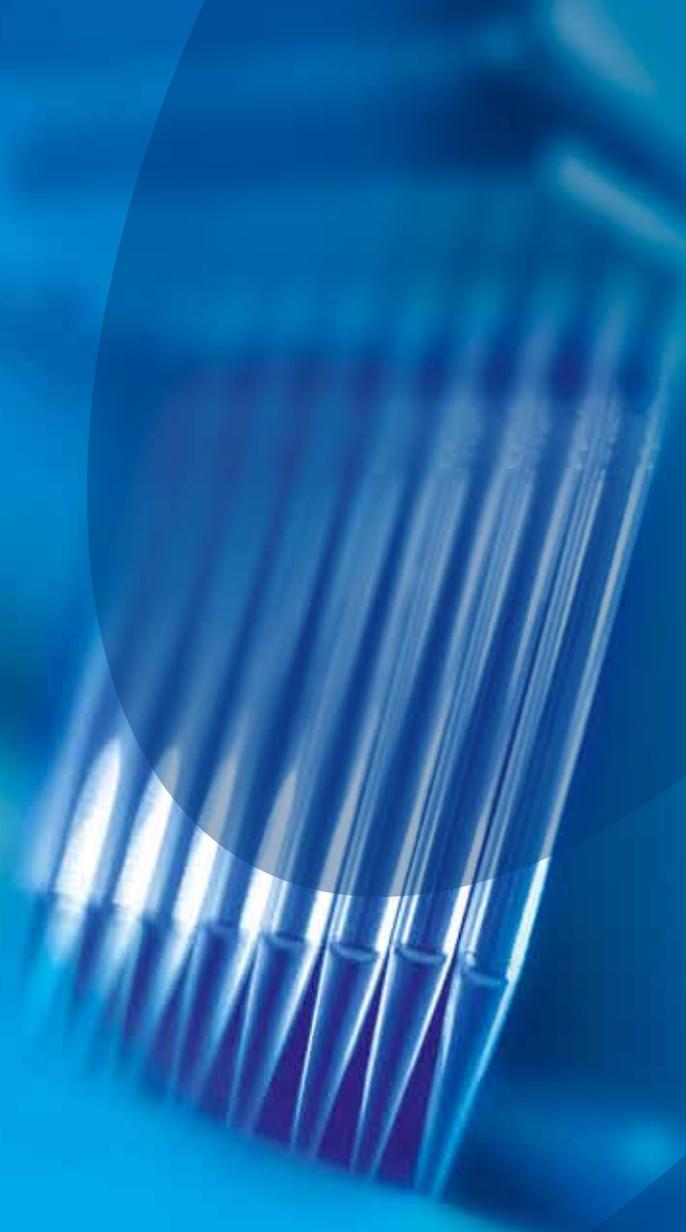


Annual Report 2014



Contents



- » Biotage is a global Life Science company that is active within three areas – Organic Chemistry, Analytical Chemistry and Industrial Products.



- » Biotage has two financial targets toward which operations are steered – a growth target and a profitability target.



- » Biotage operates globally, where the largest geographical markets are the United States, Europe and Japan.

Operations

The year in brief	3
Group overview	4
CEO commentary	6
Goals and strategies	8
Chairman's statement	10
Biotage's offering	11
Biotage's market	14
Research and development	16
Production	18
Personnel	19
The Biotage share	20
Five years in summary	22
Definitions	23
Glossary	23

Annual Report

Board of Directors' Report	24
The Group	
Consolidated Statement of Comprehensive Income	29
Consolidated Statement of Financial Position	30
Consolidated Statement of Changes in Equity	31
Consolidated Statement of Cash Flows	32
The Parent Company	
Income Statement	33
Statement of Comprehensive Income	33
Balance Sheet	34
Statement of Changes in Equity	35
Statement of Cash Flows	36
Summary of Significant Accounting and Measurement Policies for the Group and Parent Company	37
Notes	45
Audit Report	64
Board of Directors	65
Management Group	66

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

A year of profitable growth

Net sales

SEK 490.4 M

Operating profit

SEK 49.3 M

Operating margin

10.1 %

Earnings per share

SEK 0.79

Biotage developed positively in 2014, and total sales increased by 10.3 percent compared with 2013. Unlike recent years, Biotage was helped by currency trends in 2014 – particularly with the stronger US dollar. Excluding currency effects, the growth in total sales was 5.5 percent. The operating profit increased by 26 percent and the EBIT margin was 10.1 percent. The growth in total sales is primarily the result of very strong performance in the United States, while the European and Japanese markets developed more weakly.

Summary

	2014	2013
Net sales, SEK m	490.4	444.6
Gross profit, SEK m	266.9	249.6
Gross margin, %	54.4	56.1
Operating profit, SEK m	49.3	39.2
Operating margin, %	10.1	8.8
Profit before tax, SEK m	54.9	40.4
Profit after tax, SEK m	51.1	41.4
Earnings per share, SEK	0.79	0.61
Equity/assets ratio, %	81.2	80.5
Average number of employees	292	290

Quarterly overview

Q1 Strong start to the year

- » Net sales amounted to SEK 113.7m (103.2), representing an increase of 10.2 percent compared with the same quarter last year.
- » Operating profit was SEK 9.5m (6.1).

Q2 Continued organic growth

- » Net sales amounted to SEK 120.4m (116.3), representing an increase of 3.5 percent.
- » Operating profit was SEK 13.5m (12.1).
- » The total holding of 5,146,883 own shares acquired within the framework of the previous repurchase program was withdrawn in accordance with the resolution adopted by the Annual General Meeting of Shareholders held in 2014.
- » The AGM resolved to adopt a new repurchase program of own shares.
- » Biotage launches ACI™ – new software for the Isolera™ purification system that significantly reduces the time required to purify substances.

Q3 Continued growth and increased profitability

- » Net sales amounted to SEK 118.5m (103.4), representing an increase of 14.6 percent.
- » Operating profit was SEK 12.6m (7.6).
- » Biotage achieves further success in the re-examination proceedings related to alleged infringement of U.S. patent numbers 7,138,061, 7,381,327 and 7,410,571. All of these patent claims have been declared null and void by the U.S. Court of Appeals for the Federal Circuit.

Q4 Strong growth in the United States. Biotage achieves its profitability target for the full year

- » Net sales amounted to SEK 137.8m (121.6), representing an increase of 13.3 percent.
- » Operating profit was SEK 13.7m (13.4).
- » Biotage launches Extrahera™ – a new system that automates the preparation of samples prior to analysis.

Group overview

An introduction to Biotage

Biotage is a global Life Science company that is active within three areas – Organic Chemistry, Analytical Chemistry and Industrial Products.

Biotage's products are used every day within many different activities across the world – for example, with the development of new medicines and the analysis of samples in forensic laboratories, from hospital patients, or for the analysis of earth and water samples. They are also used, for example, to remove undesired substances from medicines during the production process.

Biotage's business model

The major part of Biotage's sales is generated within the areas of Organic Chemistry and Analytical Chemistry. Biotage has three principal revenue sources through the sale of systems, consumables and services. In 2014, systems represented 44 percent of total sales, while consumables and services constituted 56 percent of sales.

Areas of activity

Organic Chemistry

Biotage's products rationalize work performed in the early phase of pharmaceutical development – composed of chemically creating substances that will become new medicines.

Analytical Chemistry

Biotage's products are used in the analysis of diagnostic samples taken from patients, in conjunction with clinical tests or for forensic analyses, as well as samples taken within the areas of food safety and the environment.

Industrial Products

Biotage's products and unique solutions are used to separate specific substances during the production process from, for example, food and medicines.

Offering

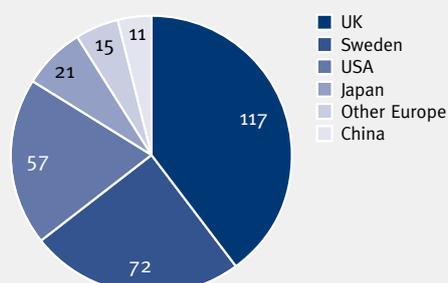
- Systems
- Consumables
- Service

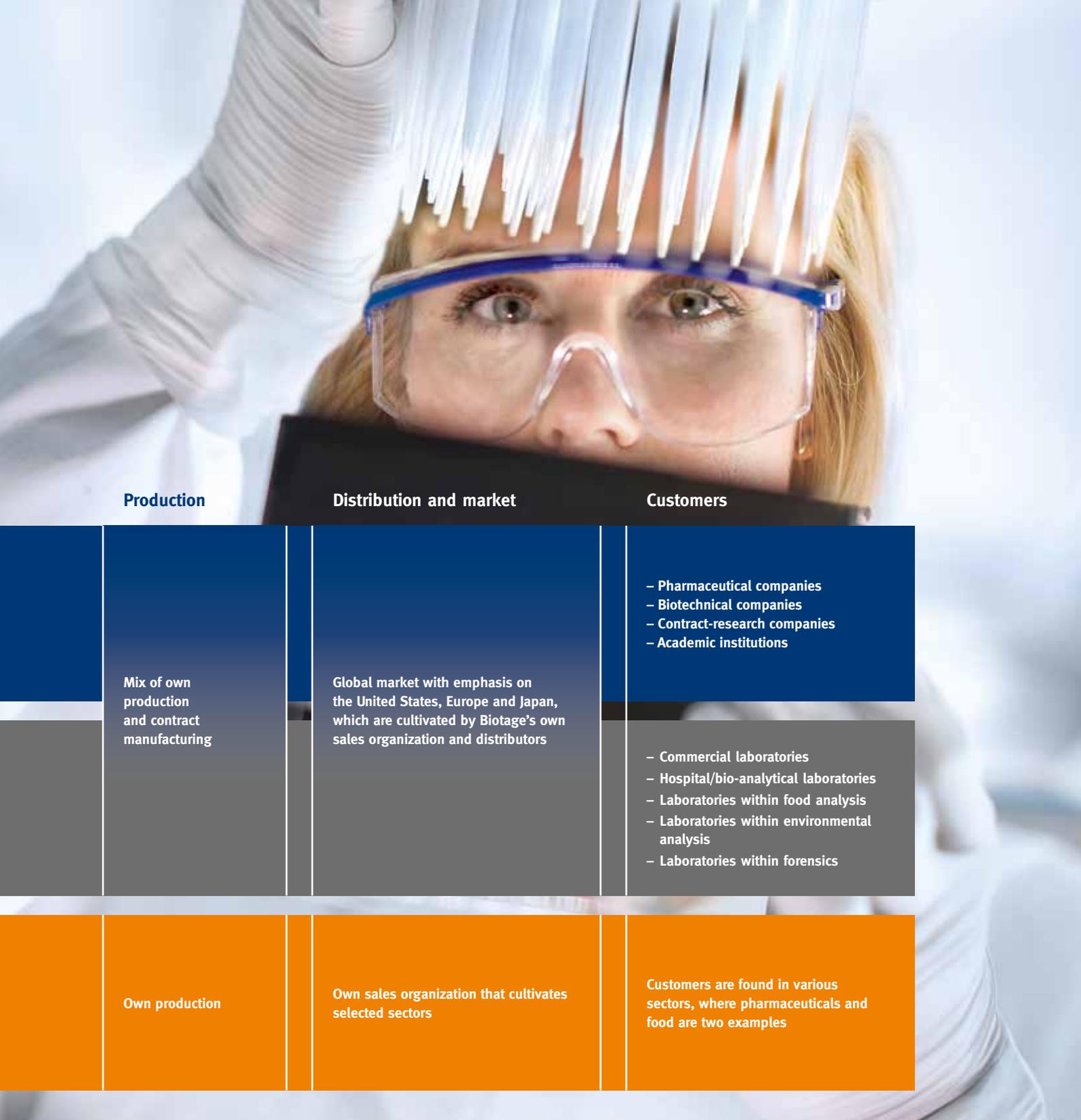
- Systems
- Consumables
- Materials in bulk
- Research services

Geographic presence

The Company's offices are located in Uppsala and Lund (Sweden), Cardiff (Wales), Charlotte (USA), Osaka and Tokyo (Japan), as well as Shanghai (China). Biotage's own production facilities are located in Lund (Sweden) and Cardiff (Wales).

Employees per geographic market 2014





Production

Distribution and market

Customers

Mix of own production and contract manufacturing

Global market with emphasis on the United States, Europe and Japan, which are cultivated by Biotage's own sales organization and distributors

- Pharmaceutical companies
- Biotechnical companies
- Contract-research companies
- Academic institutions

- Commercial laboratories
- Hospital/bio-analytical laboratories
- Laboratories within food analysis
- Laboratories within environmental analysis
- Laboratories within forensics

Own production

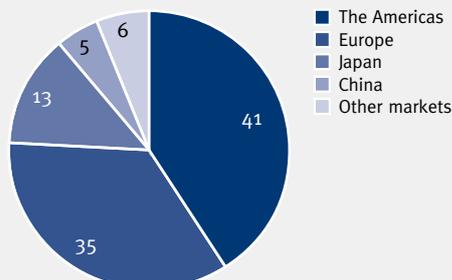
Own sales organization that cultivates selected sectors

Customers are found in various sectors, where pharmaceuticals and food are two examples

Biotage's markets

Biotage is active in a global market. The majority of Biotage's sales is generated in the United States, Europe and Japan. Thanks to strong developments in the United States during 2014, the proportion of sales from the Americas increased, while the proportion of sales from Europe and Japan declined.

Sales per geographic market 2014 %



Both successes and challenges



When I summarize 2014, I can note that it was a year that offered both successes and challenges. Net sales increased by 10 percent, which represented organic growth of 6 percent excluding currency effects. This is good in view of the fact that conditions in our various geographic markets were variable in 2014. The operating profit increased by 26 percent and the EBIT margin was 10 percent, which is in line with our profitability target. In addition, we had a strong operating cash flow of more than SEK 80 million for the year.

Growth in the United States

The growth in sales that we achieved during the year can be mainly attributed to our American operations, which developed very strongly. Already at the beginning of the year, we obtained a number of large contracts for Analytical Chemistry consumables, which generated business through the entire year. At the same time, the purification product area within Organic Chemistry and Industrial Products developed well in the United States.

Despite a good start to 2014, we did not achieve any growth in Europe for the full-year. We must be self-critical here, and note that this situation was not only due to the fact that European markets were weaker than the

American. We did not seize in the best way the opportunities available within the market, which has now led us to initiate measures to rectify the situation in the future.

In Japan, trends were weaker than we expected. However, there exists a natural explanation in the form of a rise in value added tax introduced in April, which dampened the market atmosphere. We made changes to our management in Japan during the year, and look forward with confidence to 2015.

With regard to Biotage's other markets, there are a number of items that we can be pleased about. China has returned to growth. We have reorganized the customer portfolio in China from contract manufacturing companies, which have been negatively affected by fewer assignments from American and European pharmaceutical companies, to academic institutions – and we are now starting to see the positive effects. We have also divided up the management of our sundry markets so that the Asia-Pacific region is now handled by our Japanese company, and the EMEA region is handled by dedicated resources from Europe. This has created a more focused cultivation of the market, and we can already see the effects not least in the Middle East where, for example, Saudi Arabia is a growing market for us.

Analytical Chemistry continues to grow

If we take a look at our three areas – Organic Chemistry, Analytical Chemistry and Industrial Products – the strongest trends continue to be within Analytical Chemistry. It is gratifying to see that the strategy we adopted for Analytical Chemistry in 2009 is still successful, and has led to operations growing year after year.

Within Organic Chemistry, our largest product area, purification, continues to show the best growth. Operations within Analytical Chemistry and the purification product area are prioritized by Biotage, which can be seen in the fact that our product development in recent years to a great extent has been oriented toward these areas. Together, these parts represent more than 71 percent of Biotage's sales, and grew by 8 percent in 2014, excluding currency effects. Industrial Products represent a small part of our sales, but developed well in 2014.

Better positioned

Investment in research and development is one of our most important strategies, and we have worked purposefully in recent years to strengthen the product portfolio. This implies that Biotage today has a modern and



attractive offering of systems and consumables for both Organic and Analytical Chemistry. We are better positioned than previously with regard to the product offering, and we have noticed that this in turn has had an effect on the market through greater interest from customers. This has been particularly marked in the United States and is one of the reasons behind our successes there.

The principal product launch made in 2014 was Biotage® Extrahera™ – a system that automates the preparation of samples prior to analysis. Extrahera™ provides the answer to one of the most important driving forces in the market for Analytical Chemistry – to rationalize the sample-handling process, which saves time and contributes to a more effective workflow for analytical chemists. We have great hopes for the system – both for sales of the system as such, as well as an ability to increase sales of consumables. Initial customer reactions have been positive.

Reorganization in Lund

During the first half-year 2015, we will be making changes and new investments at our facility in Lund, where we will create a European center for analytical chemistry with both a demonstration laboratory for customers and an applications development department. In addition, all production and development of polymer products within Analytical Chemistry and Industrial Products will be concentrated in Lund so as to benefit from the production facility and skills that we have built up there. The changes will also enable us to build up and maintain a critical mass despite the fact that operations, which originate from MIP Technologies acquired in 2010, have not developed at the same pace as we had hoped.

The Industrial Products area, of which MIP Technologies is part, is growing and we are focusing our efforts on the areas where we believe that future potential is greatest.

Continued rationalization

When looking ahead, our primary tasks will be to continue rationalization and increase the penetration of our sales and marketing efforts, as well as to continuously improve the efficiency of our production process. On the market side, it is important to create further growth and to steer the composition of the product mix. We have a large product range where some of the products are suffering from low volumes. The steering of sales to products with higher volumes will increase the rationalization potential within the production process.

The expansion of our production in Cardiff, Wales, has been an extremely successful project. Already last year, we insourced production of two systems, and this year added the manufacture of the new Extrahera™ system. An important part of the success is due to the fact that we have attracted skillful and competent employees who have built up operations with a focus on structure and methods in line with lean manufacturing. We have now started projects to rationalize our production of consumables in a similar way, at the same time as we continue the process of increasing the degree of automation.

To close, I would like to thank our employees who have taken part in and contributed to developments during 2014. I would also like to take this opportunity to welcome new employees who have joined the Biotage family. As mentioned earlier, we are well-positioned with regard to our offering, and further products are on the way in 2015 – which means that I am looking forward to 2015 with excitement and confidence.

Uppsala, March 2015

Torben Jørgensen
President and CEO

Financial targets and strategic focus areas

Biotage has two financial targets toward which operations are steered – a growth target and a profitability target – which are formulated as an average for the three-year period 2013-2015.

Targets established by the board of directors

Biotage has previously had three financial targets – one for sales growth, one for the gross margin, and one for the operating margin. The targets for gross margin and operating margin partly overlapped. The board of directors has therefore resolved to restate the financial targets as one for sales growth and one for the operating margin. Continued focus on the gross margin will naturally be included as part of the process of achieving the operating margin target.

Average organic growth of

8%

This is an ambitious growth target when considering that growth figures for the current year are lower in many of the markets where Biotage is active. In order to achieve this goal, Biotage must successfully broaden the product range and cultivate a more differentiated customer group than previously. Work carried out within the areas of Analytical Chemistry and Industrial Products is oriented toward this to a great extent.

Average operating margin of

10%

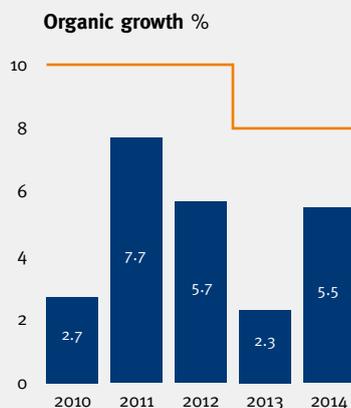
The possibilities of achieving the operating margin target are influenced to a considerable degree by the outcome of the growth target. In addition, Biotage will continue to rationalize operations and thereby reduce costs. The Company has the ambition of reducing costs related to production, sales and administration in relation to total sales.

Outcome 2014

Net sales increased by 10.3 percent. Excluding currency effects, growth was 5.5 percent.

The operating margin (EBIT) improved to 10.1 percent as a result of higher growth and continued cost-efficiency in operations.

Development over five years





Strategic focus areas

Biotage has defined a number of strategic areas with the objective of improving the Company's prerequisites to achieve its financial targets. The strategic areas have then been broken down into strategic initiatives with clearly defined measures with detailed action plans and evaluation.

» Greater proportion of aftermarket sales

Biotage's long-term ambition is that at least 60 percent of sales will come from aftermarket sales, composed of consumables and services. Apart from better profitability, one benefit of aftermarket sales is that they are more evenly spread over the year than systems sales, and relatively insensitive to economic fluctuations. An important part of the strategy is investment in the Analytical Chemistry product area, where the products are mainly composed of consumables. Biotage is also endeavoring to strengthen the service offering to customers by putting together attractive service packages.

» Reach new market segments and customer groups

An important part of Biotage's growth-creation process is to reach new market segments and customer groups. Continuous work is in progress to further develop existing technology so that it can be utilized within new application areas – primarily within the areas of Analytical Chemistry and Industrial Products. This investment has so far enabled Biotage to reach new customers in areas such as the environment, food

safety and forensic science, as well as to penetrate new sectors such as the petrochemical industry.

» Investments in research and development

The development and launching of new products are very important for Biotage in the process of creating growth. New innovative products create general attention and greater interest in Biotage, which in turn generates increased sales. Within Analytical Chemistry, applications development is also a decisive success factor, where Biotage has taken further steps through the Company's researchers working together with key customers in order to increase the understanding of customers' requirements and to develop methods adapted to their operations based on Biotage's products.

» Strengthened market presence

Biotage has the ambition to strengthen its presence in markets where the Company can see distinct potential. This can concern both a new establishment in a market – either through an own sales company, distributor or strategic alliance – as well as by strengthening the presence within a market where the Company is already active, for example by starting a sales company in a market that was previously cultivated via a distributor.

» Optimized production structure

Biotage endeavors to obtain and constantly evaluates an optimal balance between own

production and contract manufacturing based on the most suitable solution for each individual product line with regard to total cost, flexibility, risk and tied-up capital. The ambition is to increase each individual product's contribution to the gross margin.

Vision

Biotage shall be the first choice for customers, employees and shareholders by constantly striving to develop innovative and effective solutions within the areas of separation technology, analytical and organic chemistry.

Business concept

Biotage offers effective separation technologies from analysis to industrial scale, as well as high-quality solutions for analytical chemistry in everything from research to commercial analysis laboratories. Biotage's products are used by public authorities, academic institutions, pharmaceutical companies and the food industry.



Dear Shareholders,
2014 was a year when several important parts fell into place for Biotage. I refer primarily to the platform for operations that the Company has built up in recent years, composed of the areas of Organic Chemistry, Analytical Chemistry and Industrial Products. With the launch in the fall of the new system for analytical chemistry, Extrahera™, this platform is today more complete and stronger than ever. Biotage now has a modern and attractive offering in the market, where we can expect the proportion of consumables to gradually increase, which can reduce economic sensitivity and contribute to improved profitability.

The strong platform makes Biotage a more interesting partner for our customers. For example, our launch of the Isolera™ Dalton purification system last year acted as a door-opener to customers who had previously been difficult to reach. We now hope that the launch of Extrahera™ will have the same effect within Analytical Chemistry, and provide strong support to the sales of consumables. The Company has also taken significant and focused steps forward within the third area, Industrial Products. We have a first-class library of products for purification and separation, and Biotage is now slowly but surely having an increasingly stronger influence on the market.

An important short-term aspect is to now secure and ensure that we have an organization, particularly on the sales side, that enables us to fully utilize and benefit from the platform that we have built up.

Recommended higher dividend

Biotage has maintained a strong financial position since the sale in 2008 of the previous business area known as Biosystems. In view of the fact that we have not been able to find acquisition candidates that we believed to be well-priced or strategically interesting, the board of directors has basically chosen in recent years to distribute the entire profit.

Biotage has also carried out several share repurchasing programs that have created additional value for shareholders.

Good results, a strong operating cash flow and good liquidity enable the board of directors to recommend that the dividend for the fiscal year 2014 be raised to SEK 0.75 per share, representing a direct yield of 5.7 percent based on the Biotage share's closing price at the end of the year.

Biotage has a strong financial position even after the dividend payment and repurchase of own shares, with good scope for acquisitions should interesting candidates be identified.

Unchanged board of directors in 2014

The composition of the board of directors remained unchanged in 2014 compared with 2013. Evaluations show that the board members believe that the work of the board functions well and that the board as a whole contains diversified competence that satisfactorily meets the demands created by Biotage's operations. I believe that we have an open working environment where everyone is able to speak and contribute actively, which in turn leads to an effective, creative and constructive board of directors.

A stronger platform

Under Torben Jørgensen's management, the Company's employees have successfully developed Biotage, and since 2006 have achieved an average annual improvement in results of approximately 25 percent. I would like to thank all of our employees for yet another year of commitment and hard work. A strong platform and a favorable currency situation give us a boost for 2015 and the continuing efforts to create added value for our shareholders.

Ove Mattsson
Chairman of the Board

Biotage's offering

High quality and performance

Biotage's offering consists of systems, consumables and services with market-leading performance within the three areas of Organic Chemistry, Analytical Chemistry and Industrial Products.

Organic Chemistry

Biotage's products within Organic Chemistry are used by pharmaceutical chemists in the early phase of pharmaceutical development in order to identify chemically the substances that will form the basis for new medicines. Biotage offers products for pharmaceutical development based on both small molecules and peptides. Traditional medicines in tablet form are an example of medicines based on small molecules. Medicines based on peptides are usually taken through injections, where insulin is an example.

Biotage's offering

Biotage offers systems and consumables that help pharmaceutical chemists to work more efficiently and increase productivity. Biotage's products reduce the time spent on several of the most important stages of early pharmaceutical development, such as creating new substances through synthesis and purifying substances after synthesis through flash chromatography.

High quality and a large degree of automation, as well as advanced software with intuitive user-interfaces, are important characteristics of Biotage's systems. Consumables are characterized by high quality and performance, and are supplemented by a strong service organization in order to create one of the market's most attractive offerings.

Product offering

MICROWAVE-ASSISTED ORGANIC SYNTHESIS

Systems	Consumables
Biotage [®] Initiator+ Biotage [®] Initiator+ Robot Eight/Robot Sixty	Reaction vials Resins

PURIFICATION (FLASH CHROMATOGRAPHY)

Systems	Consumables
Isolera [™] Dalton Isolera [™] Spektra One/Four Isolera [™] One/Four Isolera [™] Prime Isolera [™] LS Biotage [®] Flash 75/150	Biotage [®] SNAP Ultra Biotage [®] SNAP Biotage ZIP [®] Sphere Biotage ZIP [®] Resins

PEPTIDE SYNTHESIS

Systems	Consumables
Biotage [®] Initiator+ Alstra [™] Biotage [®] Initiator+ SP Wave Biotage [®] Syro Wave [™] Syro I/II	ChemMatrix [®] Biotage [®] Resolux [™] columns

The offering also includes Biotage's system for evaporation, Biotage[®] V-10, as well as consumables from the range of products for analytical chemistry, such as scavengers and filtration columns.

How Biotage's products are used

Start material

The various reagents and catalysts that the chemist will synthesize in order to produce the desired substance.

Synthesis/reaction

The chemist creates a new substance by combining (synthesizing) several other substances.

Reaction mix

Result of the synthesis. Catalysts and parts of the reagents may remain in the reaction mix.

Reprocessing

Catalysts and reagents are removed from the reaction mix.

Ready-mixed product in untreated condition

Purification

The ready-mixed product is cleansed of remaining impurities.

Purified product

Evaporation

Transforms the solution with the synthesized and purified molecules to a fixed format (powder form).

Finished product



Biotage's offering

Analytical Chemistry

Biotage's products within Analytical Chemistry are used by laboratory chemists when examining different types of samples. Biotage places particular focus on selected areas such as bio-analytical and clinical tests, forensic science, food safety and the environment. Clinical tests embrace routine examinations, for example, of blood or urine samples performed at hospitals and clinics. Bio-analytical tests embrace tests performed on trial subjects in conjunction with pharmaceutical testing. Tests within forensic science can include identifying the presence of various addiction drugs in samples. Within food safety and the environment, the presence of various toxins is tested in samples.

Biotage's offering

Biotage's products provide laboratory chemists with reliable tools that rationalize and save time when separating various substances from a sample prior to analysis in a mass spectrometer. The first part of the offering consists of consumables with related applications (methods) to extract selected substances from various types of samples. The consumables are based on SPE (Solid Phase Extraction) and SLE (Supported Liquid Extraction), which are two ways of separating substances from a liquid mixture. This is supplemented with systems that rationalize and automate the handling of the samples, as well as concentrating the samples after they have been separated.

High quality and consistent performance are central characteristics for Biotage's offering within Analytical Chemistry. Customers can rely on obtaining consistent results when they use Biotage's consumables.

Product offering

SAMPLE PREPARATION

Systems	Consumables
Biotage® Extrahera™ RapidTrace® Biotage® PRESSURE+	ISOLUTE® ISOLUTE® SLE+ EVOLUTE® Resins

EVAPORATION OF SAMPLES

Systems

TurboVap® II
TurboVap® LV
TurboVap® 96
TurboVap® 500
Biotage® SPE Dry 96

How Biotage's products are used

Samples

The samples to be analyzed could be, for example, blood, blood plasma, urine, water or earth, etc.

Extraction

The substance for which the sample is to be examined with techniques such as Solid Phase Extraction, Liquid to Liquid Extraction and Supported Liquid Extraction.



Extract

Evaporation

The extract must be concentrated before it can be analyzed with the help of a mass spectrometer. This requires that parts of the solvent used for the extraction must be vaporized.



Final sample

Analysis

Analysis of the presence of the substance in question is performed with the help of a mass spectrometer.

Result of the analysis

The result shows how much of the sought-after substance was found in the sample.

Biotage's offering

Industrial Products

Biotage's products for industrial applications are used primarily by pharmaceutical companies, chemical manufacturing companies and consumer goods companies to purify various types of products such as food and medicines. Biotage's products are used in both production processes and in process development work.

Biotage's offering

Biotage's offering consists of systems, consumables and services. With Biotage's products, customers obtain access to methods that can remove undesired substances from products down to extraordinarily low levels in order, for example, to meet the requirements of regulatory agencies. Customers can also reliably and selectively extract substances for further refinement in their product preparations.

The largest part of the offering is composed of so-called Resins based on polymers, which are used to remove substances in the production process. These consumables are based on molecularly imprinted polymers and other innovative polymer chemistries. Biotage also offers systems with related consumables specially adapted for an industrial scale, which are used to purify substances with the help of flash chromatography within the pharmaceutical industry and chemical manufacturing industry.

One part of the offering consists of advanced research services in order to produce effective methods that help customers to separate substances in their products. After a successful method has been developed, Biotage manufactures and supplies the polymer-based material for use in the customer's production process.

Unique performance is a central characteristic of Biotage's offering within Industrial Products, which can enable customers to perform separations that were previously considered to be impossible.

Product offering

PURIFICATION (FLASH CHROMATOGRAPHY)

System

Biotage® Flash 400

The offering also includes Biotage® Flash 400 and KILOPREP® consumables.

RESINS I BULK

Development and production of polymer-based materials.

CUSTOMER-SPECIFIC DEVELOPMENT PROJECTS

Research services.

How Biotage's products are used

The customer's product

For example, food that contains an undesired substance.

Phase 1 Screening

Screening is performed against a library with thousands of polymers.

Extract

Analysis of extraction shows how well the target substance has been separated.

Phase 2 Optimization

Upscaling is performed in order to optimize capacity and selectivity.

Extract

Subsequent analysis and development in order to reach the purification level as per the established target.

Phase 3 Process economics

Production tests are performed on a large scale to confirm process costs.

Implementation in the customer's production process



A global market

Biotage operates globally, where the largest geographical markets are the United States, Europe and Japan. Local sales companies in the most important markets enable the creation of proximity to customers, which in turn secures a high level of service.

Organic Chemistry

Market and customers

Biotage's market within Organic Chemistry is associated with research surrounding new pharmaceuticals – composed of both traditional and peptide medicines. This research is performed by pharmaceutical companies, biotechnology companies, academic institutions and contract manufacturing companies, which also form the customer base for Biotage's offering within Organic Chemistry where pharmaceutical companies represent the dominant customer group.

The principal geographic markets are the United States, Europe and Japan.

Market position

Biotage is one of the market's leading suppliers of systems and consumables for Organic Chemistry. A strong brand and an image as a supplier of products with high quality and safety are central factors behind Biotage's success.

Biotage works with direct sales and has its own service and support organizations in the markets deemed as being the most relevant for Biotage. Other markets are cultivated by distributors.

Market development

Biotage's market within Organic Chemistry is considerably influenced by general developments within the pharmaceutical industry and trends in pharmaceutical research. The largest change in the market in recent years has been that pharmaceutical companies have reduced their research activities and closed a number of research facilities. Research projects were placed a few years ago to a great extent with contract research companies in countries such as China. Today, this trend has reversed – probably because this approach did not give the pharmaceutical companies the benefits they had expected. A large proportion of development projects has now returned to Europe and the United States – to a certain degree with pharmaceutical companies themselves but above all with contract research companies, biotechnology companies and, in certain cases, with academic institutions. This has affected Biotage's sales positively in the United States and Europe, while sales to Chinese contract research companies have declined. Biotage is addressing this situation by cultivating academic institutions in the Chinese market to a greater degree.

The most distinct driving force within the

market is customers' continuous ambition for greater efficiency. Research surrounding new medicines is essentially based on chemical methods that have been used for a long time. Companies such as Biotage create opportunities for pharmaceutical chemists to automate and rationalize their work with the help of new technology, and thereby to save time. In addition to more effective workflows, customers place considerable demands on the fact that systems be even more intuitive and simple to use, which also saves time in their work. All of these parameters are central in Biotage's product development process.

Analytical Chemistry

Market and customers

Biotage's market within Analytical Chemistry is significantly more diversified than within Organic Chemistry, and covers a broad field of applications. The Company's products can be used within all areas where samples are to be separated and prepared for analysis. The Company has oriented its operations toward a number of prioritized submarkets composed of clinical tests (diagnostic tests on patients),

Organic Chemistry

Product areas	Largest geographic markets	Primary competitors	Largest customer groups
Purification (flash chromatography)	1. USA 2. Europe 3. Japan	Isco Interchim	1. Pharmaceutical companies 2. Contract-research organizations (CRO) and contract manufacturing organizations (CMO) 3. Academic institutions
Microwave-assisted synthesis	1. USA 2. Europe 3. Japan	CEM Anton Paar	
Peptide synthesis	1. Europe 2. Japan	CEM Protein Technologies	

bio-analytical tests (primarily tests in conjunction with pharmaceutical tests), forensic science tests, environmental tests, and tests on food. Clinical and bio-analytical tests represent the largest submarkets for Biotage.

Customers consist of commercial laboratories, hospital laboratories, pharmaceutical companies, as well as private and state laboratories within the areas of the environment and food.

The principal geographic markets are the United States and Europe.

Market position

Biotage has established an increasingly stronger position within the market for Analytical Chemistry in tandem with the Company developing more applications for its consumables. Biotage in general has a stronger market position in the United States than in other markets thanks to cooperation agreements with large commercial laboratories within this market. Within the SLE (Supported Liquid Extraction) area, the Company is a leading player globally.

Biotage has local sales, service and support organizations in the major markets. Other markets are cultivated by distributors.



Market development

There exists a distinct difference between the European and American markets for clinical analysis. Developments in the United States tend largely toward centralized commercial laboratories that handle the analysis of samples for a large number of hospitals and healthcare providers. In Europe, analyses are instead performed regionally in most cases, and often by regional hospitals themselves. Developments in the United States have been positive for Biotage. The commercial laboratories have placed distinct focus on greater efficiency, and Biotage has a strong offering of products that help them in their work.

A clear trend within Analytical Chemistry is that the size of samples is becoming smaller, which has been enabled by increasingly more sensitive analysis instruments. This situation is desirable for two reasons. The first is for the environment. Smaller samples require less solvent – a central component when separating substances in a sample prior to analysis, which is what Biotage's products do. The second is related to efficiency. Smaller samples enable using smaller product format, which in turn makes the process easier to automate with the help of robots. By separating the target substance from a smaller sample, it will also be less diluted. This eliminates one step in the preparation process – concentrating the sample – thereby improving efficiency. Biotage's product development within Analytical Chemistry has been carried out in line with this development for several years. One example is Biotage's new system Extrahera™ which has been produced to automate the process of preparing samples prior to analysis.

Industrial Products

Market and customers

Biotage's market within the Industrial Products area consists primarily of consumables companies and manufacturing companies within process industries that need

to separate certain substances from their products in the production process. Customers come from across the world and within specific sectors, where pharmaceuticals and food are two examples.

Market position

There exist different methods to separate substances in process-industrial applications, which differ in respect of costs and the degree of purification that can be achieved. Biotage holds a unique position within the market thanks to technologies with high performance that can be custom made to selectively separate specific substances. Biotage is also recognized as one of the market leaders within flash chromatography for industrial applications.

Biotage works with its own direct sales to customers within selected sectors globally.

Market development

There are many driving forces in the market that create the need for companies to remove various substances from their products. Greater awareness that certain substances are harmful to human beings and the environment lead to greater demands from regulatory authorities that the presence of such substances be limited. Companies' own needs can also mean that they want to remove substances from their products in order, for example, to increase the quality of the product in question. In the same way, various market forces drive the development of new or improved products for which Biotage's customers wish to separate specific inputs or components so as to further develop their end-products.

Analytical Chemistry

Product areas	Largest geographic markets	Primary competitors	Largest customer groups
Consumables (sample prep)	1. USA 2. Europe 3. Japan	Waters Agilent Technologies	1. Commercial laboratories/CRO 2. Hospitals/bio-analytical laboratories 3. Food manufacturers/laboratories active within food analysis 4. Laboratories active within environmental analysis
Automated SPE analysis	1. USA 2. Other markets 3. Europe	Gilson Horizon Technology	
Evaporation of samples	1. USA 2. Other markets 3. Europe	Gyrozen Labconco	

Size of the market

Biotage estimates that the size of the market for systems and consumables within the area of Organic Chemistry is approximately 185 million dollars (synthesis, peptide synthesis, flash chromatography).

Within Analytical Chemistry, Biotage estimates that the size of the market for systems (analytical evaporation and SPE automation) and consumables is approximately 230 million dollars.

These estimates of market volumes are based on Biotage's internal appraisals as well as information from Strategic Directions International (SDI).

Innovative products are an important success factor

One of Biotage's key success factors is a research and development environment characterized by innovation capacity and the ability to effectively take ideas to market. The work is conducted in close cooperation with the market organization to ensure the development of products that meet customers' present requirements and future needs.

Biotage's development activities have entered a new phase in recent years. The Company currently has a mature and well-developed offering. The development work largely involves focusing on areas where the Company has clear strengths and applying the Company's experience and knowledge in order to further strengthen its offering to customers in these areas. This is in keeping with the Company's development strategy, which means that the majority of resources are invested in areas where the Company has a leading position or has the potential to achieve such a position. In other product areas, Biotage will focus on remaining competitive and maintaining its market position. Biotage currently has a clear focus on the area of Analytical Chemistry and on systems and consumables for purification, which is a product area of Organic Chemistry.

Flow of innovative products

An important part of research and development involves maintaining a constant flow of innovative new products that ensure

Biotage's continuing market competitiveness and success. This is a challenging task which includes predicting future market developments and customer needs and considering how new technology can create new opportunities in Biotage's areas. About one-tenth of the annual research and development budget is allocated to this innovative research, which is conducted by Biotage individually and in partnership with academic research groups.

New system in Analytical Chemistry

Extrahera™, one of Biotage's largest system development projects in recent years, was launched in 2014. The system responds to one of the key issues in the Analytical Chemistry market – improving the efficiency of the sample handling process. It frees up time and contributes to a more efficient workflow for analytical chemists. The system can automate sample processing in both column and 96 well plate formats.

The combination of effective preparatory work for the development project and well-



developed software has meant that Extrahera™ is adapted for analytical chemists requiring an intuitive user experience, and allows them to start their analysis with a short preparation period.

New software raises the bar for purification systems

Biotage's focus on advanced software and expertise in software development has decisively increased the performance of the Company's Isolera™ purification system. New ACI™ (Accelerated Chromatographic Isolation) software for Isolera™ was launched in 2014. This enables chemists to purify substances

between two and three times faster than previously, with the same degree of purity. It also reduces the amount of solvent, which in turn reduces both costs and waste. ACI™ allows chemists to streamline their workflows and work more quickly, which is an important aspect of customers' efficiency efforts.

New consumables in Analytical Chemistry

Developing new consumables and, in particular, applications for these consumables, is a key factor in Analytical Chemistry development. Application development is basically about producing consumables

with detailed application notes, containing very clear detailed instructions on how to get the best out of the product for different application areas, such as vitamin D analysis or analysis of drugs of abuse in blood samples. Application development is important because the customer base is expanding in pace with the number of applications that Biotage is able to offer. Biotage launched about 50 new applications in 2014, aimed at key areas, clinical, environmental and forensic markets.

Biotage developed its offering further during 2014 by arranging for the Company's researchers to work with key customers, such as contract research companies and hospital laboratories, to develop methods specially adapted to their activities based on Biotage's products. Having access to Biotage's expertise in this area enables customers to save time in their method development. For Biotage, this ensures that customers' methods are based on its products and also strengthens the Company's reputation in the market.



Rising proportion of in-house production

A rising proportion of Biotage's production is carried out within the Company's own facilities – which in turn enables cost benefits and new tools so as to improve the service level and shorten lead-times to customers.

Biotage has a mixture of own production and contract manufacturing. All consumables offered by the Company are manufactured at the Company's production facilities in Cardiff, Wales, and in Lund, Sweden. Three of the Company's system families are also manufactured in Cardiff. The production of other systems is outsourced to contract manufacturers.

New production line

Biotage started a new production line in Cardiff in 2014 for the manufacture of Biotage® Extrahera™ – the Company's newly developed system for the automated handling of samples within Analytical Chemistry. The production unit in Cardiff has been deeply involved in the development process, which contributed to a rapid and successful production start-up of the instrument. Future work includes continuous improvements in both the production process and in the supply chain regarding components for the system.

Focus on the supply chain

During 2013, Biotage brought back the production of two systems from a contract manufacturer in the United States, which has successfully enabled improved total costs and quality. In 2014, the Company reviewed the

supply of components to the systems, which mainly came from the United States. A small part of the components has also come from China. The ambition has been to reorganize the supply chain so that the components are taken from suppliers located closer to the factory in Cardiff, which will result in cost-savings and shorter lead-times. The strategic purchasing department was moved from Uppsala to the factory in Cardiff in 2014 so as to be closer to and strengthen the production line.

Greater automation

Biotage continuously endeavors to increase the degree of automation in the production of consumables in order to achieve rationalization gains. One of the challenges that Biotage encounters within this area is the Company's relatively large product mix, which is a result of a broad range of consumables. In order to enable greater automation, Biotage is reviewing the production processes with the objective of reducing threshold values for when automation is profitable. This is being combined with strengthened cooperation with

the sales organization to enable more detailed forecasts of future demand.

Demand for high quality

Biotage's customers place considerable demands on quality in the Company's products. The quality of the systems is continuously controlled during the manufacturing process. The Company's consumables undergo tests at predetermined intervals, which implies that random samples are taken and tested in their intended working environment so as to ensure that the products meet Biotage's stringent demands for consistent performance. In addition to securing high quality in the products, Biotage has effective processes to identify design-related problems, which are handled by a global product-care group.

Quality and environment certifications

Biotage's production facilities in Cardiff and Lund have been quality-certified in accordance with ISO 9001 since 1996 and 2012, respectively. In 2014, the Company continued the process of certifying the facility in Cardiff in accordance with the environment standard ISO 14001. The facility underwent an audit in the fourth quarter 2014 and formal certification to ISO 14001 will take place in 2015.

Facts about the flow of goods at Biotage

Purchasing:

Biotage's strategic purchasing department in Cardiff, Wales, is responsible for the supply of raw materials and components for the Company's own production. The purchasing department in Uppsala is responsible for products purchased from Swedish contract manufacturers. This is supplemented by purchasing departments in Charlotte, NC, USA, for products from American contract manufacturers.

Production:

The facility in Cardiff, Wales, produces all of Biotage's consumables as well as certain systems. Other systems production is performed by contract manufacturers. The facility in Lund, Sweden, produces polymer materials in bulk for operations within the Industrial Products business area.

Delivery:

The logistics center in Uppsala, Sweden, is responsible for deliveries to customers in Europe, while the logistics centers in Japan, China and the United States are responsible for stocks and customer deliveries in their respective markets. Other countries are handled by the logistics center in Uppsala.

Biotage as an employer

Biotage endeavors to be an attractive employer by providing employees with challenges and development opportunities, which facilitate recruitment and retention of competent personnel.



Biotage is a global and innovative company that endeavors to continuously strengthen its market position within its operating areas. This in turn places considerable demands on the skills and abilities of the Company's employees. In a knowledge-driven organization, each individual employee is responsible for innovation and execution. In other words, it is ultimately the employees' knowledge, motivation and driving force that enable Biotage to achieve a market-leading position.

Developing employees

Biotage's process of supporting and developing its employees contains several components, where development dialogs, skills enhancement and career planning are the most important. The objective of the annual employee dialog is to provide every employee with constructive feedback and distinct goals regarding their work so that they grow in their role within the Company. Today the individual career plan constitutes an integrated part of these dialogs, where each employee's desires and motivation for career development is defined, along with what the next development phases should be.

A natural part of each individual skills

enhancement program is to offer employees training courses that provide broader knowledge that can be applied in their professional roles. The training courses are mostly customized for the Company by external training institutions so as to ensure that the Company obtains a maximum yield on the investment. In 2014, Biotage held training courses within project management, sales and leadership.

Feedback from employees

It is important for Biotage to be able to attract and retain competent employees in the Company – not least sales personnel, who generally tend to be more mobile than other personnel categories. In 2014, Biotage held several workshops with the Company's salespeople, with the objective of identifying what

they experience as being positive or negative within leadership, work processes, culture and work environment. This program is now moving to the next stage by converting the results into practical improvement projects that can increase motivation and reduce staff turnover within the sales team.

Develop the brand as an employer

Biotage has a constant need for recruitment, both in the form of replacement recruitment and the recruitment of new competences and skills. It is therefore important for Biotage to strengthen the Company's brand as an employer, and the Company has increased its investment within this area in 2014. One part of the process is to develop the Company's presence in social media such as Twitter and LinkedIn so as to provide information about events within the Company, activities at exhibitions and fairs, as well as vacant positions.

Another part of the process is to increase participation at exhibitions, fairs and labor-market days arranged by universities. Biotage has produced relevant material that underlines the opportunities and challenges associated with being an employee of Biotage. The Company also works closely with the universities in Uppsala and Cardiff and has offered, for example, possibilities for degree projects during 2014.

Succession planning strengthens internal recruitment

Biotage prepares each year a systematic succession plan at both senior management and middle management levels. Talent that already exists within the Company and that could move forward to more important roles is also identified. Succession planning represents an important underlying base when appointing new managers, in view of the fact that the Company prioritizes internal recruitment. In 2014, two recruitments to the management team were made internally.

Biotage's core values

We are driven by our customers' needs Biotage's principal focus is the customer. When we face challenges, we work together to develop solutions that benefit our customers, and we listen to their viewpoints.

We focus on performance, delivery and reliability We offer products and solutions that are effective and reliable. We deliver, keep our promises, and take responsibility toward our customers and each other. We treat the company as if it were our own.

We are business-oriented and seek opportunities Biotage welcomes ideas and their related changes. We endeavor to maintain a culture where questions give rise to solutions. We value creativity, are forward-looking, and accept challenges.

We take care of each other We observe how our actions influence each other. Biotage believes that each individual makes a difference, and we treat each other with dignity and respect.

The Biotage share

Biotage's shares are listed on the Nasdaq OMX Stockholm's Small Cap list under the name of Biotage (BIOT). Share capital in Biotage at December 31, 2014 totaled SEK 89,953 thousand (89,423). The number of outstanding shares was 64,714,447 (69,861,330).

Share price trends

In 2014, Biotage's share price rose by 31 percent from SEK 10.00 to SEK 13.10. The highest closing price for the share in 2014 was SEK 13.20 and was reported on December 22. The lowest closing price for the share was SEK 9.65 and was reported on February 4 and 5. In 2014, a total of 15.0 million (21.9) shares was

In 2014, Biotage's share price rose by

+31%

traded for a value of SEK 167.0 million (203.1), corresponding to an annual trading turnover of 23 percent (31). At the end of 2014, Biotage's market capitalization was SEK 848 million (699).

Shareholders

The number of shareholders in Biotage at December 31, 2014 was 4,904 (4,868). The 10 largest shareholders accounted for 51.4 percent of the capital and votes. The proportion of non-Swedish shareholders was 12.3 percent of the capital and votes.

Repurchase of shares, withdrawal of repurchased shares, and bonus issue

The Annual General Meeting of Shareholders (AGM) held in 2014 resolved that the 5,146,883 shares Biotage had previously repurchased would be withdrawn. Biotage's share capital was subsequently reduced by SEK 6,588 thousand. At the same time, it was resolved to carry out a bonus issue that increased the share capital by SEK 7,119 thousand.

The AGM held in 2014 also resolved to authorize the board of directors to carry

out a new repurchase program that covers a maximum of 10 percent of the Company's outstanding shares. The objective of the repurchase program is to give the board of directors greater maneuverability with regard to the Company's capital structure. No shares have been acquired within the framework of the repurchase program approved by the AGM held in 2014. Biotage did not hold any of its own shares as of December 31, 2014.

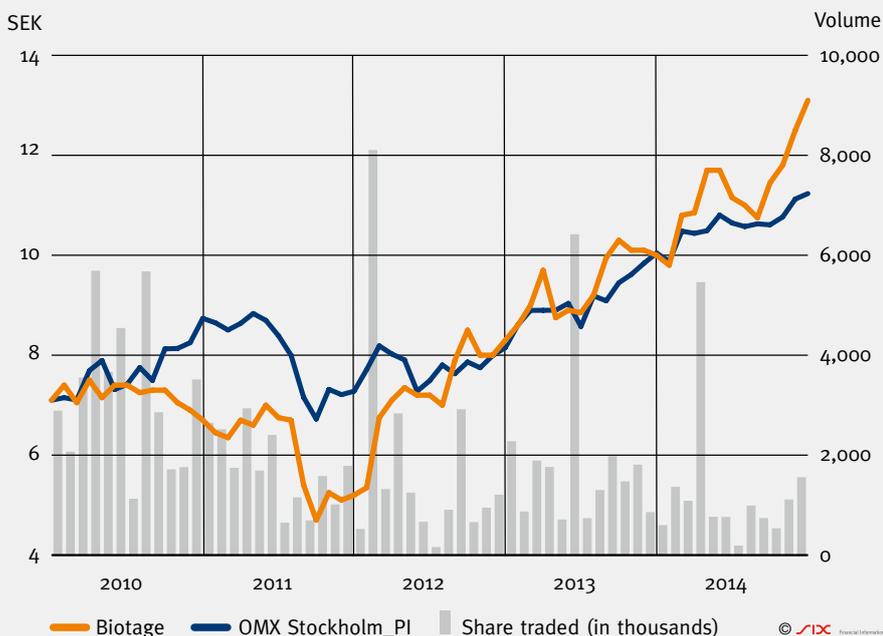
Issue authorization

The AGM held in 2014 authorized the board of directors to adopt on one or several occasions an issue of shares and/or convertibles. This authorization has not been exercised.

Dividend policy and dividend

Biotage's dividend policy is that at least 50 percent of the earnings per share shall be distributed to shareholders. For fiscal year 2014, the board of directors of Biotage AB recommends a dividend of SEK 0.75 per share (0.60), giving a direct yield in relation to the stock-market price as of December 31, 2014 of 5.7 percent.

Share price trends and shares traded





Shareholder categories as of December 31, 2014

Shareholders	Number of shares	Proportion of capital and votes %
Swedish shareholders > 500 shares	56,337,072	87.0
of whom:		
Swedish private individuals	30,356,354	46.9
Private companies	17,761,112	27.4
Pension fund investors	4,116,969	6.4
Insurance companies	2,592,497	4.0
Other	1,510,140	2.3
Non-Swedish shareholders > 500 shares	7,951,122	12.3
Shareholders < 500 shares	426,253	0.7
Total	64,714,447	100.0

The 15 largest shareholders as of December 31, 2014

Shareholders	Number of shares	Proportion of capital and votes %
Anders Walldov and company	9,000,000	13.9
Ove Mattsson (through endowment insurance)	8,532,656	13.2
Varenne AB	3,397,013	5.2
Fourth Swedish National Pension Fund (AP4)	2,817,280	4.4
SEB Life International Assurance Ltd.	2,201,648	3.4
Hans Sköld, family and company	1,929,312	3.0
Rolf Kraft	1,526,943	2.4
Avanza Pension Försäkring AB	1,456,059	2.2
R5 Capital AB	1,236,051	1.9
CMI Insurance Company Ltd.	1,160,000	1.8
Stena Sessan Rederi AB	1,000,000	1.5
Riksbankens jubileumsfond (The Bank of Sweden Tercentenary Foundation)	900,000	1.4
SHB Livförsäkring AB	843,818	1.3
DFA Funds (USA)	695,048	1.1
Torben Jørgensen	618,700	1.0

Shareholders by size of holding as of December 31, 2014

Size classes	Number of shareholders	Proportion of capital and votes %
1 - 1,000	3,068	1.8
1,001 - 10,000	1,454	7.6
10,001 - 100,000	311	14.5
100,001 - 500,000	47	14.9
500,001 - 1,000,000	12	13.0
1,000,001 - 5,000,000	10	25.6
5,000,001 -	2	22.6
Total	4,904	100.0

Five years in summary

Key figures and ratios	Note	2014	2013	2012	2011	2010
<i>Group</i>						
Net sales, SEK thousands		490,381	444,644	462,942	428,408	428,926
Growth in net sales, %		10.3	-4.0	8.1	-0.1	8.8
Gross profit, SEK thousands		266,919	249,583	271,434	246,281	256,263
Gross margin, %		54.4	56.1	58.6	57.5	59.7
Operating margin, %	1)	10.1	8.8	9.5	5.9	6.0
Profit margin, %	1)	11.3	9.1	10.0	6.6	6.2
Profit before tax, SEK thousands		54,861	40,369	38,316	27,986	-418,524
Total assets, SEK thousands		619,010	592,247	654,074	699,054	693,427
Equity/assets ratio, %		81.2	80.5	81.2	80.7	81.9
Proportion of risk-bearing capital, %		81.2	80.5	81.2	80.7	81.9
Capital expenditure, SEK thousands		32,177	41,471	40,259	44,554	176,236
Average number of employees		292	290	280	269	263
Debt/equity ratio, %		1.0	1.2	1.0	1.1	1.2
Return on equity, %		10.4	8.2	7.0	4.6	2.3
Return on capital employed, %		7.7	5.5	6.9	4.9	3.2
Return on total assets, %		8.9	6.5	6.8	4.0	2.8
Data per share						
Earnings, SEK/share		0.79	0.61	0.52	0.42	-4.91
Earnings after dilution, SEK/share		0.79	0.61	0.52	0.42	-4.91
Dividend, SEK/share	2)	0.60	0.50	0.40	0.25	0.20
Stock market price at end of period, SEK/share		13.10	10.00	8.30	5.20	6.70
Equity, SEK/share		7.77	6.82	7.25	7.08	6.42
Equity after dilution, SEK/share		7.77	6.82	7.25	7.08	6.42
Price/book value, SEK/share		7.77	6.82	7.25	7.08	6.42
Price/book value, SEK/share after dilution		7.77	6.82	7.25	7.08	6.42
P/E ratio, times		16.6	16.3	16.0	12.5	16.4
P/S ratio, times		1.7	1.6	1.3	1.0	1.4
Cash flow from operations, SEK/share		1.25	0.81	1.02	1.19	0.39
Weighted average number of shares, thousands	3)	64,714	68,139	73,258	78,094	83,528
Weighted average number of shares, after dilution, thousands	3)	64,714	68,139	73,258	78,094	83,528
Total number of shares outstanding at end of the period, thousands	3)	64,714	69,861	73,256	79,638	88,486
Total number of shares outstanding at end of the period after dilution, thousands	3)	64,714	69,861	73,256	79,638	88,486

- 1) In calculating the operating margin and profit margin for 2010, the Group's goodwill impairment of SEK 444.5 million was reversed and reported in profit for the year.
- 2) The Board of Directors recommends that the AGM adopt a dividend of SEK 0.75 per share for the fiscal year 2014.
- 3) During the years covered by the summary, the Parent Company Biotage AB repurchased the Company's own shares, which has affected the average number of shares outstanding. The number of shares on the reporting date in each year includes the repurchased shares that were in the Company's possession on that reporting date. The repurchased shares have been withdrawn following a resolution adopted by the AGM.

Definitions

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.

Cash flow from operations per share

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

Debt/equity ratio

Interest-bearing liabilities divided by equity.

Earnings per share

Net profit for the period divided by the average number of shares during the period.

Equity/assets ratio

Equity divided by total assets.

Equity per share

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

Gross margin, %

Gross profit divided by net sales.

Operating margin

Operating profit/loss divided by sales.

P/E ratio

Share price divided by earnings per share.

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.

Profit margin

Operating profit/loss plus finance income divided by sales.

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.

P/S ratio

Stock market price divided by sales per share outstanding at the end of the period.

Return on capital employed

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

Return on equity

Net profit for the year divided by average equity.

Return on total assets

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

Total assets

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

Glossary

CMO

Contract manufacturing organizations

CRO

Contract research organizations.

Evaporation

Accelerated evaporation of a liquid.

Flash chromatography

A method of separating the substances included 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 of separating compounds based on their relative solubility in two different immiscible liquids, usually water and an organic solvent. This 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 the reaction.

MIP

Molecularly imprinted polymers.

Purification

Involves the synthesized compound being isolated from impurities

Purification column

The physical unit where the medium needed to carry out flash chromatography is packaged. The sample that is to be purified in the column is then applied and purification is carried out as the solvent flows through the column.

Re-agent

A substance that is added during synthesis to restructure the start material to the desired product.

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 extraction of a substance is performed by the sample first being absorbed onto a solid support and then eluted off using an organic solvent.

SPE (Solid Phase Extraction)

A method for separating substances according to how much they prefer a solid phase 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.

Board of Directors' Report

Biotage AB (556539-3138)

About the Company

Biotage provides effective separation technology, from analysis to industrial scale, and high-quality solutions for analytical chemistry in everything from research to commercial analytical laboratories. Users of Biotage's products include public authorities, academic institutions, pharmaceutical companies and the food industry. Biotage AB, headquartered in Uppsala, Sweden, is the Parent Company of the Group and has wholly-owned subsidiaries in Sweden, the United Kingdom, Germany, France, Italy, the United States, Japan and China. The Biotage share is listed on the NASDAQ OMX Stockholm Small Cap list.

Summary of business activities in 2014

Biotage's sales increased by 10.3 percent to SEK 490 million in 2014. At comparable exchange rates the increase was 5.5 percent. Biotage's long-term financial target is for average organic growth of 8 percent per year. Biotage's Sample Prep products ensured the Company had strong momentum in analytical chemistry during 2014 and this was particularly the case in the important U.S. market. Organic chemistry's largest product area, Purification, once again showed the highest growth. Together, Sample Prep and Purification accounted for just over 70 percent of Biotage's sales and showed growth of 8 percent over the year, net of currency effects. Biotage's Industrial Products also had a successful year. On the other hand, the Peptide Synthesis product area did not perform as expected, and targeted measures to increase sales will be initiated in the sales organization.

In October 2014, Biotage launched the new Extrahera™ technology platform. Extrahera is an automated system for sample preparation and analysis based on Supported Liquid Extraction (SLE) and Solid Phase Extraction (SPE) methods in both plate and column formats. The launch has been well received by the market and Biotage has strong confidence in this product, which is also expected to help increase consumable sales.

Biotage works systematically on developing the Company's products for new applications. This is particularly true of the Company's products in analytical chemistry, which are mainly used in the areas of environment, food and forensic medicine. Several new applications were launched in line with this strategy in 2014, which ensured a continuation in strong sales growth for analytical chemistry consumables.

North and South America represented Biotage's largest market, with 41 (39) percent of net sales, while Europe accounted for 35 (36) percent, Japan 13 (15) percent, China 5 (4) percent and the rest of the world 6 (6) percent. For operations in China, 2014 was a year of strong sales growth. However, both Europe and Japan had a difficult year and did not achieve the growth the Company had expected.

The gross margin was 54.4 percent. Successful system launches in recent years have resulted in an increase in the proportion of instrument sales. System sales' relatively high proportion of net sales has had an adverse effect on the gross margin.

Operating profit was SEK 49.3 million, which is an increase of SEK 10.1 million or 26 percent. The operating margin was 10.1 percent, which is in line with the Company's target.

This improvement was achieved despite the fact that operating expenses increased to SEK 217.6 (210.4) million. All departments were responsible for the increase in expenses, although the main variance

explanations were investments in the sales force, a higher level of target achievement for variable compensation and lower capitalization of development project expenses. Profit after tax also showed an increase, rising by SEK 9.7 million (23 percent) to 51.1 (41.4) million.

Patent dispute in the United States

Biotage has been sued for alleged patent infringement in the United States. These lawsuits have been stayed by the court pending the outcome of the re-examination of the patents' validity by the U.S. Patent and Trademark Office. The appeal board of the U.S. Patent and Trademark Office has declared null and void all patent claims for U.S. patent numbers 7,138,061, 7,381,327 and 7,410,571. The decision has been appealed by the opposing party to the U.S. Court of Appeals for the Federal Circuit, which on September 10 declared all patent claims null and void. The re-examination proceedings concerning U.S. patent numbers 8,066,875 and 8,070,957 are currently in progress, and in general there is nothing new to report regarding these two cases. It remains Biotage's assessment that the Company has a strong position in these cases and that the opposing party lacks valid grounds for the alleged patent infringement.

Share buy-back, cancellation of repurchased shares and bonus issue

The 2014 Annual General Meeting adopted the cancellation of all 5,146,883 previously repurchased shares, thereby reducing the Company's share capital by SEK 6,588 (4,141) thousand. At the same time, it was decided to implement a bonus issue, which increased share capital by SEK 7,119 (4,192) thousand. After implementation of the AGM's decision, the registered share capital is SEK 89,953 (89,423) thousand. The number of outstanding shares is 64,714,447 (69,861,330).

At the 2014 AGM, the Board was granted a mandate to implement a new buy-back program corresponding to a maximum of ten percent of the Company's outstanding shares. The purpose of the buy-back program is to give the Board greater scope when dealing with the Company's capital structure. The shares will be repurchased on NASDAQ OMX Stockholm at a price within the range stated on the purchase date. No shares have been acquired under the buy-back program adopted by the 2014 AGM. Consequently, Biotage did not hold any of its own shares as of December 31, 2014. No shares have been acquired between the reporting date and March 16, 2015.

Mandate to issue shares

At the 2014 AGM, the Board was given a mandate to adopt the issue of shares and/or convertibles on one or more occasions. The mandate was not exercised.

Earnings and cash flow

The Group's net sales increased by 10.3 percent to SEK 490.4 (444.6) million. The gross margin was 54.4 (56.1) percent. Biotage's products are priced in local currency in the Company's large markets. Exchange rate movements, particularly the USD and EUR, made a positive contribution to sales revenue. However, the Group's GBP and USD production costs are also higher when these currencies strengthen against the Swedish currency.



The relatively high proportion of systems in the Group's sales has been instrumental in the gross margin decline, as systems contribute less to gross profit than aftermarket products (consumables and servicing).

Operating expenses amounted to SEK 217.6 (210.4) million. Research & development expenses increased as a result of lower capitalization of development costs. The increase in distribution costs was largely due to strategic investments in new recruitment in order to strengthen the Company's presence in the U.S. market and a higher level of target achievement for variable compensation. Other operating items were SEK 7.7 (0.5) million and consisted mainly of the effects of exchange rate changes on operating payables and receivables. Other operating items also included goodwill impairment of SEK 13.5 million and a reversal of the additional purchase consideration provision of SEK 13.5 million. Both items relate to MIP Technologies AB and are described in more detail below.

Operating profit was SEK 49.3 (39.2) million, which is an improvement of SEK 10.1 million or 26 percent. The operating margin was 10.1 (8.8) percent. Net financial items amounted to SEK 5.5 (1.2) million. Profit after tax increased by SEK 9.7 million (23 percent) to 51.1 (41.4) million. Cash flow from operating activities increased to SEK 80.9 (56.8) million.

Balance sheet items and financial position

The Group's cash & cash equivalents were SEK 100.0 (90.8) million at December 31, 2014. Interest-bearing liabilities amounted to SEK 5.0 (5.7) million, leaving the Group with a net cash position of SEK 95.0

million at December 31, 2014, compared with SEK 85.0 million at the same point in 2013.

The Group's total goodwill at December 31, 2014 was SEK 90.5 million, compared with SEK 104.0 million the previous year. The recognized goodwill is attributable to the acquisition of MIP Technologies AB in 2010 and the acquisition of two product lines from Caliper Life Sciences Inc. in the same year. The change in the carrying amount for the year is due to impairment of the portion of goodwill attributable to a part of MIP Technologies AB's business which entitles the company's former owners to additional purchase consideration payments until the end of 2015. Lower bulk product sales than previously estimated during the term of the additional purchase consideration contract have resulted in an impairment loss of SEK 13.5 million.

Other intangible assets amounted to SEK 124.8 (126.0) million and consisted of patents, license rights and other intangible assets from acquisitions of SEK 33.3 (37.5) million and capitalised development costs of SEK 91.5 (88.4) million. The increase in capitalised development expenditure is largely associated with the development of Extrahera, which was launched in October 2014. Inventories amounted to SEK 108.4 million, compared with SEK 85.9 million at December 31, 2013. The increase is the result of a strategic decision to increase the finished goods inventory for certain consumables, mainly in the United States, in order to meet customers' delivery requirements, new product launches and currency effects.

Other financial liabilities amounted to SEK 5.1 (19.2) million. The main reason for the decline is the reversal of the additional purchase consideration provision for MIP Technologies AB, which amounted to

SEK 13.5 million. The purchase consideration payments for 2015 are calculated on the basis of results in 2014 and are estimated at SEK 1.9 million. Additional purchase consideration payments for the final year, 2015, which will be settled in 2016, are estimated at SEK 3.8 million, which is also the Company's best fair value estimate at December 31, 2014. As the fair value of expected future additional purchase consideration payments at December 31, 2014 was lower than the previously recognized amount, the difference of SEK 13.5 million was reversed and reported in the income statement for 2014.

Equity amounted to SEK 502.6 (476.8) million at December 31, 2014. The increase in equity during the year is distributed as follows: net profit, SEK 51.1 million, shareholder dividends, SEK -38.8 million, repurchase of own shares, SEK -0.1 million, currency hedges and exchange differences on translation of foreign subsidiaries, SEK 13.7 million.

Investments, depreciation and amortization

Investments totaled SEK 32.2 (41.5) million, while depreciation and amortization amounted to SEK 31.9 (27.6) million. SEK 21.7 (29.5) million of the investments figure was capitalized development expenditure and SEK 18.6 (16.0) million of total depreciation and amortization was related to amortization of capitalized development costs.

Research and development

Biotage's strategy for research and development is market-driven. Development of new, innovative products is an important instrument of competition and a way of creating opportunities for increased growth. Efforts are mostly aimed at developing new products by improving existing technology and adding new functionality. In the short term, continuing development of the Extrahera platform and development of new SNAP Ultra consumables and new applications for existing products are key growth drivers. The Company's long-term target is a level of gross investment in research and development, before capitalization, of about 10 percent of sales. This investment level was 8 (10) percent in 2014. About one-tenth of the research and development budget is allocated to innovative research on new concepts, and Biotage collaborates with academic research groups within this framework.

Intellectual property rights

Biotage uses its intellectual property rights as a commercial instrument to create 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 intellectual property rights in the form of design protection and trademarks. Biotage regularly evaluates its own portfolio of intellectual property rights on a cost-benefit basis. Biotage actively monitors the external environment and third-party intellectual property rights to ensure the Company does not infringe on the rights of others and other parties do not infringe on the rights of the Company. Biotage currently has 139 (151) registered patents and 42 (44) patent applications, divided into 42 (42) patent families. During the year, 5 (10) new patents were granted and 3 (4) new patent applications were submitted.

Personnel

The Group had 293 (290) employees at the end of the year. Within the framework of the Group's systematic work environment procedures, Biotage performs risk analyses to ensure a good physical and social work environment. Sickness absence is low and less than 2 percent. The Company invests in fitness activities and is prepared to act quickly and take measures should an employee suffer ill-health. In addition to its Work Environment Policy, the Company has an Alcohol and Drug Policy and a Policy on Sexual and Other Harassment. All of the policies include action plans for handling any breaches of the guidelines. The Company's Equal Opportunities and Discrimination Policy is regularly updated and

an Equal Opportunities Plan has been prepared for the period 2015-2018. Biotage conducts annual salary analyses in order to ensure equal pay as far as possible.

Biotage Sweden AB has collective agreements with market parties. Other companies in the Group comply with prevailing local regulations and guidelines. The Company applies an individual, performance-based and market-related pay structure.

Environment

Biotage's production has a low environmental impact, as the Company does not have any manufacturing processes. The Company's production consists primarily of assembly and installation of components, and is conducted in compliance with the European Union's RoHS Directive. The environmental impact of Biotage's operations is primarily related to freight and transportation. To reduce this impact, Biotage endeavors to switch from air to sea transport where possible and to optimize packaging by measures such as increasing the number of products in each package and buying packaging material and components locally if it can.

The main environmental impact of the production activities is from the use of energy, although production is not electricity-intensive. The facilities in Cardiff and Lund also generate waste in the form of solvents used in the production process. Biotage's aim is to regularly replace these solvents, where possible, with others that have a lower environmental impact. Most of the solvents that are used are recycled. At the Cardiff facility, waste is also generated in the form of packaging materials from incoming goods, which are sorted and sent for recycling where possible. An environmental approach is also important in product development and is an integral part of the process of designing new products.

In 2013, Biotage set up environmental management systems in Lund and Cardiff as part of the program to obtain ISO 14001 certification. Towards the end of 2014, the first part of the audit prior to ISO 14001 certification was conducted for operations in Cardiff, where most of the internal production takes place. The final audit and Cardiff's formal ISO 14001 certification is expected to be completed in 2015.

Risks

Biotage's operations are associated with risks in certain areas.

Customers and market

The Company has a broad customer base in several different sectors. The fact that no customer accounts for more than five percent of sales reduces the risk of variations in demand arising from fluctuations in certain sectors or customer-specific circumstances. New or less expensive products from competitors could affect the Company's market position. Biotage seeks to establish the broadest possible areas of use for its products and to have sufficient customer segments to ensure that each customer's proportion of sales is kept to a minimum. In recent years, Biotage has worked to broaden its customer base to include users in the environmental and food sectors.

Products and technologies

The Company's broad product portfolio reduces sensitivity to product lifecycles and economic fluctuations. As new biotechnologies take a relatively long time to establish, Biotage is unable to guarantee that others will not develop products based on new technologies, which would reduce the competitiveness of the Company's products or make them redundant.

Production

Production of systems takes place at contract manufacturers' premises in Sweden and the United States, and at the Company's own facility in Cardiff, Wales. Consumables are produced at the Lund and Cardiff facilities. All of the production facilities have the capacity to increase production at short notice. Dependence on external production capacity could increase the risk of delays or non-delivery, although this risk is

considered minimal. Biotage has special staff who closely monitor how suppliers discharge their obligations in terms of quality and delivery times.

Personnel

Biotage has a large number of highly skilled, committed and motivated employees, who have developed strong customer relationships. Recruiting and retaining qualified staff is a prerequisite for pursuing the Group's business strategies. Biotage offers its employees competitive employment conditions, scope for input into the Group's products and services, some control over their own duties, and opportunities for personal development through initial training, continuing training and career planning.

Competitors

Competition in Biotage's market is intense and the Company often finds itself competing against large, well-established companies with vast financial and industrial resources at their disposal. It is not inconceivable that this competition could lead to lower market shares and reduced profitability for Biotage in the future. Biotage endeavors to maintain a strong market presence and to outperform its competitors in focusing on customer needs.

Intellectual property rights

Biotage is dependent on non-patentable business secrets, know-how and continuing technological inventions, and on the ability to obtain and maintain patents to protect its technologies and products. Biotage continuously applies for patent protection for the methods and products it develops. Should the Company be unsuccessful in protecting its patents, business secrets, know-how or technologies, or have insufficient protection against competitors, the Company's competitive position could be undermined and the value of its existing and future products could be adversely affected. Should a party claim that the Company has infringed its intellectual property rights, the Company would be obliged to pay damages if the party were considered to have valid grounds for its claim against Biotage in a court of law. The Company might also need to initiate proceedings to defend its intellectual property rights. Even if Biotage were to win a case, the process would be time-consuming and costly, and would also take up much of management's time and attention. Biotage endeavors to monitor the development of new products and methods in the external environment as far as possible, and to maintain good technical and legal expertise within its organization.

Financial risks

Financial risks include currency risk, interest rate risk, credit risk, liquidity risk and refinancing risk. Currency risk is the most significant financial risk for Biotage, while interest risk and credit risk are less of a priority.

The Group's operating income is exposed to foreign currencies to a greater extent than its operating expenses. Exchange rate movements may shift the relationship between income and expenses and affect the Group's profitability. In order to reduce currency risk, some of the net flows have forward cover. In the long term, currency risk could be reduced if the Group relocated parts of its activities, although this might involve costs and loss of expertise. In addition, the Parent Company has invested in subsidiaries, notably in the U.S., U.K., China and Japan. As a result of these investments, the Group's equity is affected by exchange rate movements in relation to these countries' currencies.

Liquidity risk is primarily the risk of Biotage being unable to convert a financial asset sufficiently quickly at a market price, and incurring unforeseen losses if cash funds need to be released. Biotage's financial position and liquidity are satisfactory. The equity ratio is 81 (81) percent. Cash and cash equivalents were SEK 100 (91) million at the reporting date and liabilities to credit institutions were SEK 5.0 (5.7) million. The cash flow statements show a satisfactory positive cash flow from operating activities, providing reasonable assurance that the obligations associated with the current scope of operations can be fulfilled. Consequently, Biotage does not currently have any tangible liquidity or financing risk that might leave the Group dependent on credit facilities

or capital contributions for its expansion, resulting in decision-making falling outside the Group's control. Biotage addresses these risks in the long term by focusing strongly on operating profit, financial position and cash flow from operating activities. This will create the conditions for long-term organic growth and confidence among shareholders and lenders.

A description of the Group's financial risks and risk management is presented on pages 42-43.

Parent Company

The Group's Parent Company has wholly-owned subsidiaries in Sweden, the United States, the United Kingdom, Germany, France, Italy, Japan and China. 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 2.5 (2.4) million. Other operating items amounted to SEK 13.2 (-0.1) million and included a positive effect of SEK 13.5 million from the reversal of the additional purchase consideration provision (see Balance sheet items and financial position). Net financial items were SEK 52.2 (195.2) million. Profit/loss from investments in Group companies totaled SEK 24.6 (153.6) million. The figure for 2014 included impairment of an intra-group receivable of SEK -15.6 million and dividends from subsidiaries of SEK 53.7 million. The high comparative figures for the previous year are largely due to the reversal of impairment losses on intra-group receivables following an internal transfer of the RapidTrace® and TurboVap® product lines in 2013. Profit after financial items was SEK 47.1 (178.6) million and SEK 160.3 million of the figure was related to the reversal of previous impairment losses on receivables from subsidiaries.

Investments in intangible assets amounted to SEK 1.0 (1.4) million. The Parent Company's cash and cash equivalents amounted to SEK 1.0 (30.1) million. The decline during the year is primarily due to dividend payments, changes in intra-group balances and profit for the period.

The Biotage share

Biotage has a total of 64,714,447 outstanding shares. As no shares were acquired under the buy-back program adopted by the 2014 AGM, the Company did not hold any of its own shares at the reporting date. Repurchased shares do not carry any voting rights. Each of the Company's shares give the right to one vote, and the articles of association do not contain any restrictions on the number of shares a shareholder may vote at general meetings. There are no restrictions on transferability of shares and the Company is not aware of any agreements between shareholders in this regard.

Corporate Governance

Biotage has prepared a Corporate Governance Report in accordance with the provisions and implementation guidelines contained in Swedish legislation and the Swedish Corporate Governance Code. The report has been prepared separately from the annual report. The report and related auditors' report are available on the Group's website at www.biotage.se together with other information about corporate governance within Biotage.

Guidelines for remuneration of senior executives

Current principles and guidelines for remuneration of senior executives adopted by the 2014 AGM are described in note 1 on page 45.

The Board's proposed guidelines for the remuneration of senior executives to be presented for adoption at the 2015 annual general meeting

The Board proposes that the annual general meeting adopt the following guidelines for remuneration of senior executives. Senior executives consists of the CEO and other members of Group

management. The guidelines shall apply to employment contracts entered into after the AGM's decision on the guidelines and to any changes made to existing conditions of employment after the meeting's decision.

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 payments, other benefits 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 2,600,000 under the terms of his employment contract. In accordance with the contract, the Company makes a pension provision corresponding to 35 percent of the CEO's fixed annual salary. In addition to the fixed annual salary, the CEO receives variable pay of up to 50 percent of his fixed annual salary. The variable pay is linked to the Company's achievement of defined financial targets.

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

Other senior executives

This group consists of two 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 variable pay 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 performance-related goals for the individual. The pension provision is up to 30 percent of the fixed salary. Any new members of Company management can expect the same remuneration conditions.

Variable pay and performance requirements

The Board is entitled to decide on the criteria for variable pay.

Discretionary payments

The Board may decide to award a discretionary payment to members of Company management, including the CEO. Such a discretionary payment may only be made in exceptional circumstances.

Other benefits

Senior executives may be awarded other customary benefits such as a company car, health care, etc.

Termination benefits

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

Equity and share-based incentive programs

Any equity and share-based incentive programs shall be adopted by the Annual General Meeting. Allotment shall be in accordance with the decision of the AGM.

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 page 48.

Remuneration in 2014

For information on remuneration of senior executives in 2014, see note 1 on pages 45-48.

Proposed appropriation of profit

The annual general meeting has the following amounts from the Parent Company at its disposal (SEK):

Retained earnings	496,284,606
Fair value reserve	-66,054,649
Profit for the year	46,985,958
Total	477,215,915

The Board of Directors and CEO propose that the amounts be distributed as follows:

Dividend payment of SEK 0.75 per share to shareholders ^{*)}	48,535,835
Carried forward	428,680,080
Total	477,215,915

^{*)} The proposed dividend in SEK is the maximum dividend. The Company did not own any of its own shares at March 16, 2015. Any shares the Company acquires under the buy-back program are not eligible for dividends. The proposed dividend in SEK could therefore decline should the Company acquire any of its own shares after March 16, 2015.

The proposed dividend reduces the Parent Company's equity ratio by 0.5 percentage points to 94.0 percent and the Group's equity ratio by 1.6 percentage points to 79.6 percent. The calculations are based on the Group's statement of financial position and the Parent Company's balance sheet at December 31, 2014.

The Board proposes Thursday, April 30, 2015 as the record date, as payment of the dividend by Euroclear Sweden AB is expected to take place on Wednesday, May 6, 2015.

The equity ratio is satisfactory in view of the fact that the Group's operations are expected to continue to be profitable. It is also the assessment that the Group's liquidity can be maintained at a similarly satisfactory level. It is the Board's opinion that the proposed dividend does not prevent the Company from discharging its current and long-term commitments or making necessary investments. The proposed dividend can therefore be justified pursuant to Chapter 17, section 3, paragraphs 2-3, of the Swedish Companies Act (the precautionary principle).

The earnings and financial position of the Group and the Parent Company are presented in the Group's statement of comprehensive income, statement of financial position and statement of cash flows, the Parent Company's income statement, balance sheet and statement of cash flows, the statements of changes in equity and the accounting policies and notes which follow.

Consolidated Statement of Comprehensive Income

Amounts in SEK thousands	Note	2014	2013
Net sales	2	490,381	444,644
Cost of sales	1,2,4,5,6	-223,462	-195,061
Gross profit		266,919	249,583
Distribution costs	1,2,4,5	-139,201	-134,712
Administrative expenses	1,2,3,4,5	-47,650	-42,687
Research & development expenses	1,2,4,5	-38,450	-33,483
Other operating income	6	8,220	884
Other operating expenses		-525	-390
Total operating expenses		-217,606	-210,388
Operating profit/loss		49,313	39,196
Finance income	7	5,879	1,611
Finance costs	7	-330	-437
Net financial items		5,548	1,173
Profit/loss before tax		54,861	40,369
Income tax	8	-3,749	1,023
Profit/loss for the year		51,112	41,392
Other comprehensive income			
<i>Items that may be reclassified to profit or loss for the year</i>			
Exchange differences from translation of foreign subsidiaries		13,861	-236
Cash flow hedges		-176	-52
Total other comprehensive income		13,685	-288
Total comprehensive income for the year		64,797	41,104
Profit/loss for the year attributable to owners of the Parent		51,112	41,392
Total comprehensive income attributable to owners of the Parent		64,797	41,104
Average number of shares outstanding		64,714,447	68,139,330
Average number of shares outstanding after dilution		64,714,447	68,139,330
Ordinary shares outstanding at the reporting date		64,714,447	69,861,330
Earnings per share		0.79 SEK	0.61 SEK
Earnings per share after dilution		0.79 SEK	0.61 SEK
Total earnings per share		1.00 SEK	0.60 SEK
Total comprehensive income per share after dilution		1.00 SEK	0.60 SEK

Quarterly Summary for 2013 and 2014

Amounts in SEK thousands	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	137,757	118,525	120,383	113,717	121,649	103,418	116,344	103,234
Cost of sales	-62,848	-53,868	-54,724	-52,022	-54,776	-44,851	-50,489	-44,945
Gross profit	74,909	64,656	65,659	61,695	66,872	58,567	65,855	58,288
Gross margin	54.4%	54.6%	54.5%	54.3%	55.0%	56.6%	56.6%	56.5%
Operating expenses	-61,200	-52,065	-52,110	-52,231	-53,430	-50,957	-53,789	-52,211
Operating profit/loss	13,709	12,591	13,549	9,464	13,443	7,610	12,066	6,077
Net financial items	3,577	-865	2,384	451	3,058	-431	1,007	-2,461
Profit/loss before tax	17,286	11,727	15,933	9,916	16,501	7,179	13,073	3,616
Tax	-633	-728	-539	-1,850	1,985	-260	-165	-537
Profit/loss for the period	16,653	10,998	15,394	8,066	18,486	6,919	12,908	3,079

Consolidated Statement of Financial Position

Amounts in SEK thousands	Note	12-31-2014	12-31-2013
ASSETS			
Non-current assets			
Property, plant & equipment	9	43,057	41,608
Goodwill	10	90,523	104,023
Other intangible assets	11	124,822	125,964
Financial assets	12	808	1,224
Deferred tax asset	19	44,765	44,914
Total non-current assets		303,974	317,732
Current assets			
Inventories	13	108,379	85,887
Trade and other receivables	14,15	106,612	97,860
Cash & cash equivalents		100,045	90,769
Total current assets		315,036	274,515
Total assets		619,010	592,247
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the parent			
Share capital		89,953	89,423
Other paid-in capital		4,993	4,993
Reserves		-94,404	-108,090
Retained earnings		502,108	490,447
Total equity		502,650	476,774
Non-current liabilities			
Liabilities to credit institutions	7	4,537	5,293
Other financial liabilities	15,16,17	5,072	19,194
Deferred tax liabilities	19	2,465	1,835
Non-current provisions	18	1,369	1,202
Total non-current liabilities		13,444	27,523
Current liabilities			
Trade and other payables	15,20	98,457	81,767
Other financial liabilities	17	1,900	3,217
Tax liabilities		848	1,307
Liabilities to credit institutions	7	502	444
Current provisions	18	1,210	1,214
Total current liabilities		102,916	87,950
Total equity and liabilities		619,010	592,247
Pledged assets	22	63,949	63,243
Contingent liabilities	22	-	-

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, 2013	89,372	4,993	-108,029	228	544,266	530,829
Changes in equity in 2013						
Profit/loss for the year	-	-	-	-	41,392	41,392
<i>Other comprehensive income:</i>						
Cash flow hedges	-	-	-	-52	-	-52
Exchange differences on translation of net investments in foreign subsidiaries	-	-	-236	-	-	-236
Total comprehensive income	-	-	-236	-52	41,392	41,104
Transactions with owners of the parent						
Cancellation of repurchased shares *)	-4,141	-	-	-	4,141	-
Bonus issue *)	4,192	-	-	-	-4,192	-
Dividend to shareholders of the parent	-	-	-	-	-34,931	-34,931
Share buy-back, parent company *)	-	-	-	-	-60,229	-60,229
Closing balance December 31, 2013	89,423	4,993	-108,266	176	490,447	476,774
Changes in equity in 2014						
Profit/loss for the year	-	-	-	-	51,112	51,112
<i>Other comprehensive income:</i>						
Cash flow hedges	-	-	-	-176	-	-176
Exchange differences on translation of net investments in foreign subsidiaries	-	-	13,861	-	-	13,861
Total comprehensive income	-	-	13,861	-176	51,112	64,798
Transactions with owners of the parent						
Cancellation of repurchased shares *)	-6,588	-	-	-	6,588	-
Bonus issue *)	7,119	-	-	-	-7,119	-
Dividend to shareholders of the parent	-	-	-	-	-38,829	-38,829
Share buy-back, parent company *)	-	-	-	-	-93	-93
Closing balance December 31, 2014	89,953	4,993	-94,404	-	502,108	502,650

*) Repurchased shares, cancellation of repurchased shares and bonus issue.

The 2013 AGM granted the Board a mandate to allow the Company to buy back shares in the period up to the 2014 AGM, provided the Company's holding of repurchased shares did not exceed ten percent of the number of registered shares. On the date of the AGM in 2014, the Company had acquired 5,146,883 shares at an average price of SEK 9.07. At the 2014 AGM, it was decided to cancel the repurchased shares in accordance with the Board's proposal. As a result, the Company's share capital decreased by SEK 6,588 thousand. At the same time it was decided to increase the Company's share capital by SEK 7,119 thousand through a bonus issue, with the issue amount

being transferred to the Parent Company's distributable reserves. After implementation of the AGM's decision, the registered share capital was SEK 89,953,081 and the number of shares outstanding was 64,714,447.

The 2014 AGM granted the Board a mandate to continue to allow the Company to buy back shares in the period up to the 2015 AGM, provided the Company's holding of repurchased shares did not exceed ten percent of the number of registered shares. There were no holdings of own shares at the reporting date, December 31, 2014.

Consolidated Statement of Cash Flows

Amounts in SEK thousands	Note	2014	2013
Operating activities			
Profit/loss before tax		54,861	40,369
Adjustments for non-cash items		45,154	32,460
		100,016	72,829
Income tax paid		-4,631	-4,319
Cash flow from operating activities before changes in working capital		95,384	68,510
<i>Cash flow from changes in working capital:</i>			
Increase (-)/decrease (+) in inventories		-22,492	-2,755
Increase (-)/decrease (+) in trade receivables		-9,702	-9,507
Increase (-)/decrease (+) in other current receivables		1,916	8,099
Increase (+)/decrease (-) in other liabilities		15,800	-7,592
Cash flow from operating activities		80,906	56,757
Investing activities			
Acquisition of intangible assets		-23,410	-32,513
Acquisition of property, plant & equipment		-8,767	-8,815
Acquisition of financial assets		-	-144
Cash flow from investing activities		-32,177	-41,471
Financing activities			
Dividend to shareholders		-38,829	-34,931
Share buy-back		-93	-60,230
New borrowing		1,391	-
Repayment of borrowings		-3,894	66
Cash flow from financing activities		-41,425	-95,095
Cash flow for the year		7,304	-79,810
Cash & cash equivalents at beginning of year		90,769	170,916
Exchange differences		1,972	-337
Cash & cash equivalents at end of year		100,045	90,769
Additional disclosures			
<i>Adjustments for non-cash items:</i>			
Depreciation and impairment	5	33,869	30,609
Other items		11,285	1,851
Total		45,154	32,460
Interest received		128	1,084
Interest paid		-292	-437

Income Statement, Parent

Amounts in SEK thousands	Note	2014	2013
Net sales	2	2,502	2,405
Administrative expenses	1,2,3,4	-18,437	-17,170
Research & development expenses	2,5	-2,398	-1,699
Other operating income	6	13,511	-
Other operating expenses		-266	-148
Operating expenses, net		-7,590	-19,016
Operating profit/loss		-5,088	-16,611
<i>Profit/loss from financial investments:</i>			
Interest income from receivables from group companies		2,383	7,424
Interest expense from liabilities to group companies		-3,614	-2,927
Profit/loss from investments in Group companies		24,624	153,633
Other interest and similar income		1,818	1,167
Interest and similar expense		-	-2
Group contributions received		27,011	35,954
Net financial items	7	52,223	195,249
Profit/loss after financial items		47,135	178,638
Income tax	8,19	-149	3,181
Profit/loss for the year		46,986	181,819

Statement of Comprehensive Income, Parent

Amounts in SEK thousands	2014	2013
Profit/loss for the year	46,986	181,819
Other comprehensive income		
<i>Items that may be reclassified to profit or loss for the year</i>		
Exchange differences on translation of receivables from foreign subsidiaries	-	687
Comprehensive income for the year	46,986	182,506

Balance Sheet, Parent

Amounts in SEK thousands	Note	12-31-2014	12-31-2013
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Patents and licenses	11	8,224	7,986
<i>Financial assets</i>			
Investments in group companies	21	468,128	481,628
Receivables from group companies	23	14,763	36,529
Deferred tax asset	19	44,765	44,914
		527,657	563,071
Total non-current assets		535,881	571,057
Current assets			
<i>Current receivables</i>			
Receivables from group companies	23	61,791	46,266
Other receivables	14	498	474
Prepayments and accrued income	14	964	1,297
		63,254	48,037
Cash and bank balances		974	30,112
Total current assets		64,227	78,149
Total assets		600,108	649,206
EQUITY, PROVISIONS AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		89,953	89,423
<i>Unrestricted equity</i>			
Fair value reserve		-66,055	-66,055
Retained earnings		496,284	353,918
Profit/loss for the year		46,986	181,819
		477,216	469,682
Total equity		567,169	559,104
Other financial liabilities	16,17	3,850	19,194
<i>Current liabilities</i>			
Other financial liabilities	17	1,900	3,217
Trade payables	20	769	824
Liabilities to group companies	23	21,391	63,556
Other current liabilities	20	778	106
Accruals and deferred income	20	4,251	3,205
		29,089	70,908
Total equity and liabilities		600,108	649,206
Pledged assets	22	22,500	22,500
Contingent liabilities	22	-	-

Statement of Changes in Equity, Parent

Amounts in SEK thousands	Share capital	Fair value reserve	Retained earnings	Total equity
Opening balance January 1, 2013	89,372	-66,742	449,129	471,759
Changes in equity in 2013				
Profit/loss for the year	-	-	181,819	181,819
<i>Other comprehensive income:</i>				
Exchange differences on translation of receivables from foreign subsidiaries	-	687	-	687
Total comprehensive income	-	687	181,819	182,506
<i>Owner transactions:</i>				
Cancellation of repurchased shares *)	-4,141	-	4,141	-
Bonus issue *)	4,192	-	-4,192	-
Dividend to shareholders of the parent	-	-	-34,931	-34,931
Share buy-back *)	-	-	-60,230	-60,230
Closing balance December 31, 2013	89,423	-66,055	535,736	559,104
Changes in 2014				
Profit/loss for the year	-	-	46,986	46,986
<i>Other comprehensive income:</i>				
Exchange differences on translation of receivables from foreign subsidiaries	-	-	-	-
Total comprehensive income	-	-	46,986	46,986
<i>Owner transactions:</i>				
Cancellation of repurchased shares *)	-6,588	-	6,588	-
Bonus issue *)	7,119	-	-7,119	-
Dividend to shareholders of the parent	-	-	-38,829	-38,829
Share buy-back *)	-	-	-93	-93
Closing balance December 31, 2014	89,953	-66,055	543,270	567,169

*) Repurchased shares, cancellation of repurchased shares and bonus issue.

The 2013 AGM granted the Board a mandate to allow the Company to buy back shares in the period up to the 2014 AGM, provided the Company's holding of repurchased shares did not exceed ten percent of the number of registered shares. On the date of the AGM in 2014, the Company had acquired 5,146,883 shares at an average price of SEK 9.07. At the 2014 AGM, it was decided to cancel the repurchased shares in accordance with the Board's proposal. As a result, the Company's share capital decreased by SEK 6,588 thousand. At the same time it was decided to increase the Company's share capital by SEK 7,119 thousand through a bonus issue, with the issue amount

being transferred to the Parent Company's distributable reserves. After implementation of the AGM's decision, the registered share capital was SEK 89,953,081 and the number of shares outstanding was 64,714,447.

The 2014 AGM granted the Board a mandate to continue to allow the Company to buy back shares in the period up to the 2015 AGM, provided the Company's holding of repurchased shares did not exceed ten percent of the number of registered shares. There were no holdings of own shares at the reporting date, December 31, 2014.

Statement of Cash Flows, Parent

Amounts in SEK thousands	Note	2014	2013
Operating activities			
Profit/loss after financial items		47,135	178,638
Adjustments for non-cash items		-43,481	-189,270
		3,654	-10,632
Income tax paid		-	-
Cash flow from operating activities before changes in working capital		3,654	-10,632
<i>Cash flow from changes in working capital:</i>			
Increase (-)/decrease (+) in other current receivables		50,848	90,047
Increase (+)/decrease (-) in other liabilities		-40,502	-3,360
Cash flow from operating activities		14,000	76,055
Investing activities			
Acquisition of intangible assets	11	-1,017	-1,455
Cash flow from investing activities		-1,017	-1,455
Cash flow from financing activities			
Change in other financial liabilities		-3,200	-1,613
Dividend to shareholders of the parent		-38,829	-34,931
Share buy-back		-93	-60,230
Cash flow from financing activities		-42,121	-96,774
Cash flow for the year		-29,138	-22,174
Cash & cash equivalents at beginning of year		30,112	52,286
Cash & cash equivalents at end of year		974	30,112
Additional disclosures:			
<i>Adjustments for non-cash items:</i>			
Depreciation and impairment	6,21	14,279	7,286
Group contributions		-27,012	-35,955
Reversal of additional purchase consideration provision		-13,500	-
Reversal of impairment of intra-group receivables		-15,579	-160,349
Other non-cash items		-1,669	-252
Total		-43,481	-189,270
Interest received		2,523	8,339
Interest paid		-3,604	-2,929

Summary of Significant Accounting and Measurement Policies for the Group and Parent Company

Contents

1. Introductory information
2. Basis of preparation
3. Consolidation and business combinations
4. Segment reporting
5. Foreign currency translation
6. Items in the consolidated statement of financial position
7. Items in the consolidated income statement
8. The Parent Company's accounting policies
9. Financial risks and the Group's risk management
10. Significant accounting estimates

1. Introductory information

Biotage's consolidated annual financial statements and the Parent Company's annual financial statements for the fiscal year ending December 31, 2014 were approved by the Board and CEO for publication on March 26, 2015 and will be presented for adoption at the annual general meeting on April 28, 2015.

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 Parent Company is a Swedish public limited liability company. The address of the registered office is Vimpelgatan 5, 751 03 Uppsala, and this is where the Group's management and central functions are located. The Company's shares are listed on NASDAQ OMX Stockholm.

Biotage offers effective separation technology, from analysis to industrial scale, and high-quality solutions for analytical chemistry in everything from research to commercial analytical laboratories. Users of Biotage's products include government agencies, academic institutions and the pharmaceutical and food industries. Biotage has about 290 employees and reported net sales of SEK 490 million in 2014. The Group has offices in Sweden, the United States, the United Kingdom, China and Japan.

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) issued by the International Accounting Standards Board (IASB), as adopted by the European Union, and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) effective for periods beginning on or after January 1, 2014. The Group also applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1, *Supplementary Accounting Rules for Groups*. Differences between the Parent Company's and the Group's accounting policies are described in Section 8. The accounting policies have been applied consistently to all periods presented in the consolidated financial statements and to the financial statements of companies in the Biotage Group.

New and amended standards and interpretations applicable for 2014

New and amended standards and interpretations from the IASB and IFRS have not had any material effect on the Group's financial reports.

New and amended standards and interpretations not yet effective

IFRS 9 *Financial Instruments* will supersede IAS 39 *Financial Instruments: Recognition and Measurement*. The standard has been issued in phases, with the version issued in July 2014 replacing all previous versions.

Application of IFRS 9 is mandatory for annual periods beginning on or after January 1, 2018.

The standard has not yet been adopted by the EU. IFRS 9 contains new requirements for classification and measurement of financial instruments, derecognition and impairment, as well as general rules on hedge accounting.

Macro hedge accounting was originally part of the IFRS 9 project but is subsequently being treated as a separate project. Management has not yet made a detailed analysis of the impact of the effects of the application of IFRS 9.

IFRS 15 *Revenue from Contracts with Customers* will replace IAS 18 *Revenue* and IAS 11 *Construction Contracts*. Application of IFRS 15 is mandatory for annual periods beginning on or after January 1, 2017. The standard has not yet been adopted by the EU. IFRS 15 provides a revenue recognition model for virtually all revenue arising from contracts with customers, except for leases, financial instruments and insurance contracts.

The basic principle for revenue recognition is that an entity will recognize revenue when all risks and rewards associated with the goods or services are transferred to customers in exchange for payment for those goods or services. Management has not yet made a detailed analysis of the effects of the application of IFRS 15.

However, it is management's assessment that other new and amended standards and interpretations are not likely to have any material effect on the Group's financial reports in the period of initial application.

Amended accounting policies for the Parent Company

The amendments to RFR 2 *Accounting for Legal Entities*, effective for the fiscal year 2014, have not had any material effect on the Parent Company's financial reports nor will the amendments due to come into force on January 1, 2015.

Functional currency and presentation currency

Biotage's financial statements are reported in Swedish kronor (SEK), which is the Parent Company's functional currency and 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.

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. These 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 that require a high degree of estimation or where accounting estimates are of key significance to the consolidated financial statements can be found in Section 10, Significant accounting estimates.

Classification

Non-current assets, liabilities and provisions are essentially amounts that are expected to be recovered or paid more than 12 months after the reporting date. Current assets, liabilities and provisions are amounts expected to be recovered or settled within 12 months of the reporting date. Investments in financial instruments for 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.

3. Consolidation and business combinations

Consolidation

The consolidated financial statements comprise the Parent Company and its subsidiaries. The financial statements of companies included in the consolidated financial statements 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.

Business combinations

The consolidated financial statements have been prepared using the acquisition method. The purchase consideration consists of the fair value of assets acquired and liabilities incurred by Biotage to the former owners and the fair value of the shares issued by the Group. Contingent consideration is a liability incurred by Biotage to former owners and is also covered by these summarized accounting policies. The fair value of identifiable acquired assets, liabilities and contingent liabilities is determined at the acquisition date. Financial assets and financial liabilities (e.g., contingent consideration), which are subsequently measured at fair value through profit or loss are initially recognized at fair value. 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. For business combinations where the total of the purchase consideration transferred, non-controlling interests (if any) and the acquisition-date fair value of the acquirer's previous equity interest in the acquiree exceeds the acquisition-date fair value of identifiable net assets, the difference is reported as goodwill in the statement of financial position. If on acquisition of a subsidiary the fair value of acquired assets, liabilities and contingent liabilities is higher than cost, the surplus is recognized immediately in the income statement. Acquisition costs are recognized in the income statement in the period in which they are incurred.

4. Segment reporting

Segment information is required to be presented using a management approach, and operating segments are identified on the basis of internal reporting to the chief operating decision-maker, which in Biotage's case is the Group's CEO. In the internal reporting system used by the CEO to review operating results and make decisions about the allocation of resources, financial information is presented for the Group as a whole. Consequently, the Group consists of one operating segment, and for this reason Biotage does not report separate segment information.

5. Foreign currency translation

Functional currency and presentation currency

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

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.

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.

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, is essentially a part of the Company's net investment in that foreign operation. Exchange differences arising on the translation of such monetary items are recognized in other comprehensive income.

Group companies

The results and financial position of Group companies (none of which has a functional currency that is the currency of a hyperinflationary economy) 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, these exchange differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the acquiree.

6. Items in the consolidated statement of financial position

6.1 Intangible assets

Intangible assets are recognized at cost less accumulated amortization and impairment. The useful life of each intangible asset is determined and amortization is applied on a straight-line basis over the useful life. Intangible assets with an indefinite useful life are not amortized; instead, they are tested for impairment when the annual financial statements are prepared or when there is an indication of a decline in value. The useful life of goodwill is generally assumed to be indefinite. The useful life of acquired technology-based assets is 3-10 years.

Capitalized development expenditure

Expenditure on development projects is recognized as an asset in the consolidated financial statements when it is probable that the projects will generate future economic benefits. If a business combination gives the Group access to products, technological equipment or processes it did not previously have and utilization of these is expected to provide economic benefits for the Group, a value for these technology-based intangible assets 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' ERP system.

Development projects are classified as Product Care, Pre-Study or 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 new technology or a new product and ends when the technology is placed in service or the new product is launched in the Group's sales markets.

The amortization period for capitalized development costs begins when the fully developed asset is available for use in the manner intended. In

many cases, this is when the new product is launched or when further development begins. Amortization is on a straight-line basis over a period of time and is based on an assessment of the product's estimated useful life. Biotage's capitalized development costs can be divided into systems, consumables, software and applications. The estimated useful life for systems and consumables is 7 years, and for software and applications 3 years. Useful life expectations are based on Biotage's experience of the lifespans of its products and on its innovation cycles, i.e., the intervals at which the Company could be expected to launch new products to replace, or partly replace, previous ones. These useful life assumptions are reviewed regularly during impairment testing, which is conducted on an individual level annually or more frequently if there is an indication of impairment.

Market and customer-related intangible assets

Patent and license rights and trademarks are recognized at cost less accumulated amortization. The amortization period for patents is normally 10 years, but never longer than the patent term. Amortization begins when the first national patent is granted. The patent portfolio is also regularly evaluated to identify any need for additional amortization. License rights are amortized over their duration. The useful life of trademarks is 10 years.

Goodwill

Goodwill is recognized as an intangible asset at cost less accumulated impairment in the balance sheet. For business combinations where the total of the purchase consideration transferred, non-controlling interests (if any) and the acquisition-date fair value of the acquirer's previous equity interest in the acquiree exceeds the acquisition-date fair value of identifiable net assets, the difference is reported as goodwill. Goodwill is tested for impairment annually or more frequently if there are indications of a decline in value. The carrying amount of goodwill is compared with its recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognized as an expense in the income statement.

For impairment testing, goodwill is allocated to the smallest cash-generating unit in the Company in which the goodwill in question is monitored during internal control. See also Section 10, Significant accounting estimates, on page 43, which describes the estimates and assumptions made during impairment testing.

Software licenses

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 3 to 7 years.

6.2 Property, plant & equipment

Items of property, plant & equipment are recognized at cost less accumulated depreciation and impairment losses. These assets include factories, 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 apply:

Land	No depreciation
Site improvements	20 years
Buildings	40 years
Production tools	5 years
Improvement of 3rd-party property	10 years
Computers	3-4 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.

6.3 Financial assets

Financial assets are accounted for in accordance with the description in section 6.6 Financial instruments.

6.4 Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Otherwise, it is classified as an operating lease. The Group recognizes finance leases as assets and a corresponding liability is recognized on initial recognition. 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. Leased assets held under operating leases are not recognized in the balance sheet. The lease payments are recognized in the income statement on a straight-line basis over the lease term.

In financial and cost terms, the scope of Biotage's leases is limited. The leases are mainly rental agreements for premises. All the Group's leases and rental agreements are classified as operating leases.

6.5 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.

6.6 Financial instruments

Financial instruments reported in the statement of financial position include securities, other financial receivables, trade and other receivables, cash & cash equivalents, trade payables, loans, other liabilities 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.

A financial asset or part of a financial asset is derecognized when the rights to receive cash flows from the asset have expired or have been transferred or the Group no longer has control of it. Financial liabilities are derecognized when the contractual obligation has been discharged or extinguished in some other way.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired as a result of an event. Typical events include a significantly weakened financial position for the other party or non-payment of past due amounts.

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

On initial recognition, a financial instrument is classified according to the purpose for which it was acquired. The definitions of the different categories are such that a financial instrument may be classified in more than one category. Financial assets and financial liabilities which are not subsequently measured at fair value through profit or loss are initially recognized at fair value, plus or minus transaction costs. Financial assets and financial liabilities which are subsequently measured at fair value through profit or loss are initially recognized at fair value. Financial instruments are subsequently measured at amortized cost or fair value, depending on their initial

classification in accordance with IAS 39. IAS 39 classifies financial instruments in the following categories:

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

This category comprises three types of items:

- a) Financial assets and liabilities held for trading. These are items that are held for the main purpose of short-term profit-taking.
- b) Derivatives that are not effective hedging instruments.
- c) Designated – other financial assets or liabilities the Company has chosen to report in this category.

2. *Held-to-maturity investments*

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

3. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes trade receivables, other receivables and other non-current receivables.

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.

5. *Other liabilities*

Financial liabilities that are not measured at fair value through profit or loss are classified as other liabilities.

After the date of acquisition, financial instruments classified as *Financial assets and liabilities at fair value through profit or loss* and *Available-for-sale* financial assets are measured at fair value. Financial instruments in the categories *Held-to-maturity investments*, *Loans and receivables* and *Other liabilities* are subsequently measured at amortized cost using the effective interest method.

Amortized cost is the amount at which an asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest rate is the rate that discounts all estimated future cash payments or receipts through the expected life of the financial instrument to the initially recognized carrying amount of the financial asset or liability.

For a description of fair value measurement, see note 16.

Derivatives and hedge accounting

Derivatives are recognized on the contract date and are subsequently measured at fair value. Under Biotage's financial policy, derivative financial instruments may only be held for hedging purposes. In hedge accounting, derivatives are classified as cash flow hedges, fair value hedges or hedges of a net investment in a foreign operation. Biotage's derivatives consist of forward contracts which are used to hedge currency risk associated with external and internal flows of products and services. In accordance with IAS 39, the portion of the gain or loss on a derivative designated as a cash flow hedge that is determined to be an effective hedge is recognized in other comprehensive income, and the accumulated changes in fair value are recognized in the hedging reserve in equity. Any gain or loss on the ineffective portion of the hedge is recognized immediately in profit or loss. Amounts in the hedging reserve are recycled into profit or loss in the same period in which the hedged item affects profit or loss. Biotage hedges currency risk in accordance with the Board's established financial policies. Currency hedging is based on the expected difference between the cash flow in Swedish krona and other currencies.

Other information about financial instruments

Trade receivables

Trade receivables are classified as *Loans and 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 receivables are classified as *Loans and receivables* and non-current securities are classified as *Held-to-maturity investments*. If there is a clear indication that the fair value is less than the carrying amount, the assets are written down.

Trade payables

Trade payables are classified as *Other liabilities*. 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 categorized as *Other liabilities* and 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, while current liabilities are due within 12 months of the reporting date.

6.7 Taxes

Income tax consists of current tax and deferred tax. Taxes are recognized in the income statement except when the underlying transaction is recognized in OCI or directly in equity, in which case the related tax effect is also recognized in OCI or equity.

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 is measured using national tax rates that have been enacted or substantively enacted by the reporting date in the countries where the Group has legal entities with tax losses that can be utilized.

6.8 Provisions

Provisions for restructuring are 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. Biotage's 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. Provisions are classified as non-current and current items. Non-current obligations will not require an outflow of resources during the next 12 months. All other obligations are classified as current.

6.9 Share capital

All issued shares are ordinary shares, which are classified as equity. At the end of 2013, the Company had outstanding options issued to the Group's senior executives, which expired in 2014. See also page 48. 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.

7. Items in the consolidated income statement

7.1 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.

Sale of goods

The Group develops and sells systems, re-agents, 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 been transferred to the buyer and the customer has confirmed acceptance of the goods, which normally happens on delivery.

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. Biotage's sales of services includes servicing of systems and customer-specific development projects.

Interest income

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

Dividend income

Dividend income is recognized when the right to receive payment is established.

7.2 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 and other facilities used in production and a share of common costs.

7.3 Employee benefits

Retirement benefit obligations

The Group's pension plans are funded by contributions to insurance policies. They are all reported as 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. The expenses are charged to the Group's income as the benefits are earned, which normally coincides with the date on which the premium is paid.

Share-based payment

At the beginning of the financial year, the Company had an outstanding equity-settled incentive plan under which employees of Group companies received payment in the form of share options. All options associated with this plan expired in 2014. The options were equity instruments entitling holders to subscribe for shares in the Parent Company at a fixed price.

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.

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. Termination benefits are recognized when the Company is 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 committed to a termination when it has a detailed formal plan for the termination.

Profit-sharing and bonus plans

The Group has a bonus program for employees in positions where their performance has a measurable effect on the Group's earnings. Estimated bonus expenses are recognized on an ongoing basis and provision is made for these expenses in the consolidated statement of financial position. Bonus payments to key management personnel are described on pages 45-48.

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.

7.4 Impairment

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in income. 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.

7.5 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.

8. The Parent Company's accounting policies

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 *Accounting for Legal Entities*. Consequently, the Parent Company applies IFRS as adopted by the EU to the extent that such application does not conflict with the Swedish Annual Accounts Act and Pension Obligations Vesting Act. The Parent Company's application of accounting policies also takes into account the relationship between tax expense and accounting profit. The differences between the Parent Company's and the Group's accounting policies are described below.

8.1 Classification and presentation

The Parent Company's income statement and balance sheet are presented in accordance with the format described in the Annual Accounts Act. The main difference from IAS 1 *Presentation of Financial Statements*, which is applied when preparing the consolidated financial statements, concerns the reporting of finance income, finance costs, non-current assets and equity, and the presentation of provisions as a separate item. The Parent Company also presents a statement of comprehensive income, which is separate from the income statement.

8.2 Investments in Group companies

Investments in subsidiaries are recognized at cost in the Parent Company's financial statements. Acquisition-related costs for subsidiaries, which are recognized as an expense in the consolidated financial statements, are included as part of the cost of investments in subsidiaries.

8.3 Financial instruments

The Parent Company does not apply IAS 39 *Financial Instruments: Recognition and Measurement*. The Parent Company measures financial instruments on the basis of cost, as described in the Annual Accounts Act.

8.4 Shareholder and Group contributions

Group contributions the Parent receives from a subsidiary are accounted for using the same principles as ordinary dividends from subsidiaries and are reported under finance income. Group contributions made by the Parent to subsidiaries are reported as an increase in investments in Group companies. Shareholder contributions are recognized directly in the recipient's equity and are capitalized in the issuer's shares and interests, to the extent that impairment is not required.

8.5 Untaxed reserves

Changes in untaxed reserves are recognized as an appropriation in the income statement. The accumulated value of the provisions is reported under untaxed reserves in the balance sheet. Tax depreciation allowances

are calculated in accordance with current tax legislation. Tax depreciation allowances are regarded as accelerated depreciation, which is reported as an untaxed reserve.

9. Financial risks and the Group's risk management

9.1 Financial risks in the Biotage Group

In addition to the business risks that Biotage faces in the course of its operations, there are also different types of financial risks, which include 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. 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 are conducted in USD, EUR, GBP and JPY. The proportion of sales in SEK is relatively small. Operating expenses and financial instruments are also related to these currencies, although the Swedish krona is dominant. The Group's legal entities have intra-group balances. Translation of these balances to SEK may have a significant effect on the Group's financial position and results. As the Group's functional currency is SEK, movements of the Swedish krona against other

Net sales

The Group's most significant revenue currencies are USD and EUR.

Net sales by currency

Amounts in SEK thousands	2014			2013		
	In currency	In SEK	Distribution %	In currency	In SEK	Distribution %
EUR	11,358	103,372	21	11,882	102,768	23
USD	36,282	249,351	51	33,040	215,222	48
GBP	4,365	49,295	10	3,901	39,742	9
JPY	959,449	62,268	13	961,339	64,314	14
CNY	5,363	5,972	1	2,080	2,204	0
SEK	19,718	19,718	4	20,395	20,395	5
NOK	363	405	0			
Total SEK thousands		490,381	100		444,644	100

Net assets

In the Group's net assets there is a predominance of assets in Swedish kronor.

Net assets by foreign currency at December 31

Amounts in SEK thousands	2014			2013		
	In currency	In SEK	Distribution %	In currency	In SEK	Distribution %
EUR	-3,007	-28,613	-5	-3,057	-27,340	-6
USD	8,267	64,580	13	4,224	27,494	6
GBP	5,150	62,518	12	2,554	27,407	6
JPY	-8,696	-569	0	20,489	1,266	0
CNY	-3,671	-4,623	-1	1,989	-2,134	0
SEK	409,356	409,356	81	450,080	450,080	94
Total SEK thousands		502,650	100		476,774	100

transaction currencies will have an effect on the Group's results and financial position. A 10 percent change in the USD/SEK exchange rate would affect income and equity by SEK 6,458 (2,749) thousand. With a 10 percent change in the EUR/SEK rate, the effect would be SEK -2,861 (-2,734) thousand.

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 the 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. Biotage has only a small amount of interest-bearing liabilities, and the associated interest-rate risk is therefore low. A change of 1 percentage point in the Group's interest rate on interest-bearing assets would affect income and equity by SEK 1,000 (907) thousand.

Credit risk

Credit risk is the risk that customers will be unable to pay for delivered goods. The majority of customers are large companies and scientific institutions with operations which are normally state-financed. On the basis of historical data, management considers Biotage's credit risk to be low.

Liquidity and refinancing risk

Liquidity risk is the risk that the Group will encounter difficulty in accessing funds to discharge its financial obligations. The statements of cash flow for 2013 and 2014 show sufficiently positive cash flows from operations to allow the Group to fully discharge its current obligations. In addition, Biotage's cash & cash equivalents are considerably higher than current and non-current liabilities. In addition, the Group also has unused credit facilities. From 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.

9.2 The Group's risk management

To minimize any negative effects of the financial risks associated with Biotage's business activities and financial management, the Board has drawn up a Group financial policy. This policy is designed to facilitate the Group's financial work and alleviate the economic consequences of financial risks. Work must be performed carefully and professionally. Implemented measures must be documented and reported to the appropriate company body. Administration costs must be minimized.

The policy document contains a specific division of responsibilities, duties and authority between the Company's Board, CEO, CFO and Accounting Manager. Administrative procedures have also been established on the basis that those who conduct transactions should be separate from those responsible for control, accounting and reporting of transactions. Systematic reporting documentation for financial transactions must be submitted to the accounting manager for checking against the documents received by the transaction counterparty.

Biotage's central finance function at head office manages currency risk for the entire Group. Because the Group engages in operations, production and sales in a number of countries, it has a certain income statement exposure as a result of its income and expenses 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/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.

Biotage aims to minimize the currency risk which arises in commercial cash flows. There must be no speculative position-taking, i.e., entering into transactions for which there is no underlying commercial cash flow or imbalance. Credit risk associated with trade receivables must be monitored on an ongoing basis.

Available liquidity must be managed by the CFO or a person designated by the CFO. The necessary credit facilities for business financing must be in place in the Swedish companies and the foreign companies 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.

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. The main financial instruments are trade receivables, other operating receivables, shares, trade payables, other operating liabilities and loans secured against owner-occupied property. Exchange rate movements may have a material impact on the Group's results and financial position, and this has previously been the case.

9.3 Capital management

Biotage defines capital as equity. The Group's capital management objective is to safeguard its ability to continue operating in order to generate reasonable returns for shareholders and value for other stakeholders. The Group monitors its capital structure on the basis of the equity/assets ratio, which is calculated as equity divided by total assets. At the end of the year, the equity/assets ratio was 81 (81) percent for the Group and 95 (86) percent for the Parent Company.

10. Significant accounting estimates

When preparing the consolidated and Parent Company's financial statements, the Board and CEO make a number of judgments and estimates that may affect the reported financial position and results.

Estimation uncertainty

Accounting estimates and assessments are evaluated regularly. They are largely based on historical experience and 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 as a result of adjusted assumptions or estimates. The most significant judgments and estimates used in the measurement of assets and liabilities are based on assumptions regarding the future scope for marketing the Group's products and services in volumes and at prices that allow a reasonable economic return. Scope for marketing is highly dependent on the Group's access to technical expertise for the production of new and improved products and on the level of customer investment in new product development, knowledge and methods in the scientific areas in which the Group's products are used. The estimated success level of the Group's objective of broadening its products' areas of application also affects the overall estimates of Biotage's sales figures and financial results. Future improvement of the Group's results is dependent on this level remaining stable or at least not rising more quickly than sales growth.

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. Goodwill testing involves calculating the recoverable amount of the cash-generating unit to which the carrying amount of goodwill is allocated, which in Biotage's case is the Group as a whole, as it consists of one single operating segment. This in turn requires a calculation of the Group's projected cash flows. The forecasts used for the calculations (discounted cash flow) are determined by Biotage's management, whose judgments are based on past experience and the Company's own expectations about the future. During impairment testing, management makes a number of other assumptions when applying the discounted cash flow model and these may have a significant effect on the measurement result. See also note 10 for a description of key assumptions and their determination. However, sensitivity analyses show that the outcome of the testing would not change if the

growth rate were reduced by 50 percent or the discount rate were increased by 20 percent compared with the assumptions made. An impairment loss is recognized if the carrying amount exceeds the recoverable amount. Impairment losses are recognized in the income statement. At the end of the year, the Group's goodwill was SEK 91 (104) million. See also note 10.

Capitalized development expenditure

Development costs are capitalized when a project meets the criteria described in IAS 38. Biotage capitalizes its development on the basis of a measurement of each project's expected contribution to the Group's sales revenue and cash flows. Projects are measured at cost. An item is derecognized in the statement of financial position when the product is no longer marketed or is only expected to generate sales revenue on a 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. At the end of the year, the Group's capitalized development expenditure was SEK 91 (88) million. See also note 11.

Biotage reports amortization and impairment of capitalized development costs under the item research & development expenses. Another possible income statement presentation would have been to report parts of the above-mentioned amortization charge under cost of sales. Had the Company reported the full amortization charge for these assets in this way, cost of sales would have increased and research & development expenses would have decreased by SEK 18.6 (16.3) million, but there would not have been any effect on operating income. Capitalization of development costs has reduced research & development expenses by SEK 21.7 (29.5) million.

Deferred tax asset

Biotage recognizes tax loss carryforwards on the basis of how they are expected to be utilized against future profit and the extent to which the Company can demonstrate that it is probable that such profit will be

available in future periods before the unused tax losses expire. Tax loss carryforwards are mainly associated with the Swedish and US companies. When determining the value of tax losses carried forward, an assessment is made of the coming year's tax credits and the countries in which they are expected to occur. Biotage bases this on management's assessments of each company's development and results in future years. Should the Group be unable to realize its plans, an impairment loss would have to be recognized for this item. Similarly, the value of tax losses can be affected by changes in legislation regarding their utilization and changes in tax rates. Based on a new assessment at the end of the year, recognized deferred tax assets arising from unused tax losses amounted to SEK 45 (45) million, corresponding to a tax effect of SEK 169 million in historical tax losses. A deferred tax asset has not been recognized for other tax losses, as Biotage has been unable to affirm the probability that taxable profit will be generated corresponding to an unrecognized tax asset for the remaining historical tax losses of SEK 424 million. See also note 19.

Patent dispute in the United States

Biotage has been sued for alleged patent infringement in the United States. These lawsuits have been stayed by the court pending the outcome of the re-examination of the patents' validity by the U.S. Patent and Trademark Office.

The appeal board of the U.S. Patent and Trademark Office has declared null and void all patent claims for U.S. patent numbers 7,138,061, 7,381,327 and 7,410,571. The decision has been appealed by the opposing party to the U.S. Court of Appeals for the Federal Circuit, which on September 10 declared all patent claims null and void. The re-examination proceedings concerning U.S. patent numbers 8,066,875 and 8,070,957 are currently in progress, and in general there is nothing new to report regarding these two cases. It remains Biotage's assessment that the Company has a strong position in this case and that the opposing party does not have valid grounds for alleging patent infringement. In view of this assessment, a provision has not been recognized for the dispute.

Notes

Note 1 Average number of employees, salaries, employee benefits and social security contributions

	Group		Parent	
	2014	2013	2014	2013
Board and senior executives				
A presentation of Board members and senior executives can be found on pages 65-66.				
<i>Board</i>				
Female	1	1	1	1
Male	5	5	5	5
Total	6	6	6	6
<i>Group Management</i>				
Female	1	1	-	-
Male	2	2	1	1
Total	3	3	1	1
<i>Average number of employees</i>				
Female	95	96	-	-
Male	197	194	1	1
Total	292	290	1	1
<i>Salaries and benefits</i>				
Board and CEO	5,574	4,940	5,574	4,940
Other senior executives, 2 individuals	3,559	2,939	-	-
Other employees	133,295	119,972	-	-
Total salaries and benefits	142,428	127,851	5,574	4,940
<i>Contractual and statutory social security contributions</i>				
Board and CEO	1,899	1,292	1,899	1,292
Other senior executives	1,118	1,184	-	-
Other employees	33,200	29,169	-	-
Total contractual and statutory social security contributions	36,217	31,645	1,899	1,292
<i>Pension expenses^{*)}</i>				
Board and CEO	910	910	910	910
Other senior executives	645	629	-	-
Other employees	8,655	7,164	-	-
Total pension expenses	10,210	8,703	910	910
Total salaries, social security contributions and pension expenses	188,856	168,199	8,383	7,142

^{*)} For salaried employees in Sweden, the ITP 2 plan's defined-benefit retirement and family pension obligation (or family pension) is covered by insurance through Alecta. According to the Swedish Financial Reporting Board's statement UFR 3, *Classification of ITP Plans Financed by Insurance in Alecta*, this is a multi-employer defined-benefit pension plan. The Company did not have access to sufficient information for the 2014 fiscal year to report its proportionate share of the plan's obligations, plan assets and costs, which meant that it was not possible to report the plan as a defined-benefit plan. Consequently, the ITP 2 pension plan insured through Alecta is reported as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is calculated individually and is based on factors that include salary, previously earned pensions and the expected remaining period of service. Expected contributions in the next reporting period for ITP 2 insurance covered by Alecta are SEK 2,105 thousand (2014: SEK 2,088 thousand). The Group's share of the total contributions to the plan is 0.015 (0.014) percent, while its share of the total number of active members in the plan is 0.007 (0.008) percent.

The collective consolidation level is the market value of Alecta's assets as a percentage of its insurance obligations calculated by reference to Alecta's actuarial methods and assumptions. This is not consistent with IAS 19. The collective consolidation level is normally allowed to vary between 125 and 155 percent. If Alecta's collective consolidation level falls below 125 percent or exceeds 155 percent, measures must be taken to create the right conditions for the level to return to the normal range. If the consolidation level is too low, an appropriate measure could be to increase the agreed price for new insurance and extension of existing benefits. If the consolidation level is too high, premium reductions could be introduced. At the end of 2014, Alecta's surplus, which was reported as a collective consolidation level 1, was 146 (148) percent.

Cont'd. Note 1 Average number of employees, salaries, employee benefits and social security contributions

Average number of employees by country

	2014			2013		
	Total	male	female	Total	male	female
Parent, Sweden	1	1	–	1	1	–
Subsidiaries, Sweden	72	46	26	75	47	28
USA	56	39	17	56	38	18
UK	116	73	43	113	71	42
Germany	11	10	1	11	10	1
France	5	5	–	5	5	–
China	11	10	1	11	10	1
Japan	20	13	7	19	13	6
Total	292	197	95	290	194	96
Distribution %		67%	33%		67%	33%

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 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 receives variable pay, which is linked to the Group's annual results, up to a maximum of SEK 1,297,998. Other senior executives receive variable pay up to a maximum of 30 percent of their basic salary.

Accrued salaries, fees and other benefits in 2014

	Board fees	Basic salary	Variable pay	Other benefits	Pension expense	Other remuneration	Total
<i>Chairman of the Board:</i>							
Ove Mattsson *)	445,000	–	–	–	–	–	445,000
<i>Board members:</i>							
Anders Walldov	160,000	–	–	–	–	–	160,000
Thomas Eklund *)	160,000	–	–	–	–	–	160,000
Peter Ehrenheim	185,000	–	–	–	–	–	185,000
Karolina Lawitz	160,000	–	–	–	–	–	160,000
Nils Olof Björk *)	210,000	–	–	–	–	–	210,000
Total accrued cost of fees paid to Board members in 2014	1,320,000	–	–	–	–	–	1,320,000
CEO							
Torben Jørgensen **)	–	2,599,992	1,367,758	96,097	909,878	189,911	5,163,636
Other senior executives (2 individuals) **)	–	2,688,064	825,300	–	644,974	45,804	4,204,142
Total for 2014	1,320,000	5,288,056	2,193,058	96,097	1,554,852	235,715	10,687,778

*) The Chairman of the Board also receives compensation for statutory employer contributions of SEK 45,435, as his fee is paid to a legal entity.

Board member Karolina Lawitz also receives compensation for statutory employer contributions of SEK 50,272, as her fee is paid to a legal entity.

Board member Thomas Eklund also receives compensation for statutory employer contributions of SEK 65,982, as his fee is paid to a legal entity.

Board member Nils-Olof Björk also receives compensation for statutory employer contributions of 50,272, as his fee is paid to a legal entity.

**) Other remuneration is mainly vacation allowances paid in accordance with the Swedish Annual Leave Act. SEK 69,770 of the variable pay costs above were related to remuneration of the CEO in 2013 and SEK 33,075 to remuneration of other senior executives.

Cont'd. Note 1 Average number of employees, salaries, employee benefits and social security contributions

Accrued salaries, fees and other benefits in 2013

	Board fees	Basic salary	Variable pay	Other benefits	Pension expense	Other remuneration	Total
<i>Chairman of the Board:</i>							
Ove Mattsson ^{*)}	445,000	-	-	-	-	-	445,000
<i>Board members:</i>							
Anders Walldov	160,000	-	-	-	-	-	160,000
Thomas Eklund ^{*)}	210,000	-	-	-	-	-	210,000
Eva-Lotta Kraft ^{*)}	-	-	-	-	-	-	-
Karolina Lawitz	160,000	-	-	-	-	-	160,000
Per-Olof Eriksson	185,000	-	-	-	-	-	185,000
Nils Olof Björk ^{*)}	160,000	-	-	-	-	-	160,000
Total accrued cost of fees paid to Board members in 2013	1,320,000	-	-	-	-	-	1,320,000
<i>CEO</i>							
Torben Jørgensen	-	2,599,992	341,130	96,000	910,544	171,762	4,119,428
Other senior executives ^{**) (2 individuals)}	-	2,520,000	187,100		628,887	42,722	3,378,709
Summa för 2013	1,320,000	5,119,992	528,230	96,000	1,539,431	214,484	8,818,137

^{*)} The Chairman of the Board also receives compensation for statutory employer contributions of SEK 45,435, as his fee is paid to a legal entity. Board member Karolina Lawitz also receives compensation for statutory employer contributions of SEK 50,272, as her fee is paid to a legal entity.

Board member Thomas Eklund also receives compensation for statutory employer contributions of SEK 65,982, as his fee is paid to a legal entity.

Board member Nils-Olof Björk also receives compensation for statutory employer contributions of 50,272, as his fee is paid to a legal entity.

^{**) Beloppen under Övrig ersättning avser främst semesterlönetillägg enligt semesterlagen.}

Comments on the tables above and on the previous page

Board

The 2013 annual general meeting adopted Board fees of SEK 1,220,000 for the period until the 2014 annual general meeting. SEK 420,000 of this amount related to the Chairman's fees. The 2014 annual general meeting adopted Board fees of SEK 1,220,000 for the period until the 2015 annual general meeting. SEK 420,000 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 2013 and 2014 annual general meetings.

President & CEO

The President & CEO Torben Jørgensen receives a basic monthly salary of SEK 216,666. In addition to the basic salary, a vacation allowance is paid 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.

Bonuses and other benefits

President & CEO Torben Jørgensen receives an annual quality bonus of up to 50 percent of his fixed annual salary, i.e., a maximum of SEK 1,297,998.

Pensions

The retirement age for the President & CEO Torben Jørgensen is 65. The pension premium is 35 percent of the pensionable salary. The pensionable salary is the basic salary.

Termination of employment/termination benefits

The Company and President & CEO Torben Jørgensen have a mutual period of notice of 8 months. However, the agreement is terminated without a prior period of notice on the date of Torben Jørgensen's retirement. There is no pay during the notice period after Torben Jørgensen has reached the age of 65. In the case of termination requested by the Company (not based on the CEO's gross neglect of his duties to the Company), the following termination benefits are paid in addition to pay during the notice period: for notice of termination during the period April 16, 2014 to April 15, 2015, six-twelfths of the fixed annual salary on termination of employment, and for notice of termination during the period April 16, 2015 to April 15, 2016, four-twelfths of the fixed annual salary on termination of employment. If the termination is after April 15, 2016, no termination benefits are paid. Termination benefits are paid monthly in installments of one-twelfth of the total amount, beginning with the month following termination of employment. Pay during the notice period and termination benefits are not paid after the date of Torben Jørgensen's retirement. Termination benefits are not pensionable salary 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 have a mutual period of notice of 6 months.

Share option plans

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 last adopted option plan expired in February 2014 and the Group did not have any outstanding option plans at December 31, 2014. No options were exercised for new share subscription between January 1, 2014 and February 15, 2014, which was the expiration date for the options. As all 278,000 options that were outstanding at the beginning of the year matured on February 15, the Group did not incur any costs associated with this option plan in 2014. No options were exercised for new share subscription in 2013 either, which meant that no costs were charged to earnings in 2013. The plans are described in detail on pages 47 and 48 of the 2013 annual report.

The Board's proposed guidelines for the remuneration of senior executives to be presented for adoption at the 2014 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 2,600,000 under the terms of his employment contract. The Company makes a pension provision corresponding to 35 percent of the CEO's fixed annual salary. In addition to the fixed annual salary, the CEO receives variable pay of up to 50 percent of his fixed annual salary. The variable pay is linked to the Company's achievement of defined financial targets. The CEO receives annual compensation of SEK 100,000 for travel and increased housing costs.

Other members of Company management

This group consists of two 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. 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.

Previously decided remuneration

There is no previously decided remuneration that is not yet due for payment. A description of previous incentive programs can be found on page 47 of the 2013 annual report.

Note 2 Composition of income and expense

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

	Group		Parent	
	2014	2013	2014	2013
<i>Operating income</i>				
Net sales (a)	490,381	444,644	2,502	2,405
<i>Operating expenses</i>				
Purchased finished products, input products, semi-finished goods and production services	-165,541	-135,931	-	-
Personnel expenses	-177,423	-154,591	-7,085	-5,014
Other external costs	-71,836	-86,663	-8,671	-8,803
Regular depreciation/amortization of assets	-33,964	-28,758	-669	-559
Other operating items	7,695	494	8,836	-2,235
Total operating expenses	-441,068	-405,449	-7,590	-16,611
Operating profit/loss	49,313	39,196	-5,088	-14,206

	Group		Parent	
	2014	2013	2014	2013
(a) Composition of sales revenue:				
Net sales are distributed between products and services as follows:				
Products	422,376	384,435	-	-
Service contracts and other services	56,274	52,215	2,502	2,405
Other sales revenue	11,731	7,995	-	-
Total sales revenue	490,381	444,644	2,502	2,405

	2014	2013
Revenue by geographical market:		
USA	201,978	167,630
Europe	172,587	155,936
Japan	62,268	64,314
Other markets	53,548	56,764
Total sales revenue	490,381	444,644
Sweden's share of sales in Europe	7,784	8,826

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

	Group		Parent	
	2014	2013	2014	2013
Intra-group sales and purchases of products and services:				
Parent to subsidiary, products	-	-	-	-
Parent to subsidiary, services	2,502	2,405	2,502	2,405
Subsidiary to parent, products	-	-	-	-
Subsidiary to parent, services	4,118	4,476	-	-
Subsidiary to subsidiary, products	209,389	182,957	-	-
Subsidiary to subsidiary, services	52,523	46,161	-	-
Total intra-group sales	268,532	235,998	2,502	2,405

Note 3 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	
	2014	2013	2014	2013
<i>Fees to the auditors Deloitte</i>				
Audit services	1,196	1,074	670	650
Other assistance arising from audit	-	52	-	52
Tax advisory services	729	215	560	-
Other services	127	25	108	-
Total	2,052	1,366	1 338	702
<i>Fees to other auditors</i>				
Audit services	75	98	-	-
Other assistance arising from audit	-	-	-	-
Tax advisory services	198	285	-	-
Other services	-	-	-	-
Total	274	383	-	-

Note 4 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	
	2014	2013	2014	2013
Lease and rental agreements during the year amounted to	12,631	11,547	-	-
Remaining rental and lease payments				
Within one year	11,305	7,872	-	-
Between one and five years	19,979	13,686	-	-
After five years	1,596	2,531	-	-
Total	32,880	24,089	-	-
The year's rental and lease payments relating to rent for premises	10,149	9,867		
Remaining rental and lease payments relating to rent for premises	28,915	18,990		

Note 5 Depreciation, amortization and impairment of assets

Depreciation/amortization is distributed by class of assets as follows:

	Group		Parent	
	2014	2013	2014	2013
Capitalized research & development expenditure	18,582	16,028	-	-
Patents and licenses	4,696	5,258	669	559
Land and buildings	440	233	-	-
Improvement of third-party property	760	418	-	-
Plant and machinery	7,385	5,632	-	-
Total depreciation/amortization	31,864	27,569	669	559
Impairment arising from disposals	2,100	2,747	-	627
Total depreciation/amortization and impairment	33,963	30,316	669	1 186

Depreciation, amortization and impairment are distributed according to function of expense as follows:

	Group		Parent	
	2014	2013	2014	2013
Cost of sales	3,369	3,353	-	-
Distribution costs	4,920	6,577	-	-
Administrative expenses	2,696	2,547	112	-
Research & development	22,978	17,839	557	1 186
Total depreciation/amortization	33,963	30,316	669	1 186

Amortization and impairment of capitalized research and development expenditure is reported under research & development expenses.

Note 8 Taxes

	Group		Parent	
	2014	2013	2014	2013
Current tax	-4,231	-2,242	-	-
Deferred tax	481	3,264	-149	3,181
Total	-3,749	1,023	-149	3,181
Reconciliation of effective tax				
Profit/loss before tax	54,861	40,369	47,135	178,638
Tax using parent's applicable tax rate	-12,069	-8,882	-10,370	-39,300
Effect of different tax rates for foreign subsidiaries	-3,678	-6,759	-	-
Non-taxable income	3	2	11,817	35,277
Non-deductible expenses	-1,519	-1,530	-6,420	-1,488
Other deductible income statement items not included in profit for the year	1,002	245	-	-
Other taxable income statement items not included in profit for the year	-159	-689	-	-
Correction, prior years	593	-37	-	-
Other items	-2	467	-	-
Capitalization of previously unused loss carryforwards	12,078	18,206	4,824	8,692
Total tax reported in the consolidated and parent income statements	-3,749	1,023	-149	3,181
Items in other comprehensive income	13,685	-288	-	687
Tax effects of these items	-	-	-	-

Note 9 Property, plant & equipment

Land and buildings

Cost:	Group	
	12-31-2014	12-31-2013
Opening balance, January 1	15,211	14,982
Acquisitions during the year	-	-
Sales during the year	-	-
Disposals/impairment during the year	-	-
Sub-total	15,211	14,982
Translation differences for the year	1,333	229
Closing balance, December 31	16,544	15,211
Accumulated amortization and impairment:		
Opening balance, January 1	-3,468	-3,035
Depreciation for the year	-440	-233
Sales during the year	-	-
Disposals/impairment during the year	-	-
Sub-total	-3,908	-3,268
Translation differences for the year	-313	-200
Closing balance, December 31	-4,221	-3,468
Carrying amount	12,323	11,743

Cont'd. Note 9 Property, plant & equipment

Improvement of third-party property

	Group	
	12-31-2014	12-31-2013
Cost:		
Opening balance, January 1	6,122	3,842
Acquisitions during the year	1,593	2,375
Sales during the year	-	-
Disposals/impairment during the year	-1,620	-
Sub-total	6,095	6,217
Translation differences for the year	676	-95
Closing balance, December 31	6,771	6,122
Accumulated depreciation and impairment:		
Opening balance, January 1	-2,776	-2,438
Depreciation for the year	-760	-418
Sales during the year	-	-
Disposals/impairment during the year	1,030	-
Sub-total	-2,506	-2,856
Translation differences for the year	-289	80
Closing balance, December 31	-2,795	-2,776
Carrying amount	3,975	3,346

Plant and machinery

	Group	
	12-31-2014	12-31-2013
Cost:		
Opening balance, January 1	99,827	96,289
Acquisitions during the year	7,174	6,440
Business combinations	-	-
Sales during the year	-	-
Reclassifications	-141	-
Disposals/impairment during the year*	-32,038	-2,356
Sub-total	74,822	100,373
Translation differences for the year	5,133	-546
Closing balance, December 31	79,955	99,827
Accumulated depreciation and impairment:		
Opening balance, January 1	-73,309	-68,946
Depreciation for the year	-7,385	-5,632
Business combinations	-	-
Sales during the year	-	-
Reclassifications	141	-
Disposals/impairment during the year*	30,663	809
Sub-total	-49,890	-73,769
Translation differences for the year	-3,306	460
Closing balance, December 31	-53,196	-73,309
Carrying amount	26,758	26,518

Summary of carrying amount:

	Group	
	12-31-2014	12-31-2013
Land and buildings	12,323	11,743
Improvement of third-party property	3,975	3,346
Plant and machinery	26,758	26,518
Total in consolidated balance sheet	43,057	41,608

* In 2014, a review of the register of non-current assets was conducted, resulting in large-scale disposals of older, fully depreciated assets.

Note 10 Goodwill

	Group	
	2014	2013
Opening cost	558,242	556,273
Business combinations	-	-
Translation differences	-	1,969
Closing accumulated cost	558,242	558,242
Opening impairment	-454,219	-454,219
Total impairment	-454,219	-454,219
Impairment for the year (see below)	-13,500	-
Total impairment	-467,719	-454,219
Closing accumulated impairment	-467,719	-454,219
Carrying amount	90,523	104,023

Goodwill impairment testing

Preparation of the 2014 annual financial statements included goodwill impairment testing, which also involved calculation of projected cash flows from the Group's operations. Management monitors goodwill for the Group as a whole. The Group consists of one operating segment. The cash flows are based on the Group's budget for 2015 and business forecasts for 2016-2019. The recoverable amount is based on value in use. Key parameters in the calculation of the recoverable amount are estimated sales growth and gross margin. The change in the carrying amount for the year is due to impairment of the portion of goodwill attributable to the part of MIP Technologies AB's business entitling the former owners of the company to additional purchase consideration payments until the end of 2015. In view of the fact that bulk product sales during the term of the additional purchase consideration have been below previous estimates and are expected to remain so in 2015, which is the final year of the contract, the provision of SEK 13.5 million for the additional purchase consideration has been reversed. In addition, management has subsequently decided that the goodwill which originally arose from the additional purchase consideration will be written down by the same amount.

Future cash flows were discounted to the present value in the goodwill impairment testing. The following post-tax rates were used in the calculations:

	2014	2013
Equity financing	10,40%	11,10%
Debt financing	2,98%	2,98%
Average based on Group's capital structure	9,66%	10,29%
The pre-tax discount rate has been calculated as:	12,44%	13,30%

An assumption of annual sales growth of 8.0 (8.0) percent has been used in the impairment testing until the end of the forecast period in 2019. This assumption is in line with the financial target and sales growth for 2014. A growth rate of 2 percent has been assumed for the period thereafter. Management does not believe that any reasonable changes to these interest rates or forecasts and budgets would affect the calculation results in such a way as to indicate impairment. See also page 43.

Note 11 Other intangible assets

Capitalized development expenditure

Cost:	Group		Parent	
	12-31-2014	12-31-2013	12-31-2014	12-31-2013
Opening balance, January 1	150,492	121,276	-	-
Acquisitions during the year	21,665	29,493	-	-
Business combinations	-	-	-	-
Disposals during the year	-7,428	-277	-	-
Closing balance, December 31	164,729	150,492	-	-
Accumulated amortization and impairment:				
Opening balance, January 1	-62,079	-46,050	-	-
Amortization for the year	-18,582	-16,029	-	-
Sales during the year	-	-	-	-
Disposals during the year	7,411	-	-	-
Closing balance, December 31	-73,250	-62,079	-	-
Carrying amount	91,480	88,414	-	-

Cont'd. Note 11 Other intangible assets

Patents, licenses, trademarks, etc.

	Group		Parent	
	12-31-2014	12-31-2013	12-31-2014	12-31-2013
Cost:				
Opening balance, January 1	90,641	90,231	16,229	15,402
Acquisitions during the year	1,745	3,020	1,017	1,455
Reclassifications	16	-	-	-
Disposals during the year	-13,288	-2,559	-655	-627
Sub-total	79,113	90,692	16,591	16,229
Translation differences for the year	-1,108	-51	-	-
Closing balance, December 31	78,005	90,641	16,591	16,229
Accumulated amortization and impairment:				
Opening balance, January 1	-53,093	-49,198	-8,244	-7,684
Amortization for the year	-4,696	-5,258	-669	-559
Reclassifications	-	-	-	-
Disposals during the year	13,126	1,353	546	-
Sub-total	-44,663	-53,103	-8,367	-8,244
Translation differences for the year	-	10	-	-
Closing balance, December 31	-44,663	-53,093	-8,367	-8,244
Carrying amount	33,343	37,550	8,224	7,986

Total property, plant & equipment and intangible assets reported:

	Group		Parent	
	12-31-2014	12-31-2013	12-31-2014	12-31-2013
Land and buildings	12,323	11,743	-	-
Improvement of third-party property	3,975	3,346	-	-
Plant and machinery	26,759	26,518	-	-
Sub-total property, plant & equipment	43,058	41,608	-	-
Goodwill	90,523	104,023	-	-
Capitalized development expenditure	91,480	88,414	-	-
Patents, licenses, trademarks, etc.	33,343	37,550	8,224	7,986
Sub-total intangible assets	124,822	125,964	8,224	7,986
Total carrying amount of property, plant & equipment and intangible assets	258,402	271,594	8,224	7,986

Distribution by country:

	Group		Parent	
	12-31-2014	12-31-2013	12-31-2014	12-31-2013
Sweden	231,852	242,816	8,224	7,986
USA	2,300	3,617	-	-
UK	23,494	24,311	-	-
Other countries	756	850	-	-
Total	258,402	271,594	8,224	7,986

Note 12 Financial assets

	Group		Parent	
	12-31-2014	12-31-2013	12-31-2014	12-31-2013
Miscellaneous non-current receivables	730	694	-	-
Miscellaneous long-term deposits	78	530	-	-
Total financial assets	808	1,224	-	-

Note 13 Inventories

	Group	
	12-31-2014	12-31-2013
Raw materials and consumables	24,977	19,303
Products in progress	10,637	11,032
Finished products	72,765	55,552
Total inventories	108,379	85,887

Note 14 Trade and other receivables

	Group		Parent	
	12-31-2014	12-31-2013	12-31-2014	12-31-2013
Trade receivables (a)	90,439	80,737	-	-
Prepayments and accrued income (b)	8,967	8,276	964	1,297
Other current receivables (c)	7,206	8,847	498	474
Total trade and other receivables	106,612	97,860	1,463	1,771

Management believes that the carrying amount of trade receivables, net of the provision for doubtful debts, is in line with their fair value.

(a) Change in provision for doubtful debts	Group		Parent	
	12-31-2014	12-31-2013	12-31-2014	12-31-2013
Provision for doubtful debts at beginning of year	-539	-541	-	-
Trade receivables written off during the year	141	35	-	-
Provision for doubtful debts during the year	-376	-295	-	-
Reversal of unused amounts	82	262	-	-
Total provision for doubtful debts	-691	-539	-	-

Group	12-31-2014			12-31-2013		
	Gross	Provision for doubtful debts	Trade receivables	Gross	Provision for doubtful debts	Trade receivables
Aging of trade receivables						
Not due	71,950	-293	71,657	67,138	-277	66,861
Past due, 1-30 days	11,994	-	11,994	7,645	-	7,645
Past due, 31-60 days	2,516	-	2,516	2,747	-	2,747
Past due, > 61 days	4,670	-398	4,272	3,746	-262	3,484
Total	91,131	-691	90,439	81,276	-539	80,737

The Company expects that payment will be obtained for receivables that are past due but not written off, as customers' payment history is good.

(b) Prepayments and accrued income	Group		Parent	
	12-31-2014	12-31-2013	12-31-2014	12-31-2013
Accrued income	192	924	-	274
Prepaid rents	1,181	1,662	-	-
Prepaid insurance	1,669	1,771	729	545
Other items	5,924	3,919	235	478
Total	8,967	8,276	964	1,297

(c) Other current receivables	Group		Parent	
	12-31-2014	12-31-2013	12-31-2014	12-31-2013
VAT	4,170	1,636	355	279
Income tax	1,554	3,225	-	-
Other current receivables	1,482	3,986	143	64
Total	7,206	8,847	498	343

Note 15 Financial assets and liabilities

Classification

Classification of the Group's financial instruments, which is described on page 37, is as follows:

Assets	Classification	Carrying amount	
		12-31-2014	12-31-2013
Non-current receivables	3)	730	694
Other non-current securities	3)	78	530
Trade receivables	3)	90,439	80,737
Other current receivables	3)	7,206	8,671
Currency hedging	6)	-	176
Accruals and deferred income	3)	8,967	8,276
Cash & cash equivalents	3)	100,045	90,769
Total		207,465	189,853

Liabilities	Classification	Carrying amount	
		12-31-2014	12-31-2013
Non-current liabilities to credit institutions	5)	4,537	5,293
Current liabilities to credit institutions	5)	502	444
Additional purchase consideration payable	1)	5,750	22,411
Trade payables	5)	33,910	31,609
Currency hedging	6)	-	-
Other current liabilities	5)	8,225	10,108
Accruals and deferred income	5)	57,544	41,357
Total		110,468	111,222

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
- 5) Other liabilities
- 6) Derivatives

Note 16 Fair value

The tables below provide information on how fair value is determined for financial instruments measured at fair value in the statement of financial position. Fair value is determined on the basis of inputs in one of the following three levels:

Level 1: inputs that are quoted prices in active markets for identical instruments

Level 2: inputs other than quoted market prices in Level 1 that are directly or indirectly observable market data

Level 3: inputs that are not observable in the market.

Group

Financial assets at fair value	Total	(Level 1)	(Level 2)	(Level 3)
Derivatives used for hedging	176	-	176	-
Closing balance 12-31-2013	176	-	-	-
Derivatives used for hedging	-	-	-	-
Closing balance 12-31-2014	-	-	-	-
Financial liabilities at fair value	Total	(Level 1)	(Level 2)	(Level 3)
Derivatives used for hedging	-	-	-	-
Additional purchase consideration payable	22,411	-	-	22,411
Closing balance 12-31-2013	22,411	-	-	22,411
Additional purchase consideration payable	5,750	-	-	5,750
Closing balance 12-31-2014	5,750	-	-	5,750

There were no transfers between the levels during the periods.

Cont'd. Note 16 Fair value

The tables below present a reconciliation of opening and closing balances for instruments measured at fair value in the statement of financial position and which are included in level 3.

Group	Additional purchase consideration payable	
	2014	2013
Changes in financial instruments in Level 3		
At beginning of year	22,411	24,024
Total recognized gains and losses		
reported in profit/loss for the year	-13,462	-
reported in OCI	-	-
Payment from additional purchase consideration provision	-3,199	-1,613
Closing balance, December 31	5,750	22,411

The fair value disclosures provided for the Group in respect of derivatives and additional purchase consideration payable also apply to the Parent Company.

Measurement of derivatives (level 2)

The fair value of derivatives used for hedging is determined by discounting future cash flows using a discount rate that reflects the counterparty's credit risk. Future cash flows are estimated based on the Swedish Central Bank's quoted exchange rates.

contract, increases by 10 percent, the additional purchase consideration payable also increases by 10 percent.

Measurement of additional purchase consideration payable (level 3)

Financial assets measured at fair value consist entirely of an additional purchase consideration payable from the subsidiary MIP Technologies AB. The fair value is determined based on management's forecast for the parts of the business to which the additional purchase consideration relates. If the result, calculated according to the calculation models stipulated in the additional purchase consideration

Financial assets and liabilities measured at amortized cost
Estimated fair values based on discounted future cash flows, with a discount rate that reflects the counterparty's credit risk being the most significant input, are not expected to differ significantly from the carrying amount of financial assets and liabilities measured at amortized cost. Consequently, the carrying amounts of these financial assets and liabilities are considered to represent a good approximation of the fair values. These assets and liabilities are classified in Level 2 of the fair value hierarchy.

Note 17 Other financial liabilities

Changes during the year	Group	Parent
Opening balance 01-01-2014	22,411	22,411
New provisions during the year	1,222	–
Amounts used during the year	-16,661	-16,661
Closing balance 12-31-2014	6,972	5,750

The liability consists of:	Group		Parent	
	12-31-2014	12-31-2013	12-31-2014	12-31-2013
Non-current portion	5,072	19,194	3,850	19,194
Current portion	1,900	3,217	1,900	3,217
Total	6,972	22,411	5,750	22,411

Financial liability for additional purchase consideration in business combinations

SEK 5,750 thousand of the SEK 6,972 thousand relates to the acquisition of MIP Technologies AB, which includes an agreement that an additional purchase consideration based on the distribution of gross profit in certain areas may be paid in the period up to the end of 2015. The agreement with the sellers does not refer to a maximum amount, as there has been considerable uncertainty about future

results. However, the Company has estimated this at SEK 5,750 thousand. The additional purchase consideration is calculated and settled annually. The additional purchase consideration of SEK 3,199 thousand for the fiscal year 2013 was settled in 2014. The difference between this settlement and the amount recognized as the current portion in the 2013 annual financial statements is due to the fact that the amount had not been finally established when the statements were prepared.

Note 18 Provisions

	Group	
	12-31-2014	12-31-2013
Provision for warranties	1,210	955
Provision for social security contributions on share option plans	–	259
Other personnel-related provisions	1,369	1,202
Total provisions	2,579	2,416
The provisions consist of:		
Non-current portion	1,369	1,202
Current portion	1,210	1,214
Total	2,579	2,416

Changes during the year, Group	Warranty commitments	Social sec. contrib. on share option plans	Other provisions	Total
Opening balance 01-01-2014	955	259	1,202	2,416
New provisions during the year	1,210	–	167	1,377
Amounts used during the year	-955	-259	–	-1,214
Closing balance 12-31-2014	1,210	–	1,369	2,579

Provision for warranties:

Biotage normally provides a one-year warranty on its products. The recognized provision for warranties corresponds to a percentage of the year's sales. The percentage is calculated on the basis of actual warranty costs during the fiscal year. The provision for warranties is classified as a short-term obligation as it is considered likely that the warranty obligations will be settled within 12 months of the reporting date.

Note 19 Deferred tax

	Group		Parent	
	12-31-2014	12-31-2013	12-31-2014	12-31-2013
<i>Deferred tax assets</i>				
Tax loss carryforwards	44,765	44,914	44,765	44,914
Total deferred tax assets	44,765	44,914	44,765	44,914
<i>Deferred tax liabilities</i>				
Accelerated depreciation allowances	2,465	1,835	-	-
Total deferred tax liabilities	2,465	1,835	-	-
Total deferred tax assets and liabilities	42,300	43,079	44,765	44,914
Group	Deferred tax asset		Deferred tax liability	
Change in deferred tax	Tax loss carryforwards		Accelerated amortization	
At January 1, 2013	41,733		1,752	
Recognized in income statement	3,181		83	
At December 31, 2013	44,914		1,835	
At January 1, 2014	44,914		1,835	
Recognized in income statement	-149		630	
At December 31, 2014	44,765		2,465	
Parent	Deferred tax asset		Deferred tax liability	
Change in deferred tax	Tax loss carryforwards		Accelerated amortization	
At January 1, 2013	41,733		-	
Recognized in income statement	3,181		-	
At December 31, 2013	44,914		-	
At January 1, 2014	44,914		-	
Recognized in income statement	-149		-	
At December 31, 2014	44,765		-	

Capitalization of loss carryforwards

The Group has tax losses of SEK 421 million in Swedish legal entities for the 2015 tax year. Tax losses in US subsidiaries amount to approx. SEK 216 million, which will expire by the end of the 2031 fiscal year. Tax losses in German subsidiaries amount to approx. SEK 13 million and in Japan to approx. SEK 3 million. Based on the Group's expected results in the coming years, and following a reassessment of the value of the tax losses, it was decided to capitalize a further SEK 12.1 million at December 31, 2014. As described in note 8, the Group expects tax losses that provide a tax effect of SEK 12.2 million to be utilized in future tax years. Consequently, the net effect of SEK -0.1 million has been reported as an expense in the income statement. The carrying amount of deferred tax assets arising from tax loss carryforwards is therefore SEK 44.8 million at December 31, 2014.

Note 20 Trade and other payables

	Group		Parent	
	12-31-2014	12-31-2013	12-31-2014	12-31-2013
Liabilities to suppliers	33,910	31,609	769	824
Other current liabilities	8,225	8,801	778	106
Accruals and deferred income (a)	56,322	41,357	4,251	3,205
Total trade and other payables	98,457	81,767	5,798	4,135
(a) Accruals and deferred income				
Personnel-related expenses	20,741	17,475	597	2,453
Deferred income	23,775	18,225	-	-
Other accruals	11,805	5,658	3,654	753
Total	56,322	41,357	4,251	3,205

Note 21 Shares and interests

	12-31-2014	12-31-2013
Parent		
Opening cost	935,136	929,136
Investments for the year	76,621	6,000
Sales during the year	-76,621	-
Closing accumulated cost	935,136	935,136
Opening impairment	-453,508	-447,408
Impairment for the year	-90,121	-6,100
Sales during the year	76,621	-
Closing accumulated impairment	-467,008	-453,508
Closing accumulated carrying amount	468,128	481,628

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 balance 2014	Investments during year	Impairment during year	Carrying amount Closing balance 2014
Biotage Sweden AB	556487-4922	Uppsala, Sweden	19,336,284	100%	100%	276,224	-	-	276,224
CEMU Bioteknik AB	556011-2384	Uppsala, Sweden	100	100%	100%	120	-	-	120
Pyrosequencing AB	556554-3476	Stockholm, Sweden	100	100%	100%	100	-	-	100
MIP Technologies AB	556578-4674	Lund, Sweden	96,940	100%	100%	49,683	-	-13,500	36,183
Pyrosequencing Inc	04-3484142	Boston, USA	100	100%	100%	77,695	-	-	77,695
Biotage GmbH	HRB 39374	Düsseldorf, Germany	1	100%	100%	0	-	-	0
Biotage SARL	2001B00976	Paris, France	500	100%	100%	68	-	-	68
Biotage Ltd	3938925	London, England	2	100%	100%	0	76,621 ^{*)}	-76,621 ^{*)}	0
Biotage Italy S.r.l	IT03617450964	Milan, Italy	1	90%	90%	0	-	-	0
Biotage Ltd	0126-01-004032	Tokyo, Japan	200	100%	100%	0	-	-	0
Biotage GB Ltd	1033865	Cardiff, Wales	100	100%	100%	76,744	-	-	76,744
Biotage China		Shanghai, China	1	100%	100%	994	-	-	994
Total carrying amount						481,628	76,621	-90,121	468,128

^{*)} Relates to intra-group restructuring with no effect on the Group's results or financial position.

Companies owned by other subsidiaries

Company name	Reg. no.	Reg'd office	Number of shares	Share of capital	Share of votes	Carrying amount Opening balance 2014	Carrying amount Closing balance 2014
Biotage LLC	04-3535072	Charlotte, USA		100%	100%	161,803	193,989
Esytech AB	556588-8350	Uppsala, Sweden	100,000	100%	100%	260	260
Biotage Italy S.r.l	IT03617450964	Milan, Italy	1	10%	10%	9	10
Biotage Ltd	3938925	London, England	2	100%	100%	-	0
Total						162,072	194,259

Changes to the carrying value of subsidiaries' shareholdings are due to translation differences during conversion to Swedish kronor.

Note 22 Pledged assets and contingent liabilities

	Group		Parent	
	12-31-2014	12-31-2013	12-31-2014	12-31-2013
Pledged assets				
Chattel mortgages	51,500	51,500	22,500	22,500
Real estate mortgages	12,449	11,743	-	-
Total	63,949	63,243	22,500	22,500

Chattel mortgages relate to unutilized credit facilities in the companies Biotage Sweden AB and Biotage AB. Real estate mortgages relate to the mortgage on the property at which the subsidiary Biotage GB conducts its operations in Cardiff in Wales. The mortgage is recognized at the property's carrying amount.

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

Biotage LLC	04-3535072	Charlotte, USA
Biotage GB Ltd	1033865	Cardiff, Wales
Biotage Sweden AB	556487-4922	Uppsala, Sweden

Note 23 Related party disclosures

Subsidiary

Biotage AB 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 the previous page.

Summary of transactions with subsidiaries:

Amounts in SEK thousands		Receivables from subsidiaries		Liabilities to subsidiaries		Services sales (+) purchases (-)		Interest received (+) paid (-)	
Subsidiary	Country	2014	2013	2014	2013	2014	2013	2014	2013
Biotage Sweden AB	SE	45,234	40,616	-	-	1,090	1,002	-	-
Biotage Sweden AB	SE	-	-	-	-	-4,127	-4,482	-	-
Cemu Bioteknik AB	SE	-	-	116	116	-	-	-	-
Pyrosequencing AB	SE	-	-	100	100	-	-	-	-
MIP Technologies AB	SE	12,511	5,128	-	-	157	-	-	-
Biotage LLC	US	171	12,118	-	-	578	576	280	4,186
Biotage SARL	FR	-	-	-	-	-	-	-	-
Biotage GmbH	DE	31,739	29,533	-	-	-	-	-	-
Biotage Ltd	GB	-	71,652	-	-	-	-	1,861	3,257
Biotage Ltd	JP	13,909	12,939	-	-	211	188	-	-
Biotage GB	GB	3,136	116	21,175	63,231	354	452	-3,580	-2,931
Biotage China	CH	361	297	-	-	-	-	-	-
Impairment reserve		-30,505	-89,712	-	-	-	-	-	-
		76,555	82,686	21,391	63,447	-1,738	-2,264	-1,438	4,512

Key management personnel in the company or its parent

Payments to the Board and senior executives are described on pages 45-48. As Biotage's CEO Torben Jørgensen owned less than 5 percent of MIP Technologies AB through his own company when Biotage acquired MIP Technologies AB in 2010, he received part of the purchase consideration that was paid to the sellers. The amount paid in 2014 was SEK 76 (39) thousand. No other transactions have been conducted with Board members, senior executives or individuals or legal entities that are related parties thereof.

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 on April 28, 2015.

Uppsala, March 26, 2015



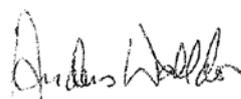
Ove Mattsson
Chairman of the Board



Thomas Eklund
Board Member



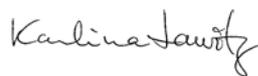
Peter Ehrenheim
Board Member



Anders Walldov
Board Member



Nils-Olof Björk
Board Member



Karolina Lawitz
Board Member



Love Amcoff
Employee Representative



Anders Wessman
Employee Representative



Torben Jørgensen
President and CEO

Our Audit Report was submitted on March 26, 2015

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

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Biotage AB (publ) for the fiscal year January 1, 2014 to December 31, 2014. The Parent Company's annual financial statements and the consolidated financial statements are included in the printed version of this document on pages 24-62.

Responsibility of the Board of Directors and Managing Director for the annual accounts and consolidated accounts

The Board of Directors and Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine are necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company at December 31, 2014 and its financial performance and cash flows for the year then ended. In our opinion, the consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group at December 31, 2014 and its financial performance and cash flows in accordance with International Financial Reporting Standards as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and Managing Director of Biotage AB (publ) for the fiscal year January 1, 2014 to December 31, 2014.

Responsibility of the Board of Directors and Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration as defined in the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion concerning the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the Company. 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

We recommend to the annual general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the fiscal year.

Stockholm, March 26, 2015

Deloitte AB



Marcus Sörländer
Authorized Public Accountant

Board of Directors



Ove Mattsson



Thomas Eklund



Peter Ehrenheim



Karolina Lawitz



Nils-Olof Björk



Love Amcoff



Anders Wessman



Malin Albertsson

Ove Mattsson

Chairman of the Board

Education: PhD, associate professor in organic chemistry.
b. 1940

Occupation: Management Consultant.

Other assignments: Chairman of the Board of Fabryo Corporation SRL, Nico AB, Nico Real Estate AB and Nico Export AB. Director of Sweclean AB and Vironova AB. Member of the Royal Swedish Academy of Engineering Sciences.

Board service: 12 years

Shares: 8,532,656 via foreign endowment insurance.

Ove Mattsson attended all board meetings during the year.

Thomas Eklund

Board member

Education: MBA Stockholm School of Economics.

b. 1967

Occupation: Independent adviser, consultant and director.

Other assignments: Chairman of Global Health Partners AB, Swewet AB and Itrim AB. Director of Boule Diagnostics AB, Neoventa Medical AB, Memira AB and Rodebjer Form AB.

Board service: 9 years

Shares: 465,554, including shares owned via endowment and pension insurance.

Thomas Eklund attended all board meetings during the year.

Peter Ehrenheim

Board member

Education: M.Sc. Mechanical Engineering, KTH Stockholm.

b. 1955

Occupation: Entrepreneur.

Other assignments: Chairman of Biolin Scientific Holding AB, Denator AB, Robustus Wear Components AB and Färsundet Industri AB. Director of Meda AB, Grönsöo Säteri AB and VBN Components AB.

Board service: 2 years

Shares: –

Peter Ehrenheim attended all board meetings during the year.

Karolina Lawitz

Board member

Education: M.Sc. Uppsala University.

b. 1956

Occupation: Director, Red Glead Discovery.

Other assignments: –

Board service: 3 years

Shares: 3,000

Karolina Lawitz attended all board meetings during the year.

Anders Walldov (not pictured)

Board member

Education: B.Sc. (Econ) HHS in Lund, AMP Harvard Business School.

b. 1949

Occupation: Investor.

Other assignments: Chairman of SevenDay Finans AB and Wellnet AB. Director of Brohuvudet AB.

Board service: 5 years

Shares: 9,000,000 directly and through wholly-owned company.

Anders Walldov attended all board meetings during the year.

Nils-Olof Björk

Board member

Education: Engineer, Ph.D. Inorganic chemistry.

b. 1947

Occupation: Management Consultant.

Other assignments: Chairman of Österlens Kraft AB and Österlens Kraft e.f., Airec AB and Björk Consulting AB.

Director of Climate Well AB (publ.).

Board service: 4 years

Shares: 26,500

Nils-Olof Björk attended all board meetings during the year.

Love Amcoff

Employee Representative

Education: M.Sc. (Engineering) KTH Royal Institute of Technology.

b. 1974

Occupation: Systems Engineer.

Other assignments: –

Board service: 3 years

Shares: 2,000

Love Amcoff attended all board meetings during the year.

Anders Wessman

Employee Representative (deputy)

Education: M.Sc. (Engineering) KTH Royal Institute of Technology.

b. 1976

Occupation: Software Engineer.

Other assignments: –

Board service: 0

Shares: –

Malin Albertsson

Employee Representative

Education: M.Sc. Linköping University, Dip. in Translating and Conference Interpreting, Heriot-Watt University, Edinburgh.

b. 1976

Occupation: Customer Service.

Other assignments: –

Board service: 0

Shares: –

Marcus Sörländer (not pictured)

Auditor

b. 1973

Authorized Public Accountant, Deloitte AB.

Management Group



Paul Belton

Steve Jordan

Torben Jørgensen

Erika Söderberg Johnson

Anders Wikström

Lars Bäckman

Torben Jørgensen

Position: President & CEO.

b. 1952

Education: B.Sc. (Econ.)

Employment in the Group: 9 years

Shares: 618,700

Other assignments: Chairman of Chreto A/S.

Director of Atlas Antibodies AB and Micropos Medical AB.

Erika Söderberg Johnson

Position: CFO.

b. 1970

Education: MBA Stockholm School of Economics

Employment in the Group: 3 years

Shares: 7,700

Other assignments: Director of Sectra AB and MedCap AB.

Lars Bäckman

Position: VP Corporate Development.

b. 1961

Education: LLB

Employment in the Group: 8 years

Shares: 20,000

Other assignments: –

Paul Belton

Position: VP Global Marketing.

b. 1959

Education: Graduate Royal Society of Chemistry

Employment in the Group: 14 years

Shares: 1,296

Other assignments: –

Anders Wikström

Position: VP Operations.

b. 1973

Education: B.Sc. CS

Employment in the Group: 13 years

Shares: 9,150

Other assignments: –

Steve Jordan

Position: CSO.

b. 1953

Education: Fellow Royal Society of Chemistry

Employment in the Group: 10 years

Shares: –

Other assignments: –

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