to the Group's executives and employees. It is uncertain to what extent and when this item can be reversed, as it depends entirely on the price development of Biotage's shares.

Provision for taxes

This provision relates to tax on net income which may be reduced or extinguished by means of unused tax losses. However, on the basis of the precautionary principle, a provision has been recognized for income tax, and it is more likely than not that the tax will have to be paid, in which case, this will be in 2011.

Provision for additional consideration for business combinations

Under the agreement for the acquisition of MIP, an additional purchase consideration, based on the distribution of gross profits in certain areas, may be applied in the period up to the end of 2015. The agreement with the sellers does not refer to a maximum amount, as there is considerable uncertainty about future results. However, the Company has estimated this at SEK 28.8m.

NOTE 19 TRADE AND OTHER PAYABLES

| | Group | | Parent | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 12-31-2010 | 12-31-2009 | 12-31-2010 | 12-31-2009 |
| Liabilities to suppliers | 26,741 | 45,248 | 714 | 1,067 |
| Other current liabilities | 6,918 | 9,013 | 397 | 390 |
| Accruals and deferred income | 48,521 | 38,354 | 4,476 | 3,111 |
| Total trade and other payables | 82,180 | 92,615 | 5,588 | 4,568 |
| (a) Other current liabilities | | | | |
| Advances from customers | – | 600 | – | – |
| Taxes and public duties | 5,595 | 8,014 | 397 | 390 |
| Other current liabilities | 1,323 | 399 | – | – |
| Total | 6,918 | 9,013 | 397 | 390 |
| (b) Accruals and deferred income | | | | |
| Personnel-related expenses | 20,418 | 14,601 | 3,635 | 2,290 |
| Deferred income | 13,417 | 13,186 | – | – |
| Other accruals | 14,687 | 10,566 | 842 | 821 |
| Total | 48,521 | 38,354 | 4,476 | 3,111 |

NOTE 20 SHARES AND INTERESTS

| | 12-31-2010 | 12-31-2009 |
|--|-----------------|-----------------|
| Parent | | |
| Opening cost | 770,158 | 770,116 |
| Investments for the year | 57,009 | 42 |
| Sales during the year | – | – |
| Closing accumulated cost | 827,167 | 770,158 |
| Opening impairment | -213,069 | -213,069 |
| Impairment for the year | -200,266 | – |
| Closing accumulated impairment | -413,335 | -213,069 |
| Closing accumulated carrying amount | 413,833 | 557,090 |

An explanation for the impairment of shares in subsidiaries is provided in note 10 on page 60.

Companies owned directly by the Parent

| Company name | Reg. no. | Reg'd office | Number of shares | Share of capital | Share of votes | Carrying amount, opening | | | Carrying amount, closing | |
|---|--------------------|-------------------------|------------------|------------------|----------------|--------------------------|-----------------|-------------------------|--------------------------|----------------|
| | | | | | | 2010 | Transfers | Investments during year | | |
| Biotage Sweden AB | 556487-4922 | Uppsala, Sweden | 19,336,284 | 100% | 100% | 283,670 | | | -7,447 | 276,224 |
| Cemu Bioteknik AB | 556011-2384 | Uppsala, Sweden | 100 | 100% | 100% | 3,491 | | | -3,371 | 120 |
| Pyrosequencing AB | 556554-3476 | Stockholm, Sweden | 100 | 100% | 100% | 15,050 | | | -13,330 | 1,720 |
| MIP Technologies AB | 556578-4674 | Lund, Sweden | 96,940 | 100% | 100% | 0 | | 49,684 | | 49,684 |
| Pyrosequencing Inc | 04-3484142 | Boston, USA | 100 | 100% | 100% | 311,086 | -210,003 | | -101,083 | 0 |
| Biotage GmbH | HRB 39374 | Hamburg, Germany | 1 | 100% | 100% | 217 | | | -217 | 0 |
| Biotage SARL | 2001B00976 | Paris, France | 500 | 100% | 100% | 68 | | | | 68 |
| Biotage Ltd | 3938925 | London, England | 2 | 100% | 100% | 0 | | | | 0 |
| Biotage Italy S.r.l. | IT03617450964 | Milan, Italy | 1 | 90% | 90% | 111 | | | | 111 |
| Biotage Ltd | 0126-01-004032 | Tokyo, Japan | 200 | 100% | 100% | 16,469 | | 7,325 | -23,794 | 0 |
| Biotage GB | Ltd 1033865 | Cardiff, Wales | 100 | 100% | 100% | 125,730 | | | -48,987 | 76,744 |
| Separtis Holding AG | CH-280.3.001.932-2 | Grellingen, Switzerland | 100 | 100% | 100% | 14,266 | -3,066 | | -2,037 | 9,162 |
| Total cost | | | | | | 770,158 | -213,069 | 57,009 | -200,266 | 413,833 |
| Value adjustment of shares in Pyrosequencing Inc | | | | | | -210,003 | 210,003 | | | 0 |
| Value adjustment of shares in Separtis Holding AG | | | | | | -3,066 | 3,066 | | | 0 |
| Total carrying amount | | | | | | 557,090 | 0 | 57,009 | -200,266 | 413,833 |

Companies owned by other subsidiaries

| Company name | Reg. no. | Reg'd office | Number of shares | Share of capital | Share of votes | 2010 | 2009 |
|----------------------|--------------------|---------------------------|------------------|------------------|----------------|----------------|----------------|
| Biotage LLC | 04-3535072 | Charlottesville, USA | | 100% | 100% | 168,928 | 179,109 |
| Esytech AB | 556588-8350 | Uppsala, Sweden | 100,000 | 100% | 100% | 60 | 60 |
| Biotage Italy S.r.l. | IT03617450964 | Milan, Italy | 1 | 10% | 10% | 9 | 9 |
| Separtis GmbH | DE-HRB 2937 | Grenzach-Wyhlen, Tyskland | | 100% | 100% | – | – |
| Separtis AG | CH-280.3.004.688-3 | Grellingen, Schweiz | Liquid. 2010 | 100% | 100% | – | 973 |
| Total | | | | | | 168,997 | 180,152 |

Changes in the carrying amount of subsidiaries' shareholdings are due to exchange differences during translation to Swedish kronor.

NOTE 21 PLEDGED ASSETS AND CONTINGENT LIABILITIES

| | Group | | Parent | |
|-------------------------------|------------|------------|------------|------------|
| | 12-31-2010 | 12-31-2009 | 12-31-2010 | 12-31-2009 |
| Pledged assets | | | | |
| Chattel mortgages | 95,315 | 97,775 | 22,500 | 22,500 |
| Real estate mortgages | 12,137 | 49,985 | – | – |
| Total | 107,452 | 147,760 | 22,500 | 22,500 |
| Contingent liabilities | – | – | – | – |

The Parent Company has provided sureties for the following subsidiaries' obligations with the Group's main creditor, Handelsbanken:

| | | |
|-------------------|-------------|----------------------|
| Biotage LLC | 04-3535072 | Charlottesville, USA |
| Biotage GB | Ltd 1033865 | Cardiff, Wales |
| Biotage Sweden AB | 556487-4922 | Uppsala, Sweden |
| Pyrosequencing AB | 556554-3476 | Stockholm |

NOTE 22 RELATED PARTY DISCLOSURES

IAS 24 requires entities to provide disclosures about the nature and scope of transactions with related parties – both companies and individuals.

Related parties are classified as follows:

- a) Parent companies
- b) Companies with joint control or significant influence over the company;
- c) Subsidiaries;
- d) Associates;
- e) Joint ventures in which the company is a venturer;
- f) Key management personnel in the company or its parent; and
- g) Other related parties.

a) Parent companies

According to the list of the 15 largest shareholders in the Company at December 31, 2010, Biotage AB does not have a parent company. The largest shareholder is Investor AB, with 8.6 percent of the capital and voting power. See page 23.

b) Companies with joint control or significant influence over the company

Biotage has not conducted any transactions with any of the 15 largest shareholders listed on page 23. Biotage is not aware of any agreements or similar arrangements with any of its shareholders relating to management of the Company's affairs.

c) Subsidiaries

Biotage does not engage in any operations described in its business concept; its subsidiaries develop, produce and market the Group's products and services. For this reason, there are considerable transactions between the Parent Company and its subsidiaries, and between subsidiaries themselves. A list of the subsidiaries can be found on page 63.

Summary of transactions with subsidiaries during 2010:

| Amounts in SEK thousands | | Receivables from subsidiaries | Liabilities to subsidiaries | Services sale (+) purchase (-) | Interest received (+) paid (-) |
|---------------------------------|----------------|--|--|---|---|
| Subsidiary | Country | | | | |
| Biotage Sweden AB | SE | 715 | 84,947 | 2,288 | – |
| Biotage Sweden AB | SE | – | – | -2 810 | – |
| Cemu Bioteknik AB | SE | – | 123 | – | – |
| Pyrosequencing AB | SE | – | 2,653 | – | – |
| MIP Technologies AB | SE | 3,988 | – | – | – |
| Pyrosequencing Inc | US | 340,832 | 55,361 | 3,012 | 13,105 |
| Biotage GmbH | DE | 27,633 | – | – | 137 |
| Biotage Ltd | GB | 72,806 | -4,755 kr | – | 1,101 |
| Biotage Ltd | JP | 9,105 | – | 453 | – |
| Biotage GB | GB | 88 | 38,856 | 387 | -1,868 |
| Separtis Holding AG | CH | – | 6,600 | – | – |
| Impairment reserve | | -249,144 | – | – | – |
| | | 206,023 | 183,785 | 3,330 | 12,475 |

d) Associates

Biotage does not have any investments in associates.

e) Joint ventures in which the company is a venturer

Biotage does not have any joint venture agreements.

f) Key management personnel in the company or its parent

Payments to the Board and senior executives are described on pages 48-51.

Acquisition of MIP Technologies AB

In connection with the publication on April 26, 2010 of Biotage's acquisition of all the shares in MIP Technologies AB, it was announced that the Biotage CEO, Torben Jorgensen was, through his own company, the owner of less than 5 percent of MIP Technologies AB. The purchase price for the company was agreed at SEK 16,000 thousand. Biotage paid SEK 2,885 thousand of this amount to the shareholders and SEK 13,115 thousand in cash to MIP Technologies AB. If MIP Technologies AB achieves certain set targets for sales and gross profit in the period up to 2015, Biotage will have to pay an additional purchase consideration for the acquisition. In Biotage's financial statements at December 31, 2010, a provision of SEK 28,799 thousand has been recognized for these potential subsequent payments.

No other transactions have been conducted with Board members, senior executives or individuals or legal entities that are related parties of them.

g) Other related parties

No other parties related to Biotage or other Group companies have been identified.

Statement by the Board of Directors

The Board and CEO confirm that the consolidated annual financial statements have been prepared in accordance with international financial reporting standards (IFRS) as adopted by the EU and provide a true and fair view of the Group's financial performance and position. The Parent Company's annual financial statements have been prepared in accordance with generally accepted

accounting principles in Sweden and provide a true and fair view of the Parent Company's financial performance and position. The Board of Directors' report for the Group and Parent Company provides a true and fair overview of the development of their operations, financial position and performance, and describes material risks and uncertainties to which the Parent Company and its subsidiaries are exposed.

The consolidated statement of comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet will be presented for adoption at the annual general meeting to be held on April 27, 2011.

Uppsala, March 24, 2010

Ove Mattsson
Chairman of the Board

Anders Walldov
Board member

Thomas Eklund
Board member

Eva-Lotta Kraft
Board member

Per Olof Eriksson
Board member

Niklas Jungnelius
Employee representative

Torben Jørgensen
President and CEO

Our Audit Report was submitted on March 24, 2011.

Deloitte AB

Marcus Sörlander
Authorized Public Accountant

Audit Report

To the Annual General Meeting of the shareholders of Biotage AB (publ)

Reg. no. 556539-3138

We have audited the Parent Company's annual financial statements, the consolidated financial statements, the accounting records and the administration of the Board of Directors and CEO of Biotage AB for the year 2010. The Parent Company's annual financial statements and the consolidated financial statements are included in the printed version of this document on pages 28-69. The Board and CEO are responsible for these annual financial statements and the administration of the Company, and for ensuring the Parent Company's accounts are prepared in accordance with the Swedish Annual Accounts Act and the consolidated accounts are prepared in accordance with international financial reporting standards IFRS, as adopted by the EU. Our responsibility is to express an opinion on the annual financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and perform the audit to obtain reasonable assurance that the Parent Company's annual financial statements and the consolidated financial statements are free from material misstatement. An audit includes examination, on a test basis, of evidence supporting the amounts and disclosures in the accounts. An audit also includes assessment of the accounting policies used and their application by the Board of Directors and CEO, evaluation of significant estimates made by the Board and CEO when preparing the Parent Company's annual financial statements and the consolidated financial statements, and evaluation of the overall presentation of information in the annual accounts and consolidated accounts. As a basis for our opinion concerning discharge from liability, we have examined significant decisions, actions taken and circumstances of the Company in order to determine the liability, if any, to the Company of any member of the Board or the CEO. We have also conducted examinations to establish whether any member

of the Board or the CEO has in any other way acted in contravention of the Swedish Companies Act, the Annual Accounts Act, or the Company's Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The Parent Company's annual financial statements have been prepared in accordance with the Swedish Annual Accounts Act, and give a true and fair view of the Company's financial position and performance in accordance with generally accepted accounting principles in Sweden. The consolidated annual financial statements have been prepared in accordance with international financial reporting standards (IFRS), as adopted by the EU, and the Swedish Annual Accounts Act, and give a true and fair view of the Group's financial position and performance. The Board of Directors' report is consistent with the other parts of the Parent Company's annual financial statements and the consolidated annual financial statements.

We recommend to the Annual General Meeting that the income statement and balance sheet of the Parent Company and the consolidated statement of comprehensive income and statement of financial position be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the Board of Directors' report, and that members of the Board and the CEO be discharged from liability for the fiscal year.

Stockholm, 24 March 2011

Deloitte AB

Marcus Sörlander
Authorized Public Accountant

Chairman's statement

Dear Shareholders,

During 2009 and 2010, Biotage implemented significant changes in the direction of its business. From almost exclusively supplying instruments and consumables to organic chemists, particularly in the pharmaceuticals industry, the Company has expanded its business operations to include the field of analytical chemistry. Much of our Board work has revolved around these changes.

After a number of years of success for Biotage's consumables for separation and purification, which represent the foundation of our analytical chemistry business, it was clear that increased investment in this area would be an attractive way of developing and expanding our business operations. The large pharmaceutical companies, which are traditionally our largest group of customers, find themselves in a phase of stagnation, and this has also affected us. The focus on analytical chemistry opens the door to interesting new customer groups in areas such as environment and food. Toxic melamine in Chinese milk and undesirable pesticide residues in foodstuffs are just a couple of examples of current problems.

Critical mass

A key challenge for Biotage is to reach critical mass in its operations, i.e., to achieve a turnover that is reasonable in relation to Biotage's international organization. The organization currently has the capacity to handle considerably larger volumes with marginally higher costs. In addition to organic growth, the acquisition of the two product lines Rapid Trace® and TurboVap® from Caliper is a good example of what needs to be done. The acquisition also paves the way for additional sales of consumables to the thousands of existing Caliper customers.

In 2010, Biotage also acquired MIP Technologies, a development company in Lund. The acquisition gives us an enhanced product offering in analytical chemistry and, particularly important, the possibility of extracting unwanted

contaminants from foodstuffs in the process scale. We are still in the development phase, but if our plans become reality, there is a very interesting potential in this area.

I also recognize that there is a need for further acquisitions to strengthen the focus on analytical chemistry and increase the critical mass. We currently have about SEK 200 million in cash for further expansion. It is therefore important for us to identify the right acquisition candidates that fit well into our market profile.

Efficiently functioning Board

Today we have a balanced Biotage Board with well-functioning working practices and open and frank dialogue. We have members from different sectors, with diverse experience and expertise, all working to develop Biotage in the best possible way. We have a small Board, which normally consists of six members. A smaller Board gives all members an opportunity to be heard and get involved, which also means everyone's skills are utilized.

There is a clear consensus on the Board about our policies, what we want to achieve with Biotage, the Company's new direction, and the priorities that are important. We support senior management in their continuing efforts to achieve our objectives and we ensure they do so in accordance with the guidelines we have established. With the acquisitions we have made, and our capacity for further acquisitions, Biotage is in a situation where there are good opportunities and tools for continuing to develop the business and staying on track. Now is the moment of truth for Biotage – we must show that the new platform is bearing up and that this is actually seen in terms of sales and profitability.



Ove Mattsson

Chairman of the Board

Corporate Governance

Introduction

Biotage AB was established in 1997 under the name Pyrosequencing AB. The Company made a number of acquisitions in the medicinal chemistry sector between 2003 and 2005. Following the disposal of the Biosystems business area, the Company consists of one business area – Discovery Chemistry. The Company's head office is situated in Uppsala. Biotage applies the Swedish Code of Corporate Governance ("the Swedish Code"). The diagram below shows Biotage's corporate governance model and how the central bodies interact.

Shareholders

Biotage's shares have been listed on the Stockholm Stock Exchange since 2000. Share capital in Biotage consists of class A shares, with each share carrying one vote. Class A shares entitle the holder to the same proportion of the Company's assets and earnings.

At December 31, 2010, the number of shareholders was 6,255. At the end of the year, Biotage AB was the single largest shareholder with the 8,848,632 shares (representing 10%) which were repurchased under the buy-back program adopted by the annual general meeting. Investor Growth Capital and Anders Walldov (with companies) are the next two largest shareholders after Biotage AB. 3.3 percent of the shareholders hold 1,000 shares or fewer, and the ten largest owners hold 52.8 percent of the total number of shares. The proportion of foreign investors is 14 percent. Further information about the shareholder structure can be found on page 23 of the annual report.

General meeting of shareholders

Shareholders' influence in the Company is exercised at the shareholders' meeting, which is the Company's highest decision-making body. Shareholders wishing to participate in the shareholders' meeting, either in person or represented by proxy, must be listed in the register of shareholders no later than five working days before the meeting, and must notify the Company of their intention to attend, as specified in the notice of the meeting.

Notice of the annual general meeting of shareholders is given by announcement in Post och Inrikes Tidningar (The Swedish Gazette) and by making the information available on the Company's website (www.biotage.com). When notice of the meeting has been given, information to this effect shall be announced in Svenska Dagbladet.

The annual general meeting is held within six months of the end of the fiscal year. At this meeting, the shareholders make decisions on the election of the Board and auditor (when relevant), the composition of the nomination committee and the discharge from liability of the Board members and

CEO for the previous year. They also make decisions on the adoption of the financial statements, distribution of earnings, Board and auditor fees and principles for remuneration of the CEO and other senior executives.

2010 Annual General Meeting

The Board presented a report on its work during the year. The CEO informed the annual general meeting about the Group's financial performance and position, and commented on the results for 2009. The annual general meeting adopted the 2009 annual financial statements of the Parent Company and Group, decided on the distribution of the Company's earnings and discharged the Board and CEO from liability. A dividend of SEK 0.20 per share was adopted.

The chairman of the nomination committee gave an account of how the committee had conducted its work, and explained the committee's proposals. The meeting adopted the nomination committee's proposals on remuneration of the Board and auditors.

The meeting also adopted the nomination committee's proposal for the number of Board members to be six. The following Board members were re-elected Ove Mattsson (Chairman), Staffan Lindstrand, Thomas Eklund, Per-Olof Eriksson. Eva-Lotta Kraft and Anders Walldov were newly elected. Former Board members Mathias Uhlén and Bengt Samuelsson had declared themselves unavailable for re-election and the meeting thanked them for their services.

The meeting voted to grant the Board a mandate to issue shares and/or convertibles on one or more occasions before the 2011 annual general meeting, with or without preferential rights for shareholders. A decision by the Board to issue shares and/or convertibles may result in a total increase in the number of shares in the Company of up to 8,800,000 shares.

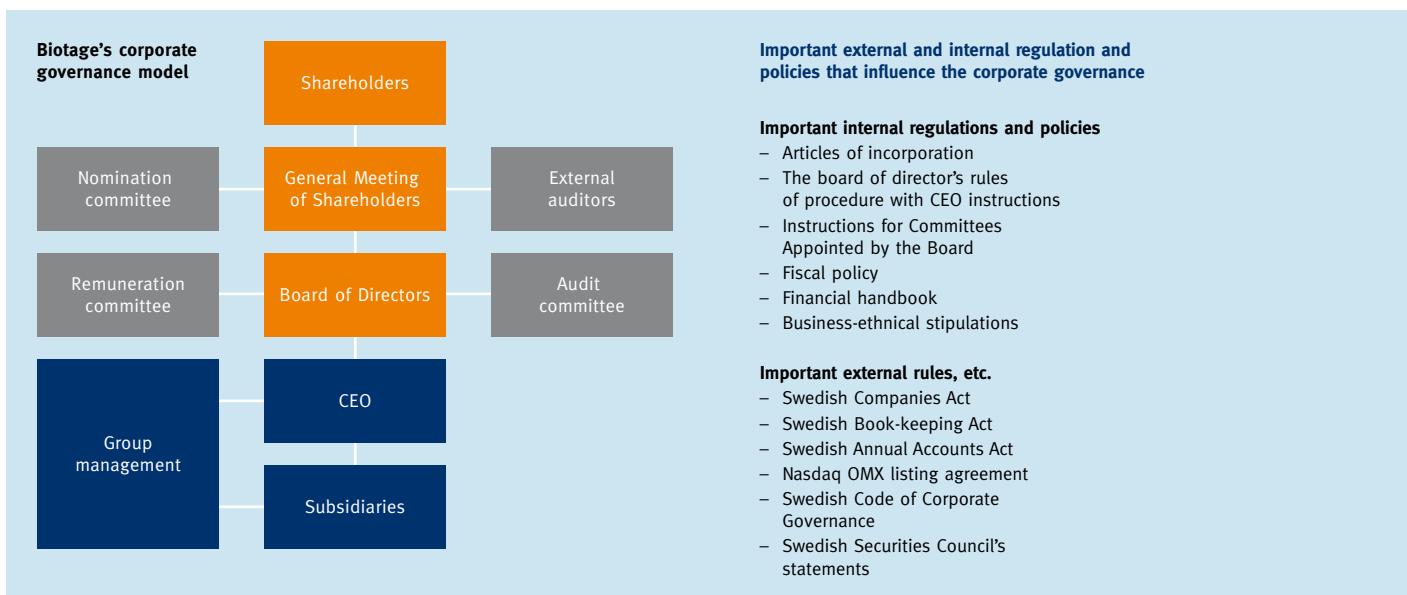
The meeting unanimously adopted the Board's proposal for a mandate for the Board to decide on the purchase or transfer of up to 8,848,632 of the Company's own shares on NASDAQ OMX Stockholm.

Board members Ove Mattsson, Staffan Lindstrand and Thomas Eklund and Chief Auditor Marcus Sörlander were present at the annual general meeting. Anders Walldov was also present as a proposed new Board member.

The minutes of the annual general meeting are available on Biotage's website (www.biotage.com).

Nomination Committee

The nomination committee represents the interests of shareholders. The 2010 annual general meeting adopted a resolution that the Chairman of the Board be elected to serve on the nomination committee and that he and



the Company's largest shareholders (in terms of votes) at 01 September 2010 appoint three other members. It was decided that the names of these persons should be published no later than six months before the 2011 annual general meeting, which has been the case. It was also decided that the nomination committee would elect a chairman from one of its members, who should not be the Chairman of the Board.

The nomination committee consists of Staffan Josephson, Chairman (Investor Growth Capital), Anders Walldov (Brohuvudet AB and private holding), Tommy Jacobsson (Varenne AB) and Ove Mattsson (Chairman of the Board).

If a shareholder who is represented by one of the nomination committee's members is no longer one of the largest shareholders (in terms of votes) in the Company, or if a member of the nomination committee is no longer employed by such a shareholder or leaves the nomination committee before the 2011 annual general meeting for some other reason, the nomination committee's other members shall be entitled to appoint another member to replace that member.

During the year, the nomination committee has prepared proposals for consideration by the 2011 annual general meeting regarding the election of the Chairman of the Board, other Board members and a chairman of the annual general meeting and remuneration and related matters.

Shareholders may submit proposals to the nomination committee in various ways, including by e-mail to info@eu.biotope.com. The nomination committee's proposals and reasons must be published no later than the date of publication of the notice of the annual general meeting. The nomination committee's term of office is until the composition of the next nomination committee is published.

The nomination committee's work since the 2010 annual meeting

The nomination committee has had regular meetings and status reviews by telephone since its establishment in fall 2010. These meetings and status reviews have been mainly been devoted to evaluation of the work of the present Board and discussions on the number of Board members, the need for new recruitment, potential new Board members and Board fees. The Chairman of the Board has provided the nomination committee with an account of the process used in the annual evaluation of the Board, its members and the CEO, and the results of the evaluation. In the lead-up to the 2011 annual general meeting, the nomination committee has formulated a proposed procedure for establishing the next nomination committee. The nomination committee is also responsible for submitting proposals for remuneration of the Board. To obtain an idea of reasonable remuneration levels, the committee has analyzed and compared fees paid in similar companies. The audit committee has assisted the nomination committee in the preparation of proposals for remuneration of the Board. Having studied the results of the Board's evaluation report, the nomination committee is of the opinion that the Board's work has been effective. The evaluation of the present Board includes the above-mentioned report on the Board's annual evaluation of its own work submitted to the nomination committee by the Chairman Ove Mattsson.

The nomination committee has proposed the re-election of the following members: Ove Mattsson, Thomas Eklund, Anders Walldov, Eva-Lotta Kraft and Per-Olof Eriksson. The committee has also proposed that Ove Mattsson be re-elected Chairman of the Board. As Staffan Lindstrand has declared himself unavailable for re-election, the nomination committee has decided to seek a new Board member. The committee therefore proposes that Dr. Nils Olof Björk be elected to the Board. Dr. Björk has had a long career with Alfa Laval, serving as CEO of Alfa Laval Japan between 1995 and 2002. Dr. Björk was a member of Alfa Laval's Group management between 2002 and 2009, with primary responsibility for acquisitions and new technology, with a focus on energy, food, pharma and environment. Since 2009, Dr. Björk has been Senior Advisor and Board member of Tranter Inc., Chairman of Österlens Kraft and Österlens Kraft e.f., and since 2011 also President of Sällskapet Lundaakademiker.

The nomination committee considers that, in view of the Company's business, stage of development and other circumstances, the Board is composed in such a way as to enable it meet the requirements of the Company's operations. The nomination committee has paid particular attention to the Company's strategic development, management and controls, and the demands these factors place on the Board's expertise and composition.

The nomination committee's other proposals are submitted with the notice of the annual general meeting.

External auditors

According to the Company's articles of association, Biotope shall have one or two external auditors. At the 2008 annual general meeting, Deloitte AB was re-elected the Company's auditor for a further four-year period, with Marcus Sörlander as the new chief auditor.

The external audit of the Parent Company's and Group's accounts and the Board's and CEO's administration is conducted in accordance with generally accepted auditing standards in Sweden. The accountant participates in at least one Board meeting each year in order to go through the annual accounts and discuss matters with Board members without the presence of the CEO.

A review of the internal procedures and control systems is also conducted in the third quarter. The year-end accounts and annual report are reviewed and audited between January and March. The interim reports between January and September are reviewed by the auditors.

Information on auditors' fees can be found in note 6 of the annual report.

Board

The Board's overall task is to manage the Company's affairs in the best possible way on behalf of the shareholders. The Board shall continuously evaluate the Group's financial position and operational management. The Board determines issues concerning the Group's strategic direction and organization, and makes decisions on major investments (over SEK 5 million) and commitments.

Each year, the Board establishes its own rules of procedure and a set of CEO instructions defining the division of work between the CEO and Board.

The Board's rules of procedure define the division of work among Board members, the frequency of Board meetings and the tasks of the Board's committees. Board members receive a written agenda and all the necessary decision-support material before each Board meeting. Each Board meeting includes a thorough examination of the current business situation, the Company's results and financial position and the outlook for the rest of the year. Other matters for consideration include competition and the market situation.

The Chairman of the Board leads the Board's work, represents the Company in ownership matters and is responsible for the evaluation of the Board's work. The Chairman is also responsible for ongoing contact with Group management and ensuring the Board carries out its duties.

According to the articles of association, the Board shall consist of a minimum of five and a maximum of nine members elected by the shareholders' general meeting. The Board has a quorum if more than half the meeting-elected members are present. The Board must have diversity and breadth of qualifications, and a background appropriate to Biotope's organization, sector and operations. New Board members receive introductory training in order to quickly obtain the knowledge they need in order to represent the interests of the Company and its shareholders.

The Board for 2010 consisted of the following persons:

- Ove Mattsson (Chairman)
- Staffan Lindstrand (retired from the Board on October 27, 2010)
- Thomas Eklund
- Per-Olof Eriksson
- Anders Walldov
- Eva-Lotta Kraft



In addition to the meeting-elected Board members above, the Board had another member, Andreas Lundin, who joined the Board as employee representative in August 2009 and resigned his position on December 1, 2010. Andreas Lundin was succeeded by the employee representative Niklas Jungnelius on the specified date. Employee representatives are appointed outside the annual general meeting by the trade unions that are represented in the Company.

The Board's independence and attendance

All Board members are considered independent of the Company and its management. All members, with the exception of Staffan Lindstrand and Per-Olof Eriksson, are considered independent of the Company's major shareholders, as defined in the Swedish Code. Information about Board members' attendance can be found on page 76.

The Board's work in 2010

The Board held 11 meetings at which minutes were taken. A quorum was established at all 11 meetings. The Secretary of the Board is Biotage's Vice President of Corporate Development, Lars Bäckman, who is not a member of the Board.

During the year, the Board of Biotage continued its focus on the Company's strategy and organization. The Board also dealt with other important matters during the year.

Two acquisitions were made during the year. Two product lines were acquired from the American company Caliper Life Sciences, Inc. for a purchase consideration of USD 16.5m. In addition, all outstanding shares in the Swedish company MIP Technologies AB were acquired based on an enterprise value of SEK 16m. The integration of the acquisitions is essentially completed. Further acquisition opportunities were also evaluated during the year.

The Board decided to exercise the mandate granted by the 2010 AGM to purchase and transfer the Company's own shares before the 2011 meeting. The share buy-back process was conducted on Nasdaq OMX Stockholm. No shares were resold, and at December 31, 2010, the Company owned 8,848,632 of its own shares, which had been acquired for SEK 64.3m. The average buy-back price was SEK 7.27.

In April 2009, the Company was sued for patent infringement in the United States. Biotage has requested the US Patent and Trademark Office to re-examine the validity of all patent claims relating to the three patents which are the subject of the alleged patent infringement. Biotage has also requested a stay of proceedings in the infringement case, pending the result of the PTO's re-examination.

The court has acceded to this request. The PTO has formally accepted the requested re-examination of the validity of the three patents in question.

The Board has two preparatory committees – the remuneration committee and the audit committee.

Remuneration Committee

The remuneration committee submits proposals to the Board about the CEO's salary and employment terms. It also defines salaries and terms

of employment for the other members of Group management and a framework for salaries and terms of employment for other key management personnel. The remuneration committee held three meetings during the year and consisted of Per-Olof Eriksson (chairman), Ove Mattsson and Staffan Lindstrand.

At the annual general meeting of shareholders, the Board presents for approval proposals on the remuneration of the CEO and other senior executives. The 2010 meeting adopted the following proposals by the Board: i. the Company shall endeavor to offer key management personnel market salaries.

ii. the remuneration committee shall prepare matters relating to remuneration and present these to the Board for consideration.

iii. remuneration shall consist of a fixed salary, variable pay, retirement benefits, discretionary bonuses and termination benefits. A more detailed description of the terms of employment for the Group's senior executives can be found in note 1 of the annual report.

Audit Committee

The audit committee follows its own rules of procedure, which the Board defines each year. The chairman of the audit committee is responsible for keeping the Board informed of the committee's activities and, when appropriate, submitting matters to the Board for approval. The audit committee's main task is to support the Board in ensuring financial reporting is of high quality. The committee has regular meetings with the Company's auditor and evaluates the aims and scope of the audit.

The committee also discusses auditing issues of particular significance to the Group, and assists the nomination committee in preparing nominations for the post of auditor and recommendations on fees for auditing services.

During the year, the audit committee consisted of Thomas Eklund (chairman), Staffan Lindstrand and Ove Mattsson.

In 2010, the audit committee held five meetings at which minutes were taken.

Group management

Group management is responsible for establishing and implementing the Group's overall strategy, and dealing with matters such as acquisitions, disposals and large investments, which are prepared by Group management for approval by the Parent Company's Board. The CEO is responsible for the day-to-day management of the Company in accordance with the Board's instructions and guidelines. Group management consists of Torben Jørgensen (CEO), Mats-Olof Wallin (CFO) and Lars Bäckman (Vice President of Corporate Development).

Group management holds monthly meetings to discuss the financial performance and position of the Group and subsidiaries. The meetings also deal with strategic plans and the monitoring of budgets and forecasts. Additional meetings are held every two weeks to consider overall operational management. The Parent Company's CEO chairs the boards of the Company's directly owned subsidiaries. Other members of Group's



management also serve on these boards. The boards of the subsidiaries supervise current operations and define strategies and budgets.

The Board's description of internal controls

Under the Swedish Code of Corporate Governance, the Board is required to provide an annual description of the Company's internal controls and risk management with regard to financial reporting.

The Board must also conduct an annual evaluation of the need for a separate internal audit function. In its evaluation, the Board has come to the conclusion that Biotage's present size and risk exposure do not justify a separate internal audit function.

Control environment – the basis of internal controls

The control environment creates Biotage's culture and defines the standards and guidelines on which the Group's business actions take place. In substance, the control environment consists of the documented guidelines, manuals and instructions which have been communicated across the entire organization.

The organizational structure is transparent, with defined roles and responsibilities communicated in the form of documented instructions to the Board, the Board's committees, the CEO and managers of the subsidiaries. Regular evaluation is carried out at the function and department levels in the organization to ensure there is relevant knowledge with regard to financial reporting.

Internal information and communication

The most important steering documents for financial reporting are regularly updated and communicated to relevant personnel via the Company's intranet, newsletters, regular meetings, etc. Information channels have been established to ensure effective communication to relevant employees in the organization.

Risk assessment

The aim of risk assessment is to identify high-risk areas of the Group's operations and decide which controls are required to manage these risks. Risk assessment is conducted by assessing the level of risk on a quantitative and qualitative basis. Special guidelines are used to assess the risk associated with specific IT projects and the general IT environment.

Control activities

The control structure is designed to ensure effective management of what the Board and management consider significant risks to the Company's operations, compliance with legislation and regulations and financial reporting. Defined decision procedures, including authorization instructions, have been established for activities such as investments and the signing of contracts. Where appropriate, automatic controls designed especially for financial reporting have been established. Most control activities are integrated into the Company's key processes, which include ordering, revenue recognition, investments, supply contracts and purchasing.

The IT structure is designed to handle potential IT-related risks. This is done by means of controls and checks in the IT systems related to processes which affect financial reporting.

Monitoring

Each local manager or CEO is responsible for ensuring there are adequate internal controls in his own entity and that the entity follows the Group's overall rules and directives for financial reporting. The Board's monitoring of internal controls with regard to financial reporting is normally carried out by its audit committee, which monitors the work and reporting of the external auditors.

External information and communication

Biotage's communication must be correct, open and prompt, and delivered simultaneously to all its stakeholders. All communication shall be provided in accordance with the Nasdaq OMX Listing Agreement for listed companies in Sweden. Financial information shall give the stock market and present and future shareholders a clear overall picture of the Company and its operations, strategy and financial development. The Board approves the Group's annual report and year-end report, and instructs the Group President to release interim reports. All financial reports are published on the Company's website (www.biotage.com) and distributed to the media and NASDAQ OMX Stockholm. Financial information about the Group may only be communicated by the Group President and the Group CFO.

The Company observes a closed period four weeks prior to publication of annual and interim reports. If price-sensitive information is leaked or incidents occur which could affect the valuation of the Company, NASDAQ OMX Stockholm must be informed and a corresponding press release issued. The Company's information-sharing is regulated by an information policy.

Auditors' statement on the corporate governance report

To the Annual General Meeting of Biotage AB, reg. no. 556539-3138

The Board is responsible for the corporate governance report and ensuring it is prepared in accordance with the Swedish Annual Accounts Act.

As a basis for our opinion on whether the corporate governance report has been prepared and is consistent with the annual financial statements, we have studied the corporate governance report and verified its statutory content based on our knowledge of the Company.

It is our opinion that a corporate governance report has been prepared, and that its statutory information is consistent with the annual financial statements.

Stockholm, March 24, 2011
Deloitte AB

Marcus Sörlander
Authorized Public Accountant

Board of Directors



Ove Mattsson C

Chairman of the Board
Education: PhD, associate professor in organic chemistry.
B. 1940.
Occupation: Management Consultant.
Other assignments: Chairman of the Board of Aromatic AB. Director of Arctic Island Ltd, Fabryo Corporation SRL and Tikkurila Oyj. Member of the Royal Swedish Academy of Engineering Sciences.
Length of Board service: 8 years.
Shares: 6,283,531 via foreign endowment insurance.
Ove Mattson attended all board meetings during the year.

Thomas Eklund B

Board member
Education: MBA Stockholm School of Economics.
B. 1967.
Occupation: Managing Director, Investor Growth Capital.
Other assignments: Director of Caramel Pharma AB, Neoventa Medical AB, Memira AB and CMA Microdialys AB and Värdapotek i Norden AB.
Length of Board service: 5 years.
Shares: 22,000.
Thomas Eklund was present at 7 out of 8 board meetings during the year.

Per-Olof Eriksson E

Board member
Education: M.Sc. Royal Institute of Technology.
B. 1938.
Occupation: Former President and CEO of Seco Tools AB and Sandvik AB.
Other assignments: Chairman of the Board of Cross Control AB, Ferronordic Machine AB and Odlander, Fredriksson & Co AB. Director of Investment AB Öresund, Kamstrup AB and Södersjukhuset AB. Member of the Royal Swedish Academy of Engineering Sciences.
Length of Board service: 4 years.
Shares: 10,000.
Per-Olof Eriksson was present at 10 out of 11 board meetings during the year.

Eva-Lotta Kraft D

Board member
Education: M.Sc. Royal Institute of Technology, MBA University of Uppsala.
B. 1951.
Occupation: Independent Director.
Other assignments: Director of ÅF AB, Nibe Industrier AB, Samhall AB, Boule Diagnostics AB and Siemens AB.
Length of Board service: 1 year.
Shares: 4,000.
Eva-Lotta Kraft has attended four board meetings since her election to the Board at the 2010 AGM.

Anders Walldov not shown in photo

Board member
Education: B.Sc. (Econ) HHS in Lund, AMP Harvard Business School.
B. 1949.
Occupation: Investor.
Other assignments: Chairman of the Board of SevenDay Finans AB, Followit Holding AB (publ) and Wellnet AB. Director of Brohuvudet AB.
Length of Board service: 1 year.
Shares: 7,000,000 directly and through wholly-owned company. Anders Walldov has attended all five board meetings since his election to the Board at the 2010 AGM.

Niklas Jungnelius A

Employee representative
Education: M.Sc. (Chemical engineering), Chalmers University of Technology.
B. 1974.
Occupation: Commercial Support & Analysis Manager.
Length of Board service: –
Shares: 5,000.
Niklas Jungnelius started as an employee representative on the Board in late December 2010 and has not participated in any board meetings in 2010.

Marcus Sörlander

Auditor.
B. 1973.
Authorized Public Accountant, Deloitte AB.

Group Management



A

B

C

Mats-Olof Wallin A

Position: CFO.
B. 1951.
Education: B.Sc.
Length of employment in the Group: 8 years.
Shares: 18,000.
Options: 60,000.

Torben Jørgensen B

Position: President and CEO.
B. 1952.
Education: B.Sc. (Econ.)
Length of employment in the Group: 5 years.
Shares: 606,700.
Options: 55,000.
Other appointments: Director of Atlas Antibodies AB.

Lars Bäckman C

Position: VP Corporate Development.
B. 1961.
Education: LLB.
Length of employment in the Group: 4 years.
Shares: –
Options: 30,000.
Other appointments: Chairman of Yubico AB.

Glossary

CMO (Contract Manufacturing Organizations)
Contract manufacturing organizations.

CRO (Contract Research Organizations)
Contract research organizations.

Evaporation
Accelerated evaporation of a liquid.

Flash chromatography
A method of separating the included substances in a reaction mixture. Depending on their physical characteristics, the substances move at different speeds through a solid phase with the help of a flow of solvents.

LLE (Liquid Liquid Extraction)
A method to separate compounds based on their relative solubilities in two different immiscible liquids, usually water and an organic solvent. It is an extraction of a substance from one liquid phase into another liquid phase.

Microwave synthesis
A synthesis where microwave energy is used to speed up reactions.

MIP
Molecularly imprinted polymers.

Reagents
A substance that is added in a synthesis to restructure the start material to the desired product.

Purification
Involves the synthesized compound is isolated from impurities.

Purification column
The physical unit where the media that is needed to carry out flash chromatography is packaged. Then, the sample that shall be purified in the column is applied and purification is carried out whereby the solvent flows through the column.

SLE (Supported Liquid Extraction)
A product and method representing an efficient alternative to traditional LLE, that has higher recovery rates and lends itself well to automation. The sample is absorbed onto an inert solid support and then eluted off using an organic solvent.

SPE (Solid Phase Extraction)
A method for separating substances in regard to how much they prefer a solid phase compared to a liquid phase. The same principle applies as for flash chromatography although on a smaller scale.

Synthesis
Involves creating a new substance by combining (synthesizing) several different substances.

Work-up
A process that removes various substances that may have been added to speed up or create reactions.

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