



Annual Report 2020


Biotage[®]

HumanKind Unlimited

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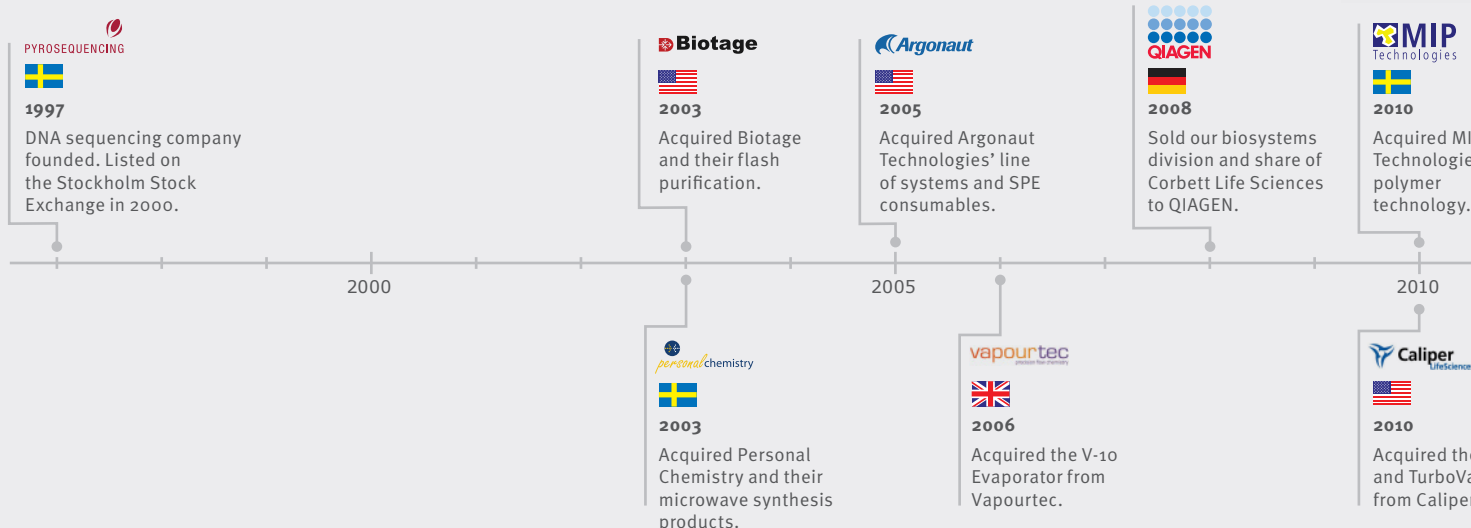
This is Biotage

Biotage, a global impact tech company, provides innovative solutions that streamline drug development, analytical testing, and water and environmental analyses. We help solve societal issues on a local and global level by working systematically, conscientiously, and sustainably.

We develop and sell global market-leading platform solutions for chemical separation and synthesis of new therapeutic substances. Our products are used in areas such as drug discovery and development, analytical testing and water and environmental testing.

One thing all our products have in common is that they help solve challenging issues facing society. Our customers span a broad range of market segments including pharmaceutical, biotech, contract research and contract manufacturers as well as clinical, forensic and academic laboratories in addition to organizations focused on food safety, clean water and environmental sustainability. Our wide selection of effective, high-quality, user-friendly solutions helps our customers streamline their workflows and reduce their environmental impact. We're constantly working on reducing the need for solvents and consumables when customers use our products.

We are proud to contribute to sustainable science in order to make the world a healthier, greener, and cleaner place for humanity, promoting the concept of *HumanKind Unlimited*.



Vision

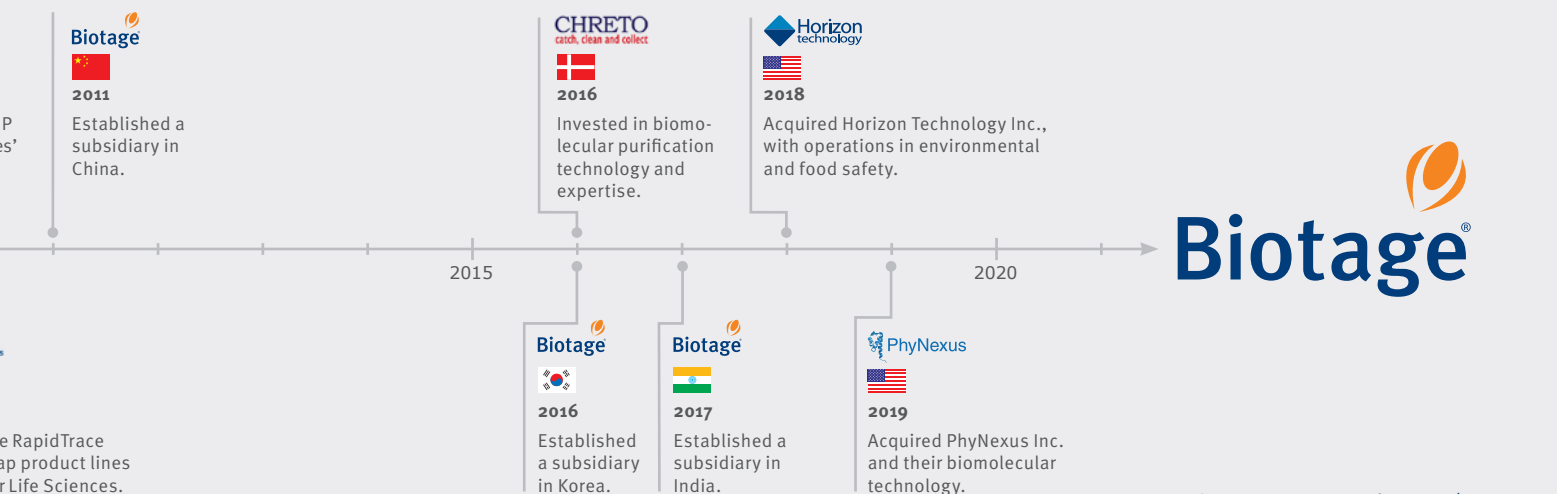
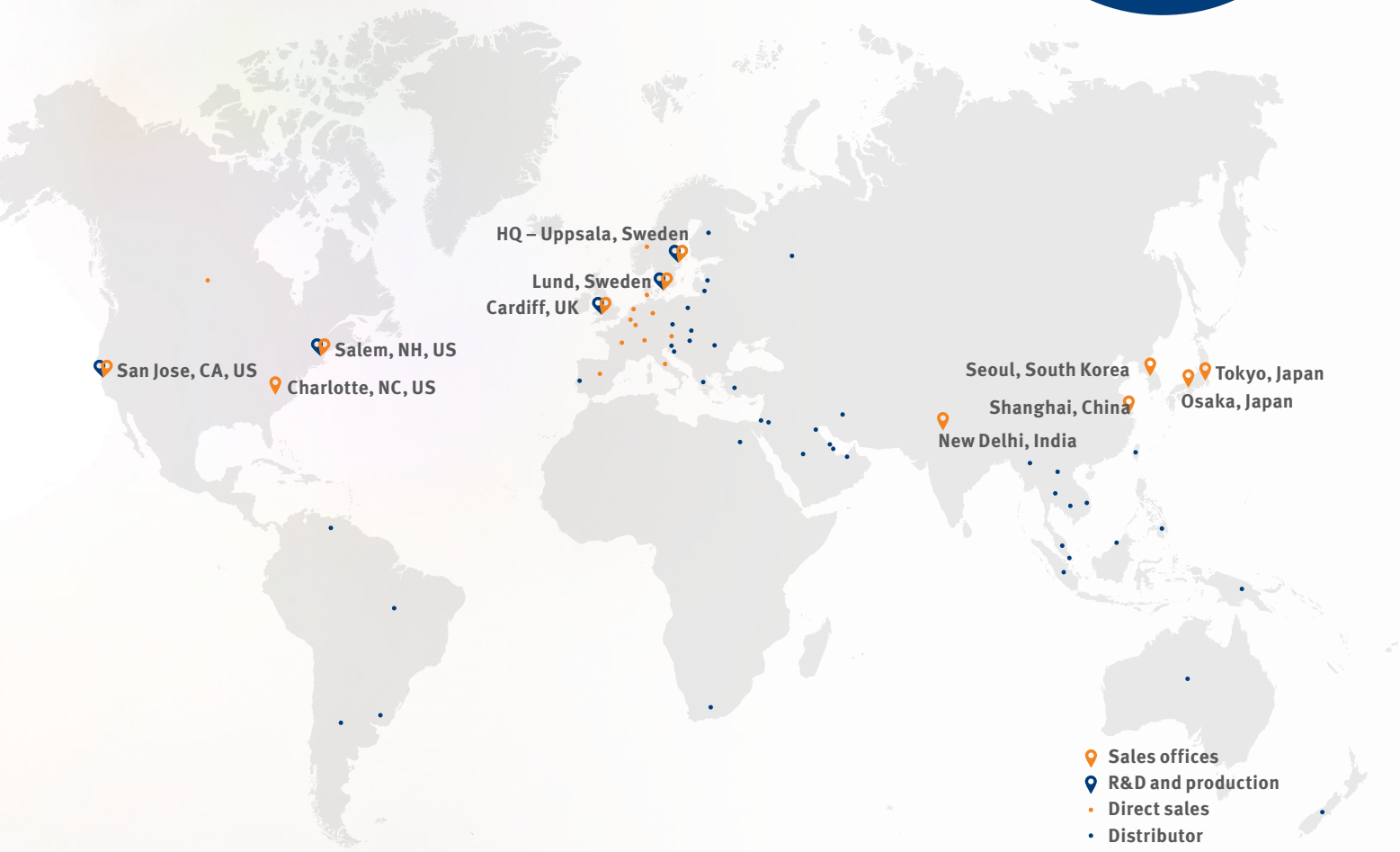
We help shape the sustainable science of tomorrow and our future society for the benefit of humankind.

Business concept

We help our customers make the world healthier, greener and cleaner.

This is where we're located

Biotage has 11 office locations in seven different countries. Our own sales organization encompasses 18 countries in North America, Europe, and Asia while our distribution network covers numerous additional countries in South America, Europe, Africa, the Middle East, and Asia. Altogether, we have a presence in 70 countries worldwide.



Biotage 2020

1.4%

Organic growth

18.9%

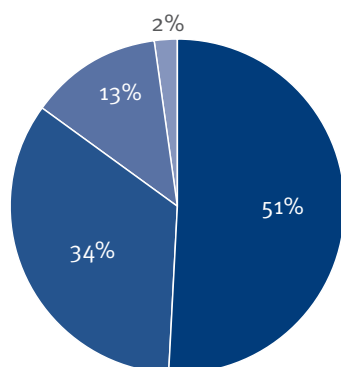
Operating margin

Key financial indicators	2020	2019	2018	2017	2016
THE GROUP					
Net sales, SEK thousand	1,092,278	1,101,373	910,896	748,147	667,912
Growth in net sales, %	-0.8	20.9	21.8	12.0	9.4
Gross profit, SEK thousand	666,728	685,410	556,626	456,664	385,813
Gross margin, %	61.0	62.2	61.1	61.0	57.8
Operating margin, %	18.9	18.9	18.9	17.9	14.8
Profit margin, %	21.2	19.5	19.4	18.6	13.8
Profit before tax, SEK thousand	222,729	211,992	176,289	136,260	92,401
Total assets, SEK thousand	1,434,441	1,335,687	1,003,203	757,201	695,196
Equity/assets ratio, %	69.0	65.5	69.8	80.4	81.0
Capital expenditures, SEK thousand	61,746	85,676 ¹⁾	178,411 ²⁾	37,804	68,161
Average number of employees	463	440	404	335	308
Return on equity, %	18.8	23.7	25.6	23.7	16.7
Return on capital employed, %	19.9	23.2	25.2	23.3	18.1
Return on total capital, %	16.7	18.4	20.3	18.8	14.7

1) 39.5 MSEK attributable to the acquisition of PhyNexus Inc.

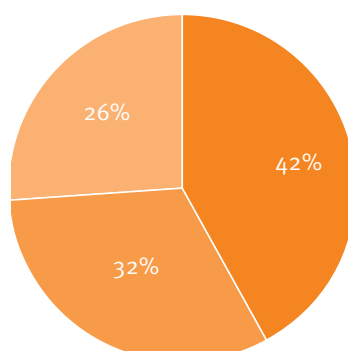
2) 131.2 MSEK attributable to the acquisition of Horizon Technology Inc.

Product areas



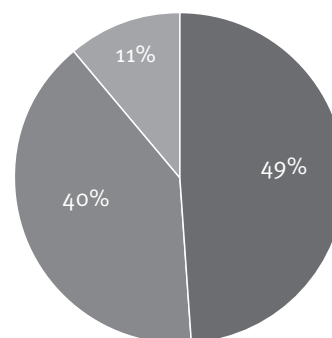
- Organic Chemistry 51%
- Analytical Chemistry 34%
- Scale-up 13%
- Biomolecules 2%

Geographic markets



- Americas 42%
- APAC 32%
- EMEA 26%

Product mix



- Systems 49%
- Consumables 40%
- Service 11%



Message from the CEO

Benefit to society is our common thread

In 2020, we underwent a reorganization to become more customer-focused going forward and clearly formulate an identity as a company that helps to solve societal issues by means of technology and science. At the same time, Biotage successfully navigated a course through the global pandemic by likewise focusing on employees, customers, and finances.

Tomas Blomquist
CEO & President

“As an impact tech company, we contribute to sustainable research and development in order to make the world healthier, greener, and cleaner.”



I feel a little challenged writing the Message from the CEO about the year 2020. Due to the pandemic that the world was just abruptly exposed to, it's probably difficult to avoid the usual truisms about a unique year that turned out differently than anticipated. So let me instead begin with a few things that in fact went according to plan.

We began investing in our manufacturing facility in Cardiff, UK, which will provide Biotage with an even better ability to respond to the growing demand. Furthermore, we continued to integrate our PhyNexus acquisition and develop our Biomolecules product line.

In several areas, we launched a number of new products, and our sales experienced organic growth in four out of six regions. We also stepped up our focus on employees and sustainability efforts by adding an HR and Sustainability Manager to our management team, performing a sustainability analysis, introducing an internal channel for sustainability initiatives, creating an internal sustainability council, and implementing goals for innovation in this area.

We responded proactively

When it comes to COVID-19, thanks to our local presence in China, to a certain extent this spring we already had a mental advantage. We realized early that this could affect us and responded proactively. From the outset, we focused on three things: to secure the health of our employees, to support our customers, and to fulfill our financial obligations as a company. Throughout the entire organization, we devoted ourselves to these three issues in an incredibly successful manner.

I feel very satisfied with the way in which our team has dealt with the year. Biotage realigned its resources and organization, many employees worked from home, and we carefully complied with all local restrictions. At the same time, we focused intently on meeting customer demands and kept a sharp eye on our cash flow and liquidity. Thanks to our rapid response,

we didn't need to implement any staff reductions or layoffs. Biotage has likewise not participated in any support programs, aside from reduced employer payroll contributions in Sweden, China, and the UK. The board decided not to pay any dividend during the year.

Our normal order flow for analytical testing ground almost to a halt once the global healthcare community focused its attention on fighting the pandemic. However, we were able to offset this loss to some extent by rapidly developing the capability to deliver scalable solutions for use in the development and production of COVID-19 vaccines. In this way, we participated in the efforts to break the stranglehold that the pandemic had on the world.

Strong balance sheet and growth

I am proud of how we have strengthened our balance sheet this year so that we are exiting with a balance of SEK 157 million in cash and cash equivalents, an improvement of more than SEK 226 million over the prior year. To respond to the crisis, we made a number of defensive adjustments and temporarily held back on certain investments. This has put us in a situation where we are able to invest in future growth. The fact is, we're an even stronger company than we were before the pandemic. In spite of the crisis, we continued to be profitable and grow this year. At times, we even managed to deliver at record levels.

In terms of results, the pandemic affected our second and third quarters while the company once again delivered strong results in Q4, recording the highest sales ever in the company's history. For the fiscal year, the Biotage group achieved an organic growth rate of 1.4 percent. Our EBIT operating margin in 2020 was 18.9%, which is the same as the previous year.

We are laying the foundation for success

For Biotage, perhaps the most important thing that happened this year does not relate to the pandemic at all but rather



to improvements for the future. Historically, the company has already experienced incredible growth, but now we're preparing for even greater success. To this end, we've further strengthened our management team, adding individuals with expertise and experience in building profitable international growth companies.

We're also realigning our organization to make it more specialized and customer-focused, with a focus on decentralization. Instead of working separately within the individual product areas as in the past, going forward, we'll organize our work around the customer areas of pharmaceutical research and development (White Tech), analytical testing (Red Tech), and water and environmental testing (Blue & Green Tech). This promotes better global cooperation and synergy among all employees who are targeting the same group of customers. At the same time, this improves the contact customers have with Biotage across our entire group and gives us greater flexibility on our future growth trajectory.

Strategically, in a structured manner, we've been looking at what we should focus on developing and manufacturing ourselves based on our existing strengths and expertise. This allows us to be selective and identify any gaps that need to be covered through either acquisitions or partnerships. Whether we choose to develop things on our own, make an acquisition, or enter into a partnership, we aim to be the global market leader when responding to customers. Ideally, we would like to grow at twice the rate of the market. We not only need to support them today but also need to be capable of adapting quickly to accommodate their needs tomorrow.

Historically, Biotage has been the market leader in separation technology in the life sciences. We intend to maintain that lead, alongside developing new solutions in the growth area of Biomolecules. At the same time, we would like to achieve strong growth in our separation solutions business in the areas

of water and environmental analysis, food safety, and cell and gene therapy. With our high level of innovation and ability to rapidly respond to customer demands through our extensive customer support function, we've managed to assume a leading position in several areas.

Clearer identity

A common denominator of our solutions is that they support customers in businesses that are beneficial to both society and the environment. Whether it's about drug development, analytical testing, or water and environmental analysis, we help solve issues faced by society in a sustainable manner. This is a common thread that's woven into the fabric of our company. By passing on strict requirements for proper usage and maintaining sound processes, and internal controls, we ensure that our products are not used for anything harmful.

A common label that applies to companies who use science and technology in their businesses to solve societal problems is "impact tech". In the course of clarifying what the company's identity is, we realized that this describes us well. As a member of the Global Impact Tech Alliance, we contribute to sustainable research and development in order to make the world healthier, greener, and cleaner.

Supported by strong financial results and an incredibly talented team, I have high expectations for the future in spite of the uncertainty associated with the pandemic. Biotage is ambitious and well-positioned for further expansion. We will continue to invest in our employees, digitalization, and customers, as well as in growth and acquisitions. I can only thank you for your confidence in entrusting me to lead this impactful, high-quality tech company.

*Tomas Blomquist,
CEO and Group Director*

Financial goals

Biotage has two long-term financial goals: a goal for growth and a goal for profitability.



Organic growth

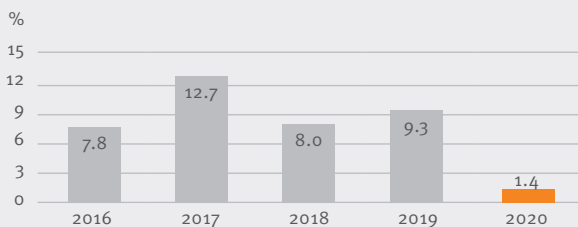
Goals

Organic growth is defined as revenue growth, excluding acquisitions and adjusting for exchange rate differences. Our goal is for average annual organic growth to equal 8 percent or more over a three-year period.

8%

Results

An organic growth rate of 1.4 percent was achieved in 2020. Over the last three years, the average organic growth rate was 6.2 percent.



Comment

The average market growth for the segments in which Biotage competes is estimated to be around 3–4 percent. Our growth goals call for the company to grow at a considerably faster rate than the underlying markets. A strategy for achieving this goal is continuously seeking attractive growth areas.

Profitability

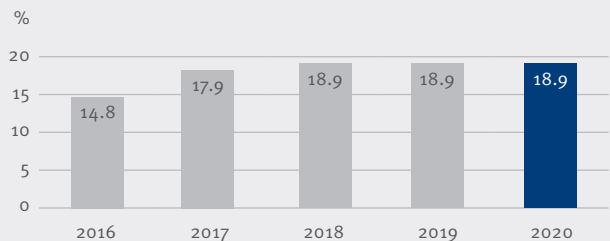
Goals

The profitability goal relates to earnings after depreciation and amortization (EBIT margin). Our goal is to achieve an average operating margin of 20 percent or more over a three-year period.

20%

Results

The operating margin in 2020 was 18.9 percent. Over the last three years, the average operating margin was 18.9 percent.



Comment

Biotage requires a reasonably high level of profitability in order to facilitate investment in new, innovative products and market segments, and generate returns for our owners.

We invest in innovation

The vast majority of solutions Biotage offers its customers have been developed in-house. Innovation, product development, and technology are our lifeblood and we intend to continuously invest in this work so that we can continue to supply our customers with global market-leading solutions that help them solve societal issues.

Keywords for our product development

- » High quality
- » High efficiency
- » High level of safety
- » Environmentally friendly
- » User-friendly

Since our founding in 1997, Biotage has been an innovative company focused on developing new hardware, software, and consumables solutions. Through innovation and development, we can constantly make our customers' workflows more efficient while at the same time reducing their environmental impact. Green chemistry, in other words, chemistry that minimizes environmental impact, is an important focal point in our product development efforts.

The interdisciplinary structure of our innovation and product development efforts provides the necessary diversity to allow us to be able to identify new opportunities and quickly transform ideas and objectives into practical and scalable technological applications and solutions. Our talented employees also collaborate with other companies and academic institutions when it comes to new technologies and research that can help us develop effective solutions. In 2020, we laid the groundwork for a reorganization of our R&D department into a structure that will include several Centers of Excellence to support our redefined market segments. This will take effect in 2021.

Whereas digitalization has the potential to significantly streamline and simplify our workflows, it also entails new statutory requirements and poses security challenges. Today, software development is therefore in the spotlight more than ever before. At the same time, we're constantly working on developing the components of our solutions that relate to hardware, technology, chemistry, and biochemistry. We draw inspiration for our innovation work from the outside world. We

follow trends in the market, but first and foremost, we listen to our customers so that in the future we can deliver solutions that meet their needs.

Parallel projects during the year

In spite of the COVID-19 pandemic, Biotage was extremely active when it came to innovation and product development work in 2020. We successfully transitioned to remote work where necessary and possible. All our laboratories around the world implemented a common set of rules to make it possible to work in a clean, pathogen-free environment.

Over the course of the year, a number of ongoing parallel product development projects continued to proceed in the areas of Biomolecules, Organic Chemistry, and Analytical Chemistry. These will result in several product launches in 2021.

A few launches also occurred in 2020. The biggest news was the brand new software for the Selekt flash chromatography system, where radically new features were added. This dramatically simplifies operation for our customers, reduces solvent consumption, and lowers the carbon footprint. In addition, in 2021 the PhyPrep system for plasmid purification was developed and prepared for launch in 2021, with maxi-, mega-, and giga scale processing options. A number of new consumable items have also been introduced to the market. On the environmental front, we've worked on the launch of new PFAS analytical methods. The results of these efforts will be publicized in 2021.

This is how Biotage creates value

Biotage helps solve issues faced by society in a sustainable manner. With solutions based on technological innovation and science, we help our customers make the world healthier, greener and cleaner.



Biotage develops and provides solutions for separating molecules and synthesizing chemical substances. Our customers are in research, the pharmaceutical industry, healthcare, forensic medicine, food manufacturing and distribution, and environmental protection. Our wide selection of effective, high-quality, user-friendly solutions helps our customers streamline their workflows in drug development, diagnostics, or water and environmental analysis while reducing their environmental impact.

Our values drive our business

Biotage's values can be summed up by the acronym "CARE", which stands for caring about one another, our customers, our planet, our climate, and humanity (see also "We are guided by common values" on page 32). We apply this not only to our products for pharmaceutical analysis and production, but also to the methods we use to develop and manufacture those products.

Collaboration

A corporate culture infused with team spirit and based on mutual respect and trust.

Accountability

A corporate culture that promotes continuous growth and development by respecting our commitments and responsibilities.

Results-oriented

A corporate culture that allows us to reach our financial goals while responding to customer needs and creating value for humanity by combining our goals, commitment, and pride in what we do.

Entrepreneurial

A corporate culture that promotes innovation and brings out the best in employees. Decisions are always made based on what is best for the company.





Our resources



Finances

- » SEK 157.0 million in cash and cash equivalents
- » SEK 279.0 million in cash flow from operations



Research and development

- » Reinvestment in research and development, enabling us to continue to develop innovative products and solutions that solve societal issues



Human capital

- » 485 skilled, committed employees



External relations

- » Global infrastructure, with around 94% direct sales
- » Business ecosystem with partners, authorities, incubators, and academia
- » Suppliers

The value we create



Our employees

- » Challenging, stimulating employment
- » Inclusive workplace environment
- » Skill development
- » The opportunity to help have a positive impact on the environment, the community, and our quality of life



Our customers

- » Accelerated research process
- » Improved analytical throughput
- » Streamlining and improved processes
- » Shorter time from product concept to launch
- » Reduction in the environmental impact of our business



The community

- » Effective research and development of new drugs and vaccines
- » Effective diagnostics
- » Safe food and drinking water
- » Legally sound forensic investigations
- » Enhanced employment opportunities
- » Reduced environmental impact



Our shareholders

- » Increased shareholder value and improved returns
- » Profitable growth
- » Sustainable investment with a commitment to the environment and the community

2.5%

Growth in number of employees since 2019

6.2%

Average organic growth rate over the past three years

18.9%

Average EBIT margin over the past three years

Megatrends – external factors

Interaction with the outside world

Megatrends – trends in the community and our industry – are in a state of constant change, affecting all organizations in our sector. To better understand how Biotage should act in a dynamic world, we're constantly at work identifying important trends in our environment. Trends that are considered to be relevant to our business are incorporated as an important part of our long-term strategy.

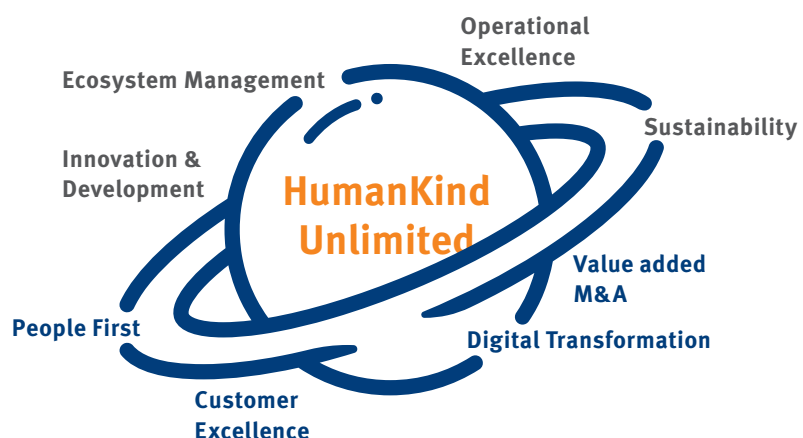
Prioritized trends must have clear contact points with the company and our customers, be capable of being influenced, and, ultimately, be critically important in order for us to take advantage of opportunities in our targeted markets. In 2020, five megatrends were identified as particularly important:

- » The Purpose Generation
- » Environmental awareness
- » Precision medicine
- » Biologics
- » Digitalization

Megatrend	Importance to Biotage
 <p>The Purpose Generation Purpose and meaning are as important factors in working life as financial compensation.</p>	<ul style="list-style-type: none"> » Be an attractive workplace. » HumanKind Unlimited helping our customers making the world healthier, greener and cleaner.
 <p>Increased environmental awareness Major focus to save the planet and decrease the environmental impact in our own as well as our customers' manufacturing.</p>	<ul style="list-style-type: none"> » Design products that limit the environmental impact when pharmaceutical companies use our purification platforms. » Reduce the need for solvents and plastics in the purification process. » Develop products and methods for environmental testing e.g. PFAS testing in water analysis.
 <p>Precision medicine Individualized medicine. The right drug for the right patient at the right time.</p>	<ul style="list-style-type: none"> » Innovative techniques for sample processing prior to clinical trials. » Focus on solutions for purification of plasmids and protein for faster development of new drugs. » Separation solutions in the production of 1st, 2nd and 3rd generation of pharmaceuticals, vaccines, and viral vectors (AAVs).
 <p>Biologics Eight out of ten sold drugs by value are biological drugs, e.g. antibodies.</p>	<ul style="list-style-type: none"> » Development of separation solutions for purification of biomolecules (plasmids and protein) for research and development in the pharmaceutical industry. » Acquisition of PhyNexus in 2019, with their patented technology for purification of biomolecules with Dual-Flow chromatography.
 <p>Digitalization New technologies such as artificial intelligence (AI), internet of things (IoT), augmented reality, software as a service, and cloud computing.</p>	<ul style="list-style-type: none"> » Increased production automation, remote metering, sensors connected to cloud-based services, online education, and digital purchasing solutions. » Solutions to streamline and stimulate sustainability and algorithm-based, predictive instrument maintenance. » Informatics tools for data gathering and actionable insight generation.

Strategic priorities

Megatrends tell us what our customers think is important. Our response is a number of investments that we refer to as our strategic priorities. Biotage has defined eight strategically important areas that are important for the company's future growth. This helps in both the short and the long run when it comes to setting strategic priorities and establishing a clear direction for the company. Of these, four have been selected as special focus areas in 2021.



2021 priority

People First

Biotage's employees are our most valuable asset. Being a desirable, attractive employer is and always will be a top priority for us. We want healthy, successful, committed employees who are offered excellent opportunities for personal development. We are now focusing on continuing to improve our employee development work by, among other things, clarifying roles, goals, opportunities, and career paths as well as enhancing the skills development at our own Biotage Academy.

Customer Excellence

Being close to the customer is a part of our business model. Our strong presence in prioritized markets requires long-term customer relationships and a keen understanding of customer needs and the ability to adapt our products and services in response. We serve customers worldwide, under normal circumstances on site, but also digitally and over the phone. We're now making our entire organization more customer-focused and are trying to get our customers even more involved in our product development efforts.

Digital Transformation

Biotage is investing in digitalization in our internal processes as well as our solutions for customers. New digital technologies have vast potential when it comes to streamlining customers' workflows associated with our systems, simplifying service, support, and maintenance, and reducing solvent consumption. This leads to better sustainability across the board. A prioritized customer area for us is global drug development, where more and more emphasis is being placed on speeding up the drug development process by using computer simulation. Biotage is working on this with innovative companies who are leaders in IoT and AI in order to accommodate our customers' increased need for digitalization.

Value Added M&A

Biotage adopts a structured, strategic approach in our search for acquisitions that can help us help our customers solve societal issues in areas where we currently don't have the capability to develop global market-leading solutions. High profitability, strong growth, and a global organization give us the necessary resources to continuously perform this task. Our focus is now on continuing to improve and streamline our processes for integrating the companies we acquire.

Geographic markets

Biotage strives to have a strong local presence and is commercially organized in three regions: Americas, APAC (Asia-Pacific) and EMEA (Europe, Middle East & Africa). In 2020, all regions were affected by the current Covid-19 pandemic, which has led to adaptations both in how we interface with the customer and the focus of our sales.

The trend in the regions followed the spread of covid-19 across the world. Globally, our operation was hardest hit in the second and third quarters. The fourth quarter saw a marked improvement in the majority of our markets, which was testimony to the effectiveness of the measures we took in response to the pandemic.

Generally, we digitally adapted our customer contacts in all regions. Instead of physical meetings, conferences and trade fairs, we switched to digital customer meetings and seminars, communication on social media, virtual product demonstrations and, on occasion, servicing instructions remotely.

In many of our areas, demand fell due to the pandemic and the lockdowns that followed. All regions responded by reorganizing their operations to adapt to our customers' changing needs. We focused more on consultative sales and focused more on pharmaceutical and contract research companies.

Global efforts to develop a vaccine against COVID-19 for the world's population had a significant impact on the contract manufacturing industry, particularly on companies that specialized in manufacturing lipids. This generated an increase in sales of consumables for our Flash 400 systems, which contributed to Biotage's profit for 2020. We were also involved in a large number of consultations on how these customers should best use the equipment to solve the challenges in manufacturing.





Region Americas



42%

Share of net sales



This is Biotage's largest region in terms of sales. It includes the US and Canada, where we have our own sales organization, and Latin America, where our sales go via distributors. The market was initially hard hit by the pandemic and sales both in systems and consumables declined. Customer activity decreased in both organic and analytical chemistry and in scale ups. In the latter case, the decline was also linked to a decrease in CBD sales that was unrelated to the pandemic. The number of patient samples in health care also decreased, except for in COVID-19 testing where our solutions are not used. Research and environmental testing was also at a low level. The integration of PhyNexus, a San José company specializing in solutions for separating biomolecules, which was acquired in 2019, progressed well during the year. But this important future area nevertheless suffered from the operation being concentrated in California. The state had one of the US's most strict and extensive lockdowns which made it difficult to generate interest for new products in the market.

In the year's final quarter, however, there was a strong rally with record sales in the US, due largely to a stronger focus on major pharmaceutical companies. System sales in organic chemistry received a considerable lift from the virtual product demonstrations we performed. Meanwhile there was certain normalization in the US health care, with an increase in patient samples and also in other areas there was a pent up need after the previous social closures. This also led to a steady improvement in biomolecules.



Scott Carr is President of Region Americas.



Region APAC



32%
Share of net sales



In China, we experienced very strong growth during the year, primarily driven by our sales to pharmaceutical companies and CROs. Due to the effective sales organization we have in place, we were able to easily install hundreds of new instruments, while also servicing an installed base of a couple thousand systems.

The sales of Flash systems virtually exploded since global pharmaceutical companies were obliged to deal with CROs operating in China on account of the lockdown. Biotage succeeded in taking a sizable share of this growing market. After a longer period spent laying the groundwork, with the help of a new strategic partnership, sales of our systems and consumables for patient samples in Analytical Chemistry also began to take off. The Chinese market is really growing rapidly.

Adjustments in Japan

After five years of strong growth, COVID-19 had a heavy impact on our operations in Japan, calling for us to adapt to a new situation. A restructured sales organization enhanced our focus on customers by segment, and we directed more resources toward pharmaceutical companies and CROs. We also invested

more heavily in digital sales and are now better equipped for the coming year. Japan is an important market for biomolecule purification. Our new systems in this area have a lot of sales potential, and customer demonstrations have already evoked a considerable amount of interest.

Record sales in South Korea

Despite the pandemic, our sales in South Korea reached record heights in 2020. Growth was strongest in Organic Chemistry and Biomolecules. This was due to our effective strategic business development plan, which enabled us to reach totally new customers, while we also continued serving existing customers. We deliver turnkey solutions as well as consultations for system implementation to fast-growing, local, “bio-venture” companies.

Many new customers in India

Biotage established operations in India fairly recently, in 2018. In spite of extensive lockdowns caused by the pandemic, sales in Organic Chemistry performed quite well during the year, with many new customers, including several large accounts. We placed a lot of emphasis on service, and consultative selling was largely responsible for the progress we made as we transitioned from small- to large-scale operations. An important factor was the successful conversion of both sales and service to digital channels, enabling us to achieve organic growth for the fiscal year as a whole.



Region EMEA



26%
Share of net sales



Our dedicated sales organization covers the majority of Europe. In Eastern Europe, the Middle East and Africa, we employ a network of 26 distributors in 31 countries.

Our sales in the region grew during the year in spite of difficulties caused by the pandemic. As in the other regions, we adapted to a changing market and focused on the pharmaceutical industry and large customers. We created trust through efficient service and customer support. We also identified new business opportunities created by COVID-19 and capitalized on them in the second half of 2020.

The majority of sales associated with lipid manufacturing for vaccines occurred in Europe, which was a contributing factor in our sales growth in EMEA. Sales of consumables declined in the first half of the year but rallied toward the end of the year. System sales in Organic and Analytical Chemistry performed strongly in the second half of the year, with turnkey solutions going to a number of larger projects.



Andreas Juhlin was hired in June 2020 as President of Region International, which includes EMEA and APAC.

Customer excellence

Biotage's customers work with drug research, development, and manufacturing and chemical analysis for analytical, water, and environmental testing. A key challenge in their processes is isolating the chemical substance of interest from other materials. We therefore focus on additives and methods that make customers' workflows more streamlined, sustainable, and cost-effective.

Our product lines are all about making life easier for people who work with chemical synthesis, purification, and analysis. All our products make our customers' work faster, safer, and more reproducible than traditional, manual methods. The key step we specialize in, and in some areas are the global market leader, is purification, where various techniques are used to separate molecules of interest from unwanted substances.

From ideas to results

All our products fit somewhere into what we typically describe as the workflow, i.e., the path from an idea to a finished result. Often the entire workflow encompasses more than just the

area in which Biotage provides additives. In such cases, we concentrate on critical or particularly difficult steps in the process, where technical aids are needed to progress with the work. At times, the same step is repeated in different workflows. For this reason, we talk about, for example, purification and evaporation in several different contexts. This is also the reason we have different products for the same steps in a process: they are targeted at different workflows in our business ecosystem.

The figure to the right shows chemists progressing in their workflows from start to finish. While the path forward is well established in the industry, the solutions used in getting there can vary.

The analytical chemist

The analytical chemist wants to know how much of a particular substance there is in a sample. This could be a water sample for an environmental survey, a blood sample for a patient assessment, or a strand of hair for a police investigation.

A chemical analysis is ultimately run on the sample, often through chromatography and mass spectrometry. However, since analytical instruments are incredibly sensitive, the sample absolutely needs to be as pure as possible. This is why Biotage develops sample preparation products that remove sample impurities and concentrate the substance our customers wish to analyze.



The organic chemist

The organic chemist creates new carbon-based molecules through chemical reactions. The end product is typically the active substance of a new drug. The first step is performing a theoretical analysis of the molecule you want to produce prior to the start of the reaction phase or synthesis. Organic reactions almost always produce by-products that need to be purified in the ensuing step. Finally, the solvent must be removed so only the pure substance remains.

Biotage has developed instruments and accessories for all three steps in organic chemistry.



The process chemist

Organic chemists work with laboratory-scale production of small quantities of substances to test the suitability of various candidates for new drugs. When a candidate looks promising, it must be produced on a larger scale in order to be tested in the next phase. While this workflow shares some things in common with organic chemistry, it looks a little different. In particular, scale-up or process chemistry involves a different set of decision-makers. For this reason, Biotage's process chemistry products are organized into a separate product areas.

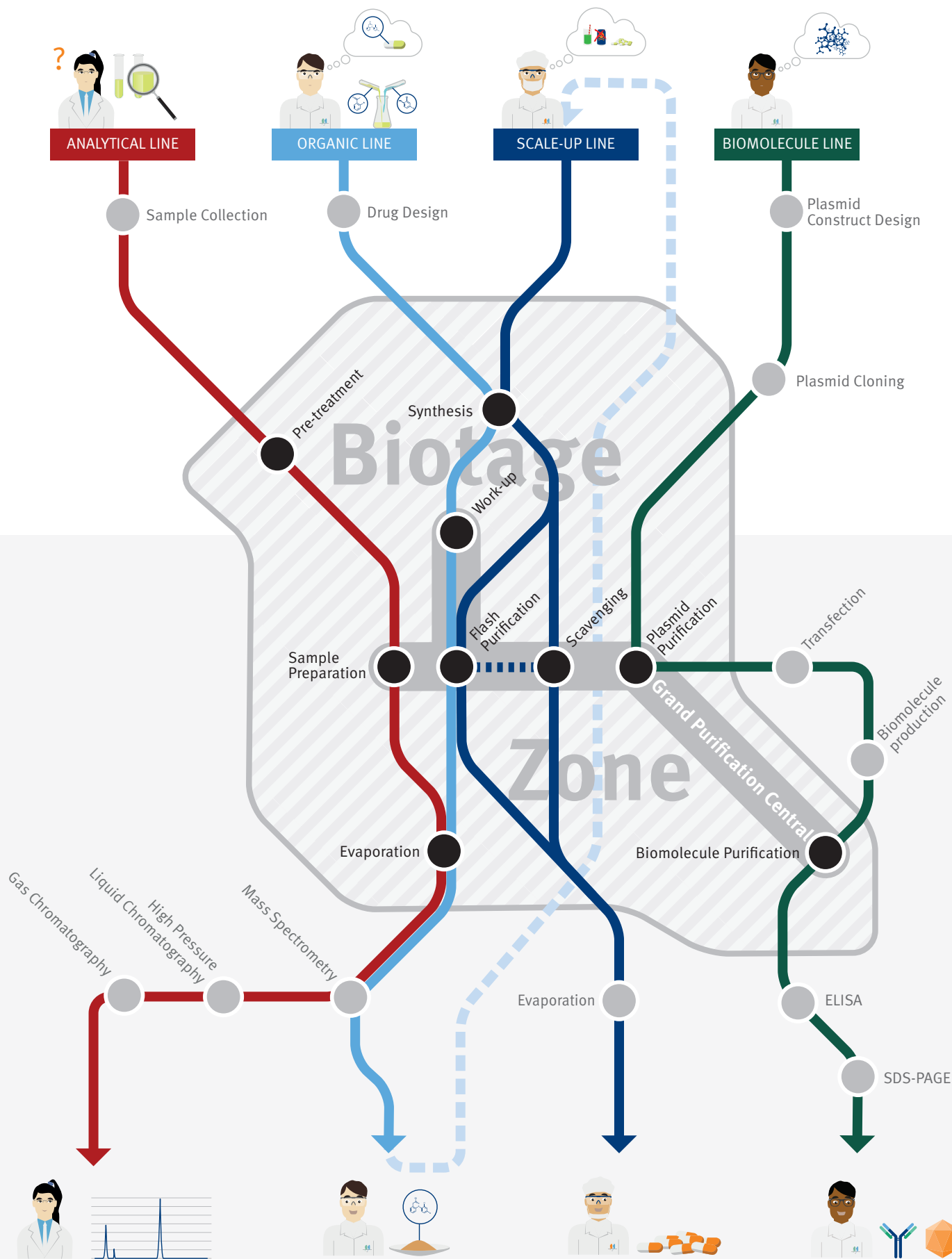


The biomedical scientist

Biological medicines are a special type of substance with a biological origin whose structure is similar to chemicals in our own bodies. Examples include various antibodies and hormones.

The workflow involves living cells that produce short strands of DNA, so-called plasmids, which are then used to manufacture protein-based drugs. Biotage's products in this area are used to purify plasmids as well as proteins from bacterial cultures.





Analytical Chemistry

Analytical chemistry deals with the examination of chemical substances in a sample, for example, patient and forensic samples or environmental and foodstuff samples. Biotage offers automated systems and consumables with high specificity for the separation of selected substances from samples.

Analytical tests are often used in areas associated with strict legal and regulatory requirements, such as doping, criminal investigations, and environmental analysis. They may also involve clinical tests where the patient's safety is paramount. For this reason, the tests follow strict protocols in order to provide safe and fully reproducible analytical results.

We have years of experience in developing products that comply with protocols or standard industry best practices for sample processing for chemical analysis. One example of this is the approved environmental analysis methods issued by the Environmental Protection Agency (EPA), which regulate exactly how a test must be performed and which products may be used.

With a broad selection of consumables for specific substances and instruments that automate the process, Biotage has become a trusted supplier to universities, hospitals, and analytical laboratories worldwide. Moreover, we have hundreds of off-the-shelf methods for sample purification and often work closely with customers to develop a method that best suits their needs.

Product lines

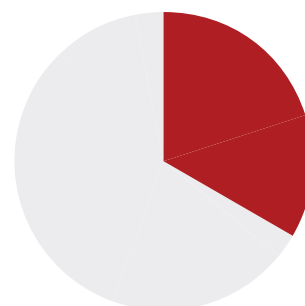
- » Consumables for separation (Solid Phase Extraction and Supported Liquid Extraction)
- » Systems for automated separation (Solid Phase Extraction)
- » Systems for concentrating samples

Product differentiation and competitive advantages

- » Automated and customized solutions
- » User-friendly software
- » High quality

34%

Share of net sales



1. Pre-treatment

The sample is homogenized

The first step in the process is to lyse cell walls and homogenize the sample so that the substances to be analyzed are floating freely in the solution. This is done with mechanical separation with various accessories for plant material, hair strands, nails, cell tissue, blood, etc.

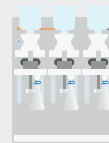


Biotage[®] Lysera

2. Purification

Impurities in the sample are removed prior to analysis

Biotage has instruments, consumables, and developed methods for various types of samples. In simple terms, they can be described as chemical filters that screen out impurities, allowing what you want to analyze to pass through.



Biotage[®] Horizon 5000



Biotage[®] Extrahera™

Pre-processing

Sample purification





TurboVap® in Charles River's workflow

Charles River Laboratories is one of the world's largest contract research organizations (CROs). They use our TurboVap® in their analytical workflow for evaporation, praising the product in their December 2020 newsletter:

“We develop our methods using state of art equipment such as Geno/Grinders (auto- mated tissue homogenizers) or TurboVap’s (automated solvent evaporation systems) which reduce sample preparation time, sample preparation errors, and improve method robustness and precision.”

“Biotage is fortunate to supply Charles River Labs the Automated TurboVap© LV solvent evaporation system. We are also proud to support Charles River in their research endeavors and grateful to work alongside a world renowned CRO,” says Dan Menasco, Biotage’s analytical chemistry product manager.



Dan Menasco, Global Product Manager, Analytical.

3. Evaporation

The sample is concentrated

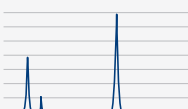
In many cases, the sample needs to be concentrated before it's analyzed. This is done with Biotage's evaporation systems, which effectively remove excess solvent from the sample. In addition, there are various systems for different types of samples and solvents.



SpeedVap®



TurboVap®



Evaporation

Analysis

Organic Chemistry

Biotage's Organic Chemistry products speed up the research phase of drug development by means of automated and efficient workflows. The products are designed for chemical synthesis of small molecules and peptides, purification, and evaporation. A lot of emphasis is placed on minimizing the need for consumables and solvent.

Small molecules are the most widely used group of active substances found in drugs. The term derives from the fact that the molecules are so small that they easily pass through the intestinal wall and are absorbed into bodily fluids. These molecules are chemically manufactured by a process known as synthesis and are usually taken by patients in pill form. However, they can also be taken as an oral solution or administered as an injection.

Peptides are another group of active substances. These can be distinguished from small molecules by their structural similarity to biomolecules, substances of a biological origin. In contrast to biomolecules, certain peptides can be synthetically manufactured by allowing amino acids to react with one another. Peptide therapeutics can be administered either as pills or injections.

Product lines

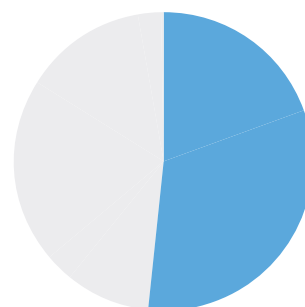
- » Systems for microwave synthesis
- » Systems for purification of small molecules and peptides (flash chromatography)
- » Systems for solvent removal

Advantages

- » Reliable, reproducible process for drug development
- » High degree of automation
- » Reduced need for solvents
- » Compact, space-saving equipment

51%

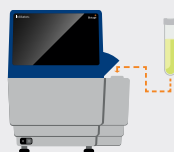
Share of net sales



1. Synthesis

Chemical substances are formulated using microwave technology

Many reactions do not occur spontaneously. Energy must often be supplied in order for them to take place. Biotage's synthesis systems use microwave technology and a closed reaction chamber to rapidly generate the heat needed for a precise, controlled reaction.



Biotage® Initiator+

2. Work-up

The synthesis product is prepared for purification

Depending on the starting materials and type of synthesis performed, the reaction mixture may need to be worked-up ahead of the purification step so that the instruments and separation columns do not clog. For this, there are a number of time-tested manual techniques, where Biotage is able to provide any needed accessories.



3. Purification

Impurities are removed with flash chromatography

During synthesis, a number of by-products are formed. They are removed by a process called flash chromatography, where Biotage is the global market leader. The reaction mixture from the synthesis step is passed through a column, where the by-products are separated. Biotage's separation systems automate the process and are easy to program for different conditions. The end result is an extract with the pure substance.



Biotage® Selekt

Synthesis

Work-up

Purification



Long-term, close relationships are crucial for success

Biotage has been designated as a priority supplier of platforms supporting the overall workflow of small-molecule drug development by a major global pharmaceutical company. The agreement was the product of more than six years of close collaboration.

The customer uses Biotage's technology for synthesis, purification, and evaporation during the early phases of drug development.

"Our long-term collaboration has given us the privilege of being the customer's first choice for deliveries of solutions used in their workflow. The 2018 launch of the global market leader in flash chromatography, Biotage® Selekt, and the Biotage® Sfär consumables heightened the level of interest in us as a supplier."

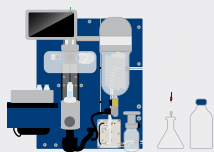


John Urh, Director of Marketing, Americas

4. Evaporation

The solvent is removed

After purification, the desired substance remains in the solution. A common issue is solvents that are cumbersome and time-consuming to evaporate. Biotage's evaporation systems use vacuum technology, heat, and centrifugation to quickly and safely remove any traces of solvent from a product.



Biotage® V-10 Touch

Evaporation



Scale-up

When a drug candidate is going to be tested, the volume must be scaled up. This requires larger capacity equipment for chemical purification on an industrial scale. Biotage helps our customers produce clean, safe products that comply with all statutory requirements. Our industrial-scale separation solutions, which are fully customizable, are primarily used by pharmaceutical and chemical companies and consumer goods manufacturers.

Our systems and consumables for industrial-scale purification are based on the same principle as our organic chemistry purification systems, but are designed for considerably larger batches. Customers can therefore apply the same methods they use when developing drug ingredients in the lab.

Biotage is one of the few companies offering off-the-shelf consumables for industrial-scale flash chromatography systems. Pharmaceutical companies and contract manufacturers use our solutions to produce substances for clinical trials and for small-scale commercial drug manufacturing and vaccine development.

Product lines

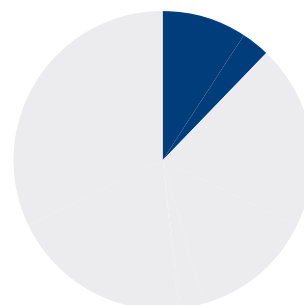
- » Systems for industrial-scale purification of chemical substances
- » Off-the-shelf flash columns for industrial-scale purification
- » Bulk chemical media for purification

Product differentiation and competitive advantages

- » Customized solutions designed for scale-up and production
- » High degree of reproducibility and specificity during separation
- » Meets customers' regulatory requirements

13%

Share of net sales



1. Synthesis

Chemical substances are formulated with the help of reagents

In process chemistry, various additives are used to get a desired chemical reaction to occur. This could, for example, be a catalyst, a special buffer, or a solvent with specific properties to help various types of chemical reactions.

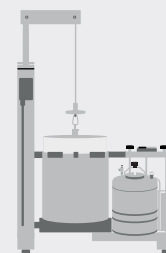
Biotage's additives are bonded to microscopic polystyrene spheres, which prevents them from dissolving and allows them to easily be separated from the mixture or "slurry" once the reaction has taken place.



2a. Purification

Impurities are removed with flash chromatography

Just like in organic chemistry, flash chromatography is sometimes used as a purification method. This involves passing a solution through a column containing a separation medium. The various substances pass through the medium at different speeds, which effectively separates them. However, the high volume demands a completely different type of equipment capable of handling the high pressure and flow rate that the process generates.



Biotage® Flash 400



Reaction

Purification



Collaborating on vaccine development

Biotage's industrial-scale purification systems help pharmaceutical companies and their contract manufacturers develop and purify new active ingredients for the rapidly growing high-potency drug market.

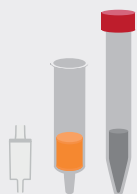
In 2020, we collaborated with the specialty chemical company Croda on a project focused on the production of a potential new small-molecule COVID-19 vaccine for global distribution. The Biotage team contributed their expertise in industrial-scale chromatography. With the help of the Biotage Flash 400, Croda managed to scale up their processes from development to production in just four months. This not only resulted in a stable, commercial-grade manufacturing process, it also saved Croda valuable time and reduced their solvent consumption compared to existing, traditional methods.

CRODA
Health Care

2b. Purification

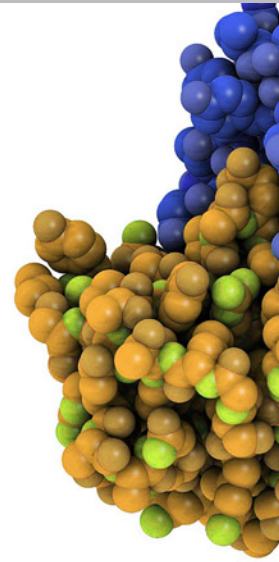
Contaminants and trace elements are removed with resins

There are many other techniques aside from flash chromatography for purifying a solution. Biotage offers a line of "resins" for use in the removal of trace elements. A common area of application is in removing catalysts and other additives used in manufacturing – for example, the metal palladium. The resin, which can either be packed into the columns that the solution passes through or be mixed directly into the solution, binds the contaminants and is then filtered out.



Purification





Biomolecules

Biomolecules are large, complex structures such as, for example, proteins. They are always of biological origin, in other words, they are produced by a living organism. Biomolecules are popular as active substances in the production of a large, growing number of biological medicines. Biotage is preparing to launch several automated biomolecule purification solutions that are designed primarily for pharmaceutical research.

In 2019, we acquired a patented biomolecule purification technique. The method is called dual flow chromatography, and involves passing a mixture of cells or biomolecules back and forth, through a small pipette tip that contains a special membrane and chemically treated particles.

During the manufacturing of protein-based drugs, customized circular DNA molecules known as “plasmids” are first produced. The plasmids are then introduced into bacteria, which manufacture the protein according to the instructions encoded by the plasmid’s genetic code. Examples of protein-based drugs include various types of antibodies and hormones. Biotage offers solutions that allow drug researchers to purify both plasmids and proteins from bacterial cultures.

Product lines

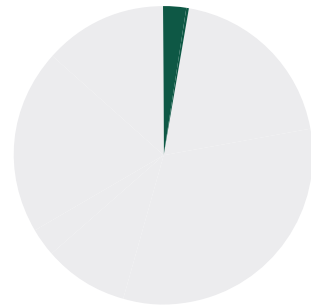
- » Pipette tips for dual flow chromatography
- » Systems for separating plasmids (2021 launch)

Product differentiation and competitive advantages

- » Automated solutions specifically designed for purifying plasmids and proteins
- » High degree of reproducibility
- » End products free of endotoxins

2%

Share of net sales



1. Plasmid purification

The plasmids are isolated

The plasmids of interest are isolated from other cell material in the original bacterial culture. This is done through separation, where Biotage’s products simplify and streamline this process.

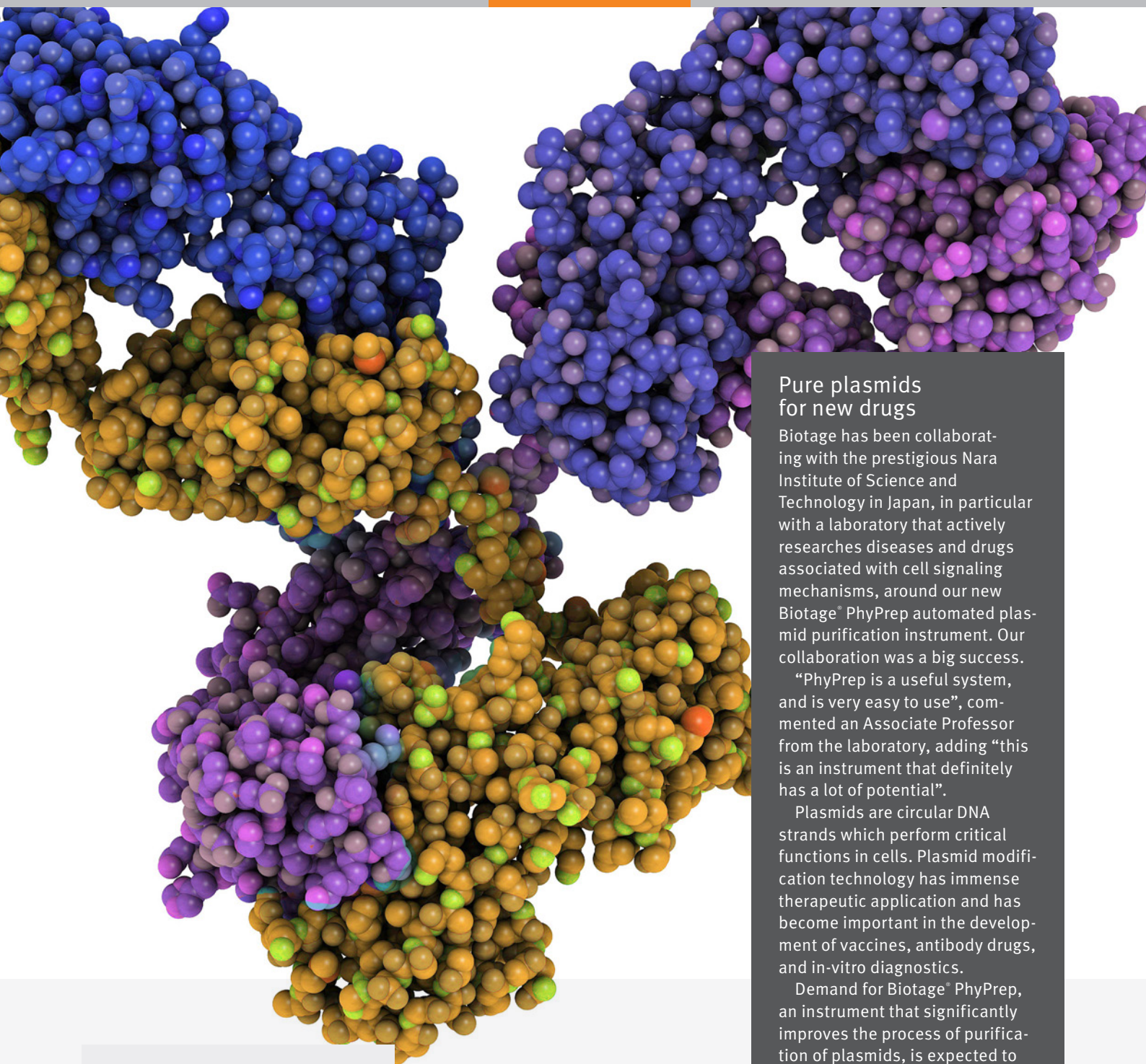


Biotage® PhyPrep



Plasmid purification

Protein expression



Pure plasmids for new drugs

Biotage has been collaborating with the prestigious Nara Institute of Science and Technology in Japan, in particular with a laboratory that actively researches diseases and drugs associated with cell signaling mechanisms, around our new Biotage® PhyPrep automated plasmid purification instrument. Our collaboration was a big success.

“PhyPrep is a useful system, and is very easy to use”, commented an Associate Professor from the laboratory, adding “this is an instrument that definitely has a lot of potential”.

Plasmids are circular DNA strands which perform critical functions in cells. Plasmid modification technology has immense therapeutic application and has become important in the development of vaccines, antibody drugs, and in-vitro diagnostics.

Demand for Biotage® PhyPrep, an instrument that significantly improves the process of purification of plasmids, is expected to be significant, especially among pharmaceutical companies. This will be the first automated large-scale plasmid purification device of its kind, helping researchers to be much faster and more efficient than before, producing consistent and reliable results.

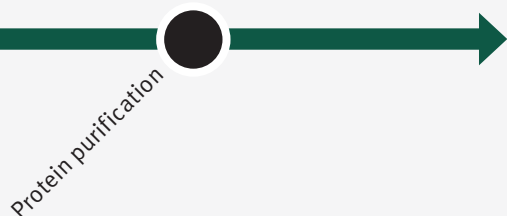


Biotage® PhyPrep.

2. Protein purification

The protein is isolated

Bacteria produce the protein that will serve as the base substance for the drug. In order to separate the specific proteins of interest, an additional separation process must be carried out. Biotage offers products that simplify and streamline the process for this.





Biotage collaborates with KTH

Biotage has entered into a collaboration with KTH and Johan Rockberg's research group at the School of Engineering Sciences in Chemistry, Biotechnology and Health (CBH) in Stockholm in order to test a new automated platform for plasmid purification – one of the key processes in drug development.



Biotage® PhyPrep

Our brand new plasma purification system is called Biotage® PhyPrep and is a product of the acquisition of PhyNexus Inc. in 2019.

Thanks to PhyPrep and its line of consumables, we will be able to enter the growing biologics market and be better equipped to support the development of future cutting-edge drugs and treatments.



“We are looking forward to joining Biotage in exploring and reinvigorating this area further.”

Plasmid purification has historically been carried out manually. In a joint initiative, Biotage and KTH aim to automate the process and improve the results and reproducibility, while bringing down the overall cost of drug development. Researchers at KTH have completed a successful evaluation alongside Biotage engineers, clearing a path for the launch of the new Biotage® PhyPrep system on the market.

“A formidable bottleneck to our mission of discovering and developing sustainable cell and gene therapy biomanufacturing platforms is scalable DNA preparation methods. We are looking forward to collaborating with Biotage in exploring and reinvigorating this area further,” says Professor Johan Rockberg at KTH.

Societal issues can be solved with science

Over the past four decades, KTH and its biotechnology departments in Stockholm have become a world-leading technical

university for the life sciences as well as a breeding ground for intellectual talent and innovation. The expressed goal of collaborating with businesses and the community on the development of sustainable solutions for some of humanity’s greatest challenges is completely in line with the ethos of our “HumanKind Unlimited” motto – to unleash the potential of science to help solve global social issues.

A crucial goal for our group management team has been to expand our corporate ecosystem by building symbiotic relationships with other companies and organizations. The recent collaboration with KTH strengthens this network.

“We are so proud to collaborate with the world-renowned experts at KTH, and I’m convinced that it will help us to discover the next leading generation of drug development solutions,” says Tomas Blomquist, CEO & President of Biotage.

Sustainability is our mission

Through innovation and applied science, Biotage is helping to make the world healthier, greener, and cleaner for humanity. Our solutions facilitate more efficient development of new medical treatments and rapid, reliable diagnostics, as well as streamlining water, foodstuff, and environmental analyses. Sustainability in all of these aspects is a fundamental part of everything we do.

We seek to have a positive impact and serve as a role model in the communities we serve. We are moreover a signatory to the UN’s Global Compact on social responsibility, environmental care, and anti-corruption. In addition, we support the ILO’s fundamental conventions and the OECD’s Guidelines for Multinational Enterprises.

Our sustainability initiatives are led by a sustainability manager who is a member of the management team. This work is supported by our common Code of Conduct, whistleblower policy, guidelines, and sustainability goals, as well as an internal sustainability council and dedicated channel for sustainability initiatives.

The Code of Conduct applies to everyone

Biotage’s Code of Conduct summarizes our commitments toward various stakeholders, such as employees, suppliers,

customers, and the local community. It encompasses environmental as well as social and ethical perspectives. The code describes our ambitions, how we collaborate and influence stakeholders, and the control routines we have in place when it comes to, for example, anti-corruption, competition rules, product safety, and contributions to the local community in the form of tax payments and jobs.

Group management has the ultimate responsibility for ensuring that the Code of Conduct is complied with and updated as necessary. Local VPs are responsible for ensuring that the code is implemented and complied with in day-to-day operations in their respective markets. All employees are given an introduction to the Code of Conduct when hired and undergo online training, where they respond to questions related to the code.

Sustainability goals



The environment

- » Reduce the amount of waste generated in manufacturing.
- » Reduce the use of environmentally hazardous substances.
- » Improve manufacturing efficiency when it comes to water and electricity consumption.
- » Ensure that at least 50% of non-hazardous waste is recycled.
- » Ensure that chemical usage in manufacturing and our products complies with the RoHS and REACH directives for hazardous chemicals.
- » Reduce the environmental impact of travel.

Monitoring

Goals are assessed by means of internal reviews as a part of the company’s environmental policy and reports with data on water and energy consumption.



Social

- » Enhanced employee commitment from following-up on the global employee survey.
- » Safe, healthy workplace environment in accordance with the Biotage Code of Conduct and local regulations focused on employee health and safety.
- » Development and implementation of the company’s principles and leadership model on a global basis.

Monitoring

Goals are assessed by means of internal reviews and monitoring. The workplace environment is monitored on an ongoing basis with the help of safety inspections, among other things.



Responsibility

- » Ensure safe handling of employee data in order to protect its integrity.
- » Ensure that key suppliers are evaluated.
- » Carry out annual training for all employees on the Code of Conduct.

Monitoring

Goals are assessed by means of internal evaluations, for example, risk management identification and action plans and continuous reporting and action plans carried out by the group management team.





The environment

Environmental awareness includes the entire chain from the development of new and existing products to commercial manufacturing, and environmental aspects are incorporated into all our decision-making. The product life cycle is an important consideration since a product's lifespan affects the amount of waste and emissions that it generates. Biotage is currently assessing how we can upgrade our existing products for customers in order to extend the lifespan of the products and thereby reduce the amount of waste. We're also constantly evaluating how we can reduce the use and potential impact of environmentally hazardous substances in our products and manufacturing processes to ensure compliance with any new directives or legislative requirements applicable to us and/or our customers.

Reducing water and electricity consumption and recycling the waste produced by our manufacturing facilities and offices are also important considerations. Biotage collaborates with various networks in the life sciences sector as well as with the local community in order to collectively discover new solutions with less environmental impact. Currently, we see no significant risk that future climate changes will affect our operations.

Strengths of our environmental initiatives

One of our strengths is our active, ambitious efforts to reduce our usage of chemicals and water and limit the amount of environmentally hazardous and non-hazardous waste produced by our manufacturing facilities and offices. Our products are not tested on animals, and we are ahead of plan when it comes to cutting back on travel due to the prevailing circumstances. The transition to digital meetings and follow-ups has proceeded more quickly than anticipated. For example, we're currently working on virtual customer demonstrations, remote product and software upgrading, and online customer training.

Environmental development areas

We plan to analyze our shipping and its contribution to carbon dioxide emissions as well as make our buildings more energy efficient and improve our tools for supplier assessment. We should also continue to investigate the opportunity to use solar panels and EV charging stations more extensively, as well as improve our overall follow-up of energy consumption, waste management, shipping, and chemical usage.

The environmental impact of the company's manufacturing

Biotage's largest manufacturing facility is located in Cardiff, UK, where we're currently expanding our capacity by building a new manufacturing unit next to the existing plant. In 2020, a new building was finished, and several new production areas are expected to be completed in 2021. The facility will comply with our strict requirements for smooth workflows, with the least possible impact on the environment.

During the year, Biotage engaged outside resources in order to assess the feasibility of solvent reuse in certain manufacturing process steps. The project is still ongoing, but a number of technical solutions will be evaluated in more detail.

The organizational changes previously implemented, which involved clearly delineated areas of responsibility, have continued to bear fruit this year. In January 2021, the Cardiff facility was inspected by BSI for compliance with ISO 9001 and 14001 and received high marks. Also, our certified facility in Salem,

MA underwent an inspection in 2020 and likewise passed without any issues. Moreover, we initiated a project to assess the feasibility of installing solar panels. This work will continue in 2021. We also monitor the consumption of water, gas, and electricity, among other things. Our goal is to implement environmental and quality management systems in all our manufacturing facilities.

Solvent consumption

To reduce solvent consumption within the group, Biotage is constantly making improvements to our manufacturing processes, for example, by reducing the number of cleaning steps where solvents are used. Solvent consumption in manufacturing increased by 4.7% in 2020 compared to 2019. This increase was due to changes in the product mix through increased demand for silica- and polymer based products.

Energy consumption

The main environmental impact from manufacturing operations stems from energy consumption. In Cardiff, this rose 1.3 percent over the prior year while the overall production value rose 5.2 percent. Energy consumption therefore declined relative to the production value. During the year, we continued to invest in expanding our manufacturing capacity and production areas by adding new production equipment with better energy efficiency. For example, in 2020 we improved our energy efficiency by installing solar panels at our headquarters in Uppsala, Sweden. This generated solar power equivalent to

46% of the overall power consumption at our headquarters, an increase of 22% over the prior year.

Air pollution emissions

To eliminate the emission of air pollutants, Biotage installed scrubbers in Cardiff in 2019. Scrubber systems are devices that are used to purify emissions from sources such as combustion reactions that produce particles or gases. Our goal is to install additional scrubbers in 2021.

Waste

Biotage is actively working to reduce the overall amount of waste and increase the proportion that's recycled. In 2020, the amount of waste sorted as glass decreased by 35 percent, while other non-hazardous waste increased by 16 percent. During the year, the company's non-hazardous waste removal suppliers provided assurances that 100 percent of this waste would be recycled into energy.

Shipping

To minimize shipping-related environmental impact, Biotage uses ships and trucks, wherever possible, instead of air transport. The majority of the freight from Cardiff to European customers is shipped by truck or sea. Most shipments to the US are sent via sea freight. However, for some shipments, air transport is hard to avoid due to low production volumes, the high value of the goods, and/or time constraints. This applies not only to shipping within Europe, but also to the US and Asia.



Biotage is currently investing heavily in expansion at our manufacturing facility outside of Cardiff, UK. The plant recently underwent an inspection for the ISO 9001 quality management system and the ISO 14001 environmental standard, receiving high marks.



Social

The Code of Conduct includes requirements for a safe, healthy workplace environment for employees, and we monitor this on an ongoing basis in order to remedy any possible breaches. Moreover, we try to ensure that our employees enjoy their jobs and feel a strong commitment toward their work. We continuously follow up on this with the help of a large global employee survey and smaller, targeted questionnaires.

We are guided by common values

Biotage is a rapidly growing company, and our most valuable asset is our employees. We constantly strive to be a desirable, attractive employer, providing employees with a sense of inclusion, security about health and well-being, and good personal growth and career development options. In 2020, we established a set of common values and guiding principles for the company in order to improve the cohesiveness and level of commitment of our employees. We continue to work on anchoring these principles and training our employees on compliance.

Employees at Biotage enjoy both a tremendous amount of freedom and a high level of responsibility. In order to clarify the expectations of our employees and ensure that everyone relates in a similar way to the outside world as well as one another, we've established common values and guiding principles. These were based on conversations from internal meetings and interviews with managers and executives throughout the group. Our values can be summed up by the acronym "CARE", which stands for:

- » Collaboration
- » Accountability
- » Results-oriented
- » Entrepreneurial

CARE also stands for caring about one another, our customers, our planet, our climate, and humanity. We apply this not only to our products for pharmaceutical analysis and production, but also to the methods we use to develop and manufacture those products. Our values describe how we want to be seen and regarded and, moreover, exemplify behavior that supports our organizational goals. The values portray us as a caring company, with a culture of empathy and understanding for one another, our stakeholders, and the world we live in.



CARE – a corporate culture characterized by empathy and understanding for one another, our customers, and the environment.



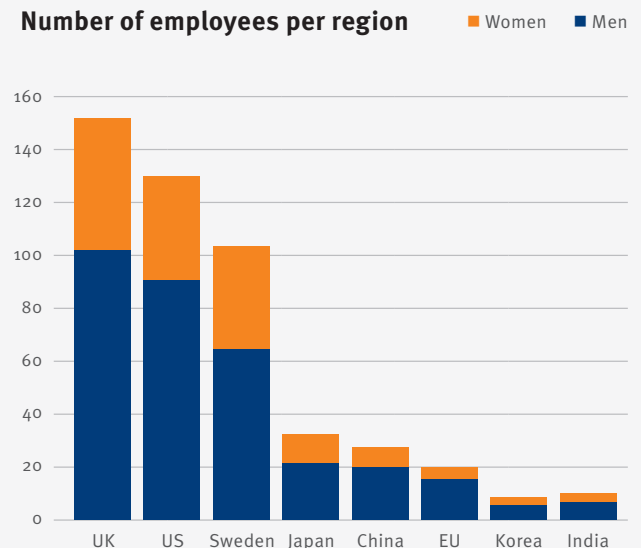
Recruitment and development

During the year, to help Biotage to deliver on our long-term strategy, we recruited several individuals to important roles within management, the individual regions, and various functions. However, due to the prevailing situation in the world, our focus has been on recruiting replacements for existing positions and expanding certain global roles. Employee turnover continues to remain at a satisfactory level, and our efforts in reaching out to potential future employees were productive. Our focus was primarily on the Americas region.

We continued our work with developing employees and clarifying their goals and expectations. A new performance evaluation system was implemented and developed to ensure that corporate values and leadership skills are also taken into account. In the Americas, we also carried out a project to define a number of skills shared by all our employees in the region. After this has been evaluated, a number of general skills will be defined and used to describe all employees in all our regions.

During the year, we began working on the creation of a framework to describe our positions and their hierarchical levels, job families, and subgroups. This will make it possible to compare compensation and benefits for equivalent positions throughout the world and ensure that we are offering appropriate employment conditions to our workers throughout the world as well as opportunities for career development within different professions and seniority levels. This will furthermore provide us with a clearer overview of positions.

Number of employees per region



Employee turnover
in the Biotage group
(2019, 8.1%)

6.6%

Diversity and equal opportunity

Biotage believes that everyone has equal value and should be treated the same. At the same time, employee diversity is a success factor that we strive to achieve. Our Code of Conduct, Equal Opportunity Policy, and local guidelines for each country clarify our efforts to treat all employees equally, regardless of gender, ethnicity, religion, or sexual preference. Our equal opportunity plan is revised on an annual basis to assess our progress and plan additional measures.

We try to the full extent possible to ensure equal pay for employees. Since 2018, we have carried out salary surveys based on the Equal Pay Index in Sweden. The index evaluates wage discrepancies between genders, based on average wages and is adjusted to take into account the different requirements and roles that exist within an organization. If the index is at 100, it indicates that there are no differences in wages between genders. A reading of less than 100 means that women are earning less on average than men. The latest survey, completed in 2019, showed a value of 98.7 percent, which is both above the Swedish average and higher than the overall result for Sweden, which was 90.1 percent that year. A new survey will be carried out in Sweden in 2021, and we intend to conduct similar surveys in all countries.

New leadership model

During the year, Biotage developed a leadership model with clearly defined leadership skills as well as behaviors

associated with them. This can be summed up by the words courage, wisdom, empowerment, and inclusion. In 2021, the model will be anchored within the organization and training will be provided. Simultaneously, a number of processes will also be updated based on leadership skills in relation to, for example, recruitment, promotion, evaluations, development, and succession planning.

Health and safety

Biotage seeks to have a safe, healthy workplace environment, both when it comes to physical as well as psychosocial aspects. To this end, we approach workplace environment issues in a systematic, structured manner, based on a company-wide workplace environment policy in accordance with international standards and local legislation.

At our largest manufacturing facility in Cardiff, UK, we have a separate function focused on health and safety in order to ensure and monitor compliance with routines and procedures. For the sake of prevention, all incidents are reported – including events that could potentially have led to an accident. This allows us to implement further improvements, thereby preventing future accidents.

Our policies in relation to alcohol and drugs, discrimination, and other topics are likewise part of our health and safety initiatives and need to be familiar to everyone in our organization. Sick leave is difficult to assess in a year like this, but our perception is that there was no increase, aside from the extra caution requested in relation to COVID-19.

Impact of COVID-19

During the pandemic, we worked on securing the health of our employees, fully assuming our share of financial responsibilities, and supported our customers in the fight against COVID-19. We complied with the statutory requirements and recommendations and facilitated work-from-home, wherever possible. At our manufacturing facilities and laboratories, where employees largely needed to be physically present, we minimized the risk of contagion with the help of guidelines, PPE equipment, and routines. In addition, we implemented strict restrictions on the number of visitors that we hosted and limited our own visits to customers and business partners.

In the employee survey that we conducted in early fall 2020, the company received high marks when it came to communication from both managers and employees. What had the most negative effect on our employees in this ongoing situation was the lack of social interaction and opportunities for spontaneous conversation, as well as the ability to visit customers.



At our largest site, the manufacturing facility in Cardiff, sick leave amounted to 3 percent (average for the year in 2020).

Responsibility

Biotage has a zero-tolerance policy when it comes to corruption. Gifts, influence, compensation, or personal favors may only be offered to third parties if they are of insignificant value. In order to maintain sound business ethics and minimize risk, processes have been put into place in all countries and subsidiaries in order to identify high-risk transactions and potential risks as well as establish authorization routines for functions such as payment approval. In the event of any uncertainty or deviation from common routines, the so-called grandfather principle is applied, which means that the issue must be elevated to the employee's manager's manager.

Biotage also has a system for inspecting and evaluating suppliers (Supplier Performance Management System) in order to ensure that they comply with the company's Code of Conduct. Suppliers who break the code are held accountable, and if they fail to live up to our requirements, we select different suppliers. Each year, we perform a risk evaluation on a group as well as supplier level. We have a policy and a process for identifying human trafficking, other kinds of trafficking, and child and forced labor when it comes to suppliers in high-risk countries.

Whistleblowing

Biotage strives to have an open, transparent corporate culture, where employees feel comfortable filing a report or claim

about misconduct. Our goal is for employees to initially report any suspicion about improprieties to their managers, manager of their manager, HR department, or corporate management. If the employee feels that this is not possible, the group has a global whistleblower system, where employees, customers, and other business partners are given the opportunity to report any improprieties.

The UN Global Compact

Our sustainability initiatives are linked to seven of the UN's 17 global Sustainable Development Goals (SDGs). First and foremost, we contribute to goals number 6, Clean Water and Sanitation, and 3, Good Health and Well-Being, through our PFAS testing and analysis work. We're also looking into the possibility of using our solutions in related application areas such as, for example, farming, crop pesticides, and more.

We also stand behind and plan to contribute to other UN SDGs, such as number 5, Gender Equality, and have worked actively this year on adding more women to leadership positions. By converting completely or partially to solar energy, where possible, we will be contributing to goal number 7, Affordable and Clean Energy. By implementing requirements and monitoring our suppliers' working conditions, we're also contributing to goal number 8, Decent Work and Economic Growth. Finally, we've begun a review of our developmental processes, including industrialization, in a way that conforms with numbers 9, Industry, Innovation and Infrastructure, and 12, Responsible Consumption and Production.



The UN's 17 global Sustainable Development Goals Biotage actively contributes toward numbers 3, 5, 6, 7, 8, 9, and 12 by means of our sustainability initiatives.

The Share

Biotage shares were listed on NASDAQ Stockholm's Mid Cap list and traded under the name Biotage AB (BIOT) during 2020. The number of shares outstanding on December 31, 2020 was 65,201,784 (65,201,784). Based on the closing price on December 30, 2020, the Company's market cap was SEK 9,063 (8,085) million.

Price development

The share price increased by 12 percent from SEK 124.0 to SEK 139.0 in 2020. The highest closing price in 2020 was SEK 183.5 on September 17. The lowest closing price was SEK 80.75 on March 18. In 2020, 38.9 (34.3) million shares were traded at a value of SEK 5,425 (3,908) million. The turnover rate for the year was 60 (53) percent.

Shareholders

The number of known Biotage shareholders on December 31, 2020 was 7,504 (7,430). The 15 largest owners accounted for 51.6 (42.4) percent of the total capital and votes. Foreign owners accounted for 53.9 (50.6) percent of the total capital and votes.

Authorization to issue shares

At the 2020 AGM, as at the 2019 AGM, the Board was authorized to adopt an issue of shares and/or convertibles on one or more occasions.

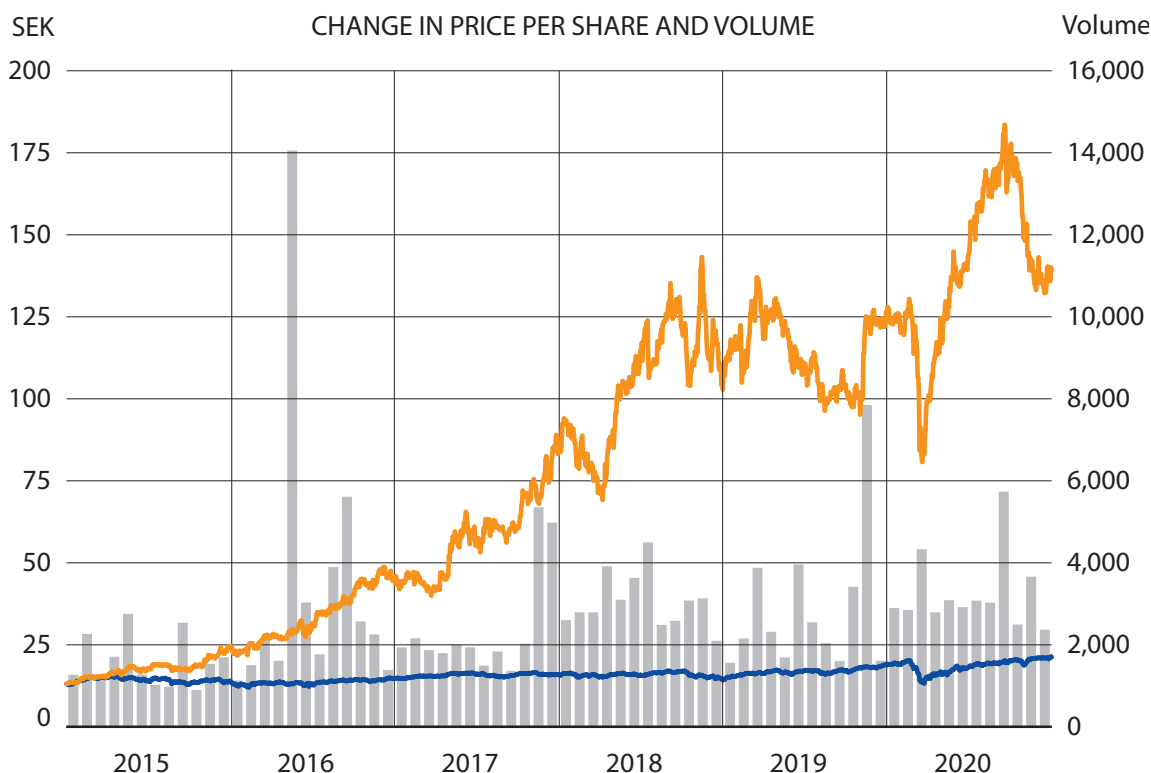
At the Annual General Meeting, the Board was also authorized to adopt an issue of Class C shares and the repurchase of these.

On August 18, the Board of Directors decided to issue and repurchase of 243,313 Class C shares with the support of the authorization from the Annual General Meeting.

The purpose of the issue of Class C shares and the repurchase of these was to ensure the delivery of shares to participants in the share-based performance program LTIP 2020 and to be able to cover any social security contributions due to LTIP 2020. The Class C shares are not entitled to dividends and entitle to 1/10th of a vote each. The Class C share can be converted into ordinary shares.

Dividend policy and dividends

The Biotage dividend policy requires at least 50 percent of earnings per share after tax to be distributed to shareholders. No dividend was paid in the previous year. Earnings per share amounted to SEK 2.69 (2.87). The Board intends to recommend that the AGM adopt a dividend of SEK 1.50 per share, corresponding to 55.8 percent of profit.



Source: WebfinancialGroup

Ownership categories, December 31, 2020

Owner	Number of shares	Share of capital and votes, %
Swedish institutional owners	22,618,825	34.7
Foreign institutional owners	22,155,572	34.0
Private individuals in Sweden	6,287,908	9.6
Other	2,958,284	4.5
Anonymous ownership	11,181,195	17.1
Total outstanding	65,201,784	100.0

15 largest known owners, December 31, 2020

Owner	Number of shares	Share of capital and votes, %
Swedbank Robur Fonder	6,362,656	9.8
SEB Fonder	4,024,971	6.2
ODIN Fonder	3,900,000	6.0
Handelsbanken Fonder	2,935,057	4.5
Invesco	2,556,576	3.9
Lannebo Fonder	1,863,703	2.9
Montanaro	1,716,000	2.6
Fourth Swedish National Pension Fund	1,600,761	2.5
Norges Bank	1,565,142	2.4
Third Swedish National Pension Fund	1,501,307	2.3
Didner & Gerge Fonder	1,298,163	2.0
Vanguard	1,297,889	2.0
Vind AS	1,278,228	2.0
TIN Fonder	981,609	1.5
Groupama Asset Management	891,257	1.4
Total	33,773,322	51.8

Shareholders grouped by size, December 31, 2020

Number of shares per owner	Number of known shareholders	Share of capital and votes, %
1-1,000	6,442	1.8
1,001-10,000	842	4.1
10,001-100,000	163	7.7
100,001-500,000	37	11.8
500,001-1,000,000	7	8.5
1,000,001-	13	48.9
Anonymous ownership	0	17.1
Total	7,430	100.0

Source: Monitor, Modular Finance

Board of Directors' Report

About the Company

Biotage is a Global Impact Tech Company committed to solving society's problems. We offer workflow solutions and products to customers in drug discovery and development, analytical testing and water and environmental testing. Biotage is contributing to sustainable science with the goal to make the world healthier, greener and cleaner – HumanKind Unlimited.

Our customers span a broad range of market segments including pharmaceutical, biotech, contract research and contract manufacturers as well as clinical, forensic and academic laboratories in addition to organizations focused on food safety, clean water and environmental sustainability.

Biotage AB, headquartered in Uppsala, Sweden, is the Parent Company of the Group and has wholly-owned subsidiaries in Sweden, the UK, Germany, France, Italy, Switzerland, the US, Japan, China, South Korea and India. Biotage's share (BIOT) is listed in the Mid Cap segment on the NASDAQ Stockholm.

Summary of business activities in 2020

Operations in 2020 were significantly affected by the coronavirus, with two weaker quarters and a recovery towards the end of the year. The coronavirus pandemic was a factor in the slightly lower net sales for 2020 compared with the previous year, as were currency effects, but the Group showed organic growth of 1.4 percent, despite the social challenges of the pandemic. Average organic growth for the most recent three-year period was 6.2 percent, compared with the Company's growth target of 8 percent. At the regional level, the United States remains the largest market with 42 (44) percent of net sales, while APAC accounts for 32 (30) percent and EMEA 26 (26) percent. Both APAC and EMEA show growth, despite challenging market conditions.

The single largest product area, Organic Chemistry, continued to show growth after a strong recovery at the end of the year. Scale-Up also showed growth for the full year, with a decline in CBD sales being offset by sales in vaccine manufacturing, broadening the customer and application base for the area.

Biotage plans to launch the PhyNexus automated plasmid separation solutions at maxi, mega and giga scale during 2021, deepening the product range in the important and growing area of biomolecules.

Biotage continued to show good profitability, with an operating margin of 18.9%, which was in line with 2019. The average operating margin for the most recent three-year period increased to 18.9 (18.6). The target is an average of 20 percent over a three-year period. The gross margin was 61.0 (62.2) percent.

Biotage works constantly to improve efficiency at the production facilities. In Cardiff, Wales, the investments in more efficient production of consumables that were initiated in 2020 are continuing.

Earnings and cash flow

The Group's net sales amounted to SEK 1,092.3 (1,101.4) million, a decline of 0.8 percent. At comparable exchange rates and adjusted for acquisitions, net sales increased by 1.4 percent. The gross margin fell to 61.0 (62.2) percent.

The margin was adversely affected by the product mix, higher sales in markets with a lower gross margin, higher warranty provisions than in the previous year and unfavorable currency effects.

Operating expenses were SEK 460.5 (477.3) million. The figure includes costs of SEK 2.0 million for a performance-based share program introduced during the year. Distribution costs were SEK 299.7 (316.7) million, a decline of SEK 17.0 million. Administrative expenses amounted to SEK 75.6 (82.0) million, a decline of SEK 6.4 million. The figure includes expenses for both the present CEO and the former CEO for 3.5 months. Research and development expenses were SEK 72.1 (78.6) million, a decline of SEK 6.5 million. Other operating items for the 12-month period amounted to SEK -13.1 (0.1) million, which consisted mainly of currency effects on operating liabilities and SEK -1.4 (-3.4) million as a share of the loss of the associate Chreto ApS.

Operating profit was SEK 206.2 (208.1) million, a decline of 0.9 percent. The operating margin (EBIT) was 18.9 (18.9) percent. Net financial items amounted to SEK 16.5 (3.9) million. Tax expense recognized for the year increased by SEK 22.2 million to SEK 47.4 (25.2) million and was affected by changes in the carrying amounts of loss carryforwards. Profit after tax was SEK 175.3 (186.8) million, a decline of SEK 11.5 million or 6.2 percent. Cash flow from operating activities increased by SEK 67.2 million to SEK 279.0 (211.8) million.

Balance sheet items and financial position

The Group's cash & cash equivalents totaled SEK 371.3 (185.9) million on December 31, 2020. Interest-bearing liabilities include borrowings of SEK 110.0 (109.6) million under a revolving credit facility and lease liabilities of SEK 51.9 (59.3) million. The net cash position, which also includes an estimated additional consideration of SEK 51.6 (84.9) million for the acquisition of PhyNexus, amounted to SEK 157.0 (net debt 69.2) million. No dividend was paid to shareholders during the year, which is the main reason for the net cash increase.

The Group's goodwill amounted to SEK 290.2 (315.9) million on December 31. The decline is entirely due to exchange rate changes. The goodwill is attributable to the acquisitions of PhyNexus Inc. in 2019, Horizon Technology Inc. in 2018, MIP Technologies AB in 2010 and two product lines from Caliper Life Sciences, Inc. in 2010.

Other intangible assets amounted to SEK 250.8 (260.0) million, including capitalized development costs of SEK 122.1 (105.5) million. The remainder is mainly related to identified surplus values associated with acquisitions. Equity amounted to SEK 990.0 (875.5) million on December 31. The change in equity during the year is mainly distributed as

follows: net profit, SEK 175.3 (186.8) million, exchange differences on translation of foreign subsidiaries, SEK -61.9 (25.2) million, and equity effects of share-based payments, SEK 1.5 (-) million.

The share capital increased during the year by SEK 0.3 million in a new issue of Class C shares to ensure delivery of shares to the participants in the performance-based share program LTIP 2020. The newly issued Class C shares were repurchased immediately and placed in own custody pending the outcome of LTIP 2020.

Investments, depreciation and amortization

Investments amounted to SEK 61.3 (85.7) million. Depreciation, amortization and impairment amounted to SEK 73.9 (74.4) million. Capitalized development costs accounted for SEK 38.2 (26.5) million of investments and SEK 21.6 (22.2) million of amortization and impairment.

Research and development

The Company's strategy for research and development is market-driven. Development of innovative products is an important competitive instrument and a way of creating opportunities for continuing growth. Efforts are largely aimed at developing new products by improving existing technology and adding new functionality. In the short term, the continuing development of system platforms and new applications for existing products are key growth drivers. The investment level was 8.4 (7.5) percent in 2020. Capitalization amounted to SEK 38.2 (26.5) million. 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 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 227 (223) granted patents and 70 (48) patent applications, divided into 66 (65) patent families. During the year, 26 (24) new patents were granted and 2 (1) new patent applications were submitted.

Personnel

The Group had 463 employees (full-time equivalents) at the end of the year. Within the framework of the Group's systematic work environment management, Biotage performs risk analyses and annual reviews to ensure a good physical and social work environment. Biotage has had relatively low sick leave over the years. Sick leave for all employees in the Swedish companies was 3.1 (3.9) percent, with long-term sick leave accounting for 1.7 (2.8) percent of the figure. 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 a Code of Conduct, an Alcohol and Drug

Policy, an Anti-corruption policy, a Policy on Sexual and Other Harassment, and a whistleblowing procedure. All of the policies include action plans for handling any breaches of the guidelines. The Equal Opportunities and Discrimination Policy is regularly updated. Biotage conducts annual salary analyses in order to ensure equal pay as far as possible.

Biotage Sweden AB has a collective agreement with Innovation and Chemical Industries in Sweden. Other companies in the Group comply with prevailing local regulations and guidelines. The Company maintains an individual, performance-based and market-related pay structure.

Environment

Biotage production has a low environmental impact, as the Company does not employ any processing processes within 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 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 production activities is from the use of energy. However, production is not electricity-intensive. The production facility in Cardiff also generates waste in the form of solvents used in the production process. The Company's aim is to regularly replace these solvents, where possible, with others that have a lower environmental impact. Most of the solvents 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. The environment is also an important aspect of product development. Ensuring that an environmental approach is an integral part of new product design helps minimize the environmental impact of the Company's own production and product use in customers' own operations.

In 2013, Biotage set up environmental management systems as part of the program to obtain ISO 14001 certification. The Cardiff facility, where most of the Company's own production takes place, was awarded ISO 14001 certification in 2016. As part of the ISO 14001 program, Biotage is monitoring a number of important parameters that affect the Company's environmental performance.

Risks

Biotage operations are associated with risks in certain areas.

Coronavirus pandemic

The continuing global spread of the coronavirus pandemic (Covid-19) and availability of vaccines is of concern to the global community. Uncertainty about how long the virus outbreak will last and the development of a "third wave" makes the effects difficult to predict. Biotage regularly monitors and evaluates developments.

Biotage is taking steps to meet the challenges and risks associated with the coronavirus pandemic, while also seeking to maintain the momentum of its business operations. Use of modern communication technology has mitigated the effects of not being able to visit customers for sales and service. The reduction in travel has also brought cost savings and

resulted in a lower environmental footprint. It is not inconceivable that these more positive effects may change how we use our resources in the long term.

The recovery continued in the latter part of the year and improvements were seen, notably in Europe and Asia. It is still too early to determine at what point the situation will be normalized and this is also largely dependent on the course and impact of the virus.

Several Biotage customers are participating in research and development of coronavirus analyses, vaccines and treatment. This has enabled Biotage to maintain operations in a number of countries, despite extensive government restrictions. Biotage has also seen demand for parts of the product range increase as a consequence of the coronavirus pandemic. Disruptions in the production chain have been minor and have for the most part been successfully managed, although at a higher cost. This situation may obviously change, both in terms of availability of the necessary production resources and more severe disruptions to the transport chain if the coronavirus pandemic continues.

If the financial position of our customers weakens, this may also affect Biotage in terms of their ability to pay, which could lead not only to longer payment periods but also eventual credit losses. Biotage has not been affected in this respect so far. Biotage has a strong financial position, but if the course of the pandemic is protracted, there may be an adverse effect – even for financially strong companies like Biotage. Biotage works actively to maintain good collections for its trade receivables. However, it is still too early to draw any conclusions about credit losses and impairment due specifically to the coronavirus pandemic. The same applies to general impairment of other asset classes. No general impairment due to the coronavirus pandemic has been identified to date.

Operations are expected to gradually return to normal, although this will be entirely dependent on how lasting the coronavirus pandemic will be and in particular a feared third wave.

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 areas of application in food and the environment, and now also biomolecules, following the acquisition of PhyNexus.

Products and technologies

The Company's broad product portfolio reduces sensitivity to product lifecycles and economic fluctuations. New biotechnology takes a relatively long time to establish, and 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 is handled by contract manufacturers in Sweden and the US. Production also takes place at the Company's own facilities in Cardiff, Wales, in Salem, New

Hampshire, and in San Jose, California. Consumables are produced at the Cardiff and Salem and San Jose facilities. All 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. In cases where Biotage enters into large call-off contracts, under which the Company commits to purchase certain volumes over a certain period, there is a risk of loss if sales do not meet the expectations on which the contracts are based.

It is management's assessment that the remaining Brexit risks are only administrative, such as customs, transportation and similar processing, and the risks are not considered significant.

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 the Company's market is intense and Biotage 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.

External risks

The Company's operations are exposed to risks associated with the effects of external factors and events. The main external risks include macroeconomic changes, political decisions on bilateral trade agreements, taxes, duties and other regulatory changes. By their very nature, external risks are out of the Company's control. Biotage endeavors to manage this type of risk through business intelligence and access to the resources and expertise that will enable the Company to respond quickly when it needs to grasp and adapt to changes in the external environment.

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 much as possible, and to maintain good technical and legal expertise within its organization. There were no ongoing disputes when this annual report was issued.

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 US, UK, 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 quick enough at a market price, and incurring unforeseen losses if cash funds need to be released. The Company's financial position and liquidity are satisfactory, with an equity ratio of 69 (66) percent and cash & cash equivalents of SEK 371.3 (185.9) million on the reporting date. Liabilities to credit institutions were SEK 110.0 (109.6) 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 risks that would leave the Group dependent on credit facilities or capital contributions for its expansion, with decision-making falling outside its 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 page 60.

Parent Company

The Group's Parent Company, Biotage AB, has wholly-owned subsidiaries in Sweden, the US, the UK, Germany, France, Italy, Switzerland, Japan, China, South Korea and India. 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 3.3 (2.9) million. Operating expenses were SEK 23.3 (27.2) million. Operating profit/loss was SEK -20.0 (-24.4) million. The Parent Company's net financial items were SEK 78.2 (195.9) million and profit after financial items amounted to SEK 58.2 (171.5) million. Recognized tax amounted to SEK 12.4 (27.7) million, which is considered close to the long-term tax level for the Company, as loss carryforwards from prior years are expected to be fully utilized in the tax assessment for 2020.

Investments in intangible assets amounted to SEK 1.5 (1.7) million.

The Parent Company's cash and bank balances were SEK 1.4 (0.6) million on December 31.

Share issue and authorization

At the 2020 Annual General Meeting, a decision was made on a performance-based share program for the CEO and certain key personnel. The share capital increased during the year by SEK 0.3 million in a new issue of Class C shares to ensure delivery of shares to the participants in the program. The newly issued Class C shares were repurchased immediately and placed in own custody pending the outcome of LTIP 2020.

In addition, the Board was authorized to make decisions on one or more occasions on the issue of ordinary shares and / or convertibles, which was not used.

The Biotage share

Biotage had 65,445,097 shares at the end of 2020, divided into 65,201,784 ordinary shares and 243,313 Class C shares. The company's ordinary shares give one vote each and the articles of association do not contain any restrictions regarding the number of ordinary shares that a shareholder may vote for at the general meeting. Nor are there any restrictions on the transferability of the ordinary share. The Class C shares were issued under the performance-based share program as a means of ensuring the delivery of ordinary shares to the participants in the event of goal fulfillment and to cover certain costs associated with the program. The C share can be converted into an ordinary share. All C shares have been repurchased by Biotage and are thus not covered by voting rights. The C share is not entitled to a dividend. When considering IFRS, 65,201,784 shares are outstanding at the end of 2020. The C shares in own custody are not counted as outstanding. The number of outstanding shares as of December 31, 2020 after dilution, i.e. when adjusting for the shares that may be distributed within the framework of the share program, is 65,222,418. Biotage is unaware that there would be any agreements between shareholders.

Sustainability reporting

As required by Chapter 6, Section 11, of the Annual Accounts Act, Biotage AB prepares a statutory sustainability report. The sustainability report is included in the annual report on pages 28–35.

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.com 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 2020 AGM are described in note 1 on page 65.

The guidelines for remuneration to senior executives were adopted by the Annual General Meeting on June 4, 2020 and apply until and including the 2024 Annual General Meeting, unless the Annual General Meeting decides otherwise.

Significant events after the end of the fiscal year

For significant events after the end of the fiscal year, see note 29 on page 85.

Proposed appropriation of profit

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

Share premium reserve	57,970,173
Retained earnings	583,545,539
Profit for the year	37,115,246
Total	678,630,958

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

Dividend payment of SEK 1.50 per share to shareholders	97,802,676
Carried forward	580,828,282
Total	678,630,958

The Board's opinion in accordance with ch. 18 Section 4 of the Swedish Companies Act

The Board of Directors has proposed that the Annual General Meeting on April 28, 2021, decide on a dividend of SEK 1.50 per share. In total, the dividend amount amounts to a maximum of SEK 97,802,676. In the light of what is stated below, the Board considers that the proposal is justifiable with regard to the requirements that the nature, scope and risks of the business place on the size of equity, as well as Biotage's consolidation

needs, liquidity and position in general. In doing so, the Board has also taken into account the requirements that the nature, scope and risks of the Group operations place on the Group's equity, as well as on the Group's consolidation needs, liquidity and position in general.

Equity

According to the Board's assessment, Biotage's equity will be large enough after the proposed dividend. In doing so, the Board has taken into account the nature, scope of the business and the risks that the business is associated with, as well as the current economic situation, historical development and future forecasts for both Biotage and the market.

Consolidation needs, liquidity and position in general

The Board has made a comprehensive assessment of Biotage's financial position and its ability to meet its obligations in the long term. The proposed dividend does not affect Biotage's ability to meet existing or anticipated payment obligations in a timely manner or Biotage's ability to make planned investments.

The Board has also considered other known factors that may be important for Biotage's financial position and which have not been taken into account within the framework of the above. No circumstance has emerged in this respect which means that the proposed dividend does not appear to be justifiable.

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.

The Group

Five years in summary

Key figures and ratios	2020	2019	2018	2017	2016
GROUP					
Net sales, SEK thousands	1,092,278	1,101,373	910,896	748,147	667,912
Growth in net sales, %	-0.8	20.9	21.8	12.0	9.4
Gross profit, SEK thousands	666,728	685,410	556,626	456,664	385,813
Gross margin, %	61.0	62.2	61.1	61.0	57.8
Operating margin, %	18.9	18.9	18.9	17.9	14.8
Profit margin, %	21.2	19.5	19.4	18.6	13.8
Profit before tax, SEK thousands	222,729	211,992	176,289	136,260	92,401
Total assets, SEK thousands	1,434,441	1,335,687	1,003,203	757,201	695,196
Equity/assets ratio, %	69.0	65.5	69.8	80.4	81.0
Capital expenditure, SEK thousands	61,320	85,676 ³⁾	178,411 ²⁾	37,804	68,161
Average number of employees	463	440	404	335	308
Return on equity, %	18.8	23.7	25.6	23.7	16.7

Key figures and ratios	2020	2019	2018	2017	2016
Return on capital employed, %	19.9	23.2	25.2	23.3	18.1
Return on total assets, %	16.7	18.4	20.3	18.8	14.7
Earnings, SEK/share	2.69	2.87	2.59	2.14	1.43
Earnings after dilution, SEK/share	2.69	2.87	2.59	2.14	1.43
Dividend, SEK/share ¹⁾	1.50	-	1.50	1.40	1.25
Stock market price at end of period, SEK/share	139.0	124.0	109.00	84.00	46.00
Equity, SEK/share	15.18	13.43	10.84	9.40	8.70
Equity after dilution, SEK/share	15.18	13.43	10.84	9.40	8.70
P/E ratio, times	51.7	43.2	42.1	39.3	32.2
P/S ratio, times	8.3	7.3	7.7	7.3	4.5
Cash flow from operations, SEK/share	4.28	3.25	2.40	2.61	2.15
Weighted average number of shares, thousands	65,202	65,182	64,714	64,714	64,714
Weighted average number of shares after dilution, thousands	65,209	65,182	64,714	64,714	64,714
Total number of shares outstanding at end of the period, thousands	65,202	65,202	64,714	64,714	64,714
Total number of shares outstanding after dilution at end of the period, thousands	65,222	65,202	64,714	64,714	64,714

¹⁾ Dividend for each year, paid in the following year. The Board recommends a dividend of SEK 1.50 per share for the fiscal year 2020.

²⁾ Including SEK 131.2 million related to the acquisition of Horizon Technology, Inc.

³⁾ Including SEK 39.5 million related to the acquisition of PhyNexus, Inc.

Consolidated Statement of Comprehensive Income

Amounts in SEK thousands	Note	2020	2019
Net sales	3	1,092,278	1,101,373
Cost of sales	1, 2, 4, 5, 6	-425,550	-415,963
Gross profit		666,728	685,410
Distribution costs	1, 2, 5, 6	-299,725	-316,721
Administrative expenses	1, 2, 4, 5, 6	-75,645	-82,029
Research & development expenses	1, 2, 5, 6	-72,121	-78,643
Other operating income	7	20,507	2,802
Other operating expenses		-33,559	-2,699
Total operating expenses		-460,542	-477,290
Operating profit		206,185	208,120
Finance income	8	25,792	6,809
Finance costs	8	-9,249	-2,937
Net financial items		16,543	3,872
Profit before tax		222,729	211,992
Income tax	9	-47,398	-25,172
Profit/loss for the year		175,331	186,820
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss for the year:			
Exchange differences on translation of foreign subsidiaries		-61,874	25,198
Cash flow hedges		-455	460
Total other comprehensive income		-62,329	25,658
Total comprehensive income for the year		113,002	212,478
Profit/loss for the year attributable to owners of the Parent		175,331	186,820
Total comprehensive income attributable to owners of the Parent		113,002	212,478
Average number of shares outstanding		65,201,784	65,182,133
Average number of shares outstanding after dilution		65,208,522	65,182,133
Ordinary shares outstanding at the reporting date		65,201,784	65,201,784
Earnings per share		SEK 2.69	SEK 2.87
Earnings per share after dilution		SEK 2.69	SEK 2.87

Quarterly overview Amounts in SEK thousands	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	298,127	262,586	254,229	277,336	288,594	282,663	282,099	248,018
Cost of sales	-119,472	-102,038	-100,120	-103,921	-109,705	-105,031	-106,221	-95,005
Gross profit	178,655	160,549	154,109	173,415	178,889	177,632	175,877	153,012
Gross margin	59.9%	61.1%	60.6%	62.5%	62.0%	62.8%	62.3%	61.7%
Operating expenses	-119,044	-99,854	-129,625	-112,020	-141,027	-113,302	-119,795	-103,165
Operating profit	59,611	60,694	24,484	61,395	37,861	64,330	56,082	49,847
Net financial items	-545	-3,835	10,737	10,186	-6,162	8,791	-1,068	2,311
Profit before tax	59,066	56,860	35,221	71,582	31,699	73,121	55,014	52,158
Tax	-14,662	-19,503	-2,999	-10,235	-13,206	-6,486	-837	-4,643
Profit/loss for the period	44,405	37,356	32,223	61,347	18,493	66,635	54,177	47,515

Consolidated Statement of Financial Position

Amounts in SEK thousands	Note	12/31/2020	12/31/2019
ASSETS			
Non-current assets			
Property, plant & equipment	10	53,077	53,385
Right-of-use assets	10	50,579	58,868
Goodwill	11	290,209	315,869
Other intangible assets	12	250,787	260,047
Investments in associates	13	–	14,615
Deferred tax asset	23	25,919	44,335
Other financial assets	14, 19, 20	12,254	1,999
Total non-current assets		682,826	749,118
Current assets			
Inventories	15	159,823	173,760
Trade and other receivables	16, 19	220,468	226,943
Cash and cash equivalents	19	371,325	185,867
Total current assets		751,615	586,569
Total assets		1,434,441	1,335,687
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the parent			
	17		
Share capital		90,969	90,630
Reserves and other paid-in capital		-57,045	3,751
Retained earnings		956,114	781,121
Total equity		990,038	875,503
Non-current liabilities			
Liabilities to credit institutions	18, 19, 20	110,000	109,550
Lease liabilities	19, 20	30,677	38,097
Other financial liabilities	19, 20, 21	50,799	68,782
Deferred tax liabilities	23	32,838	28,884
Non-current provisions	22	2,726	2,599
Total non-current liabilities		227,040	247,912
Current liabilities			
Trade and other payables	19, 24	176,526	166,624
Other financial liabilities	19, 21	1,593	17,369
Tax liabilities		9,692	3,544
Lease liabilities		21,214	21,231
Current provisions	22	8,338	3,504
Total current liabilities		217,364	212,272
Total equity and liabilities		1,434,441	1,335,687

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, 2019	89,953	-	-79,871	-5	692,104	702,180
CHANGES IN EQUITY IN 2019						
Profit/loss for the year	-	-	-	-	186,820	186,820
Other comprehensive income:						
Cash flow hedges	-	-	-	460	-	460
Exchange differences on translation of foreign subsidiaries	-	-	25,198	-	-	25,198
Total comprehensive income	-	-	25,198	460	186,820	212,478
TRANSACTIONS WITH OWNERS OF THE PARENT						
New share issue	677	57,970	-	-	-	58,648
Dividend to shareholders of the Parent	-	-	-	-	-97,803	-97,803
Closing balance December 31, 2019	90,630	57,970	-54,673	454	781,121	875,503
CHANGES IN EQUITY IN 2020						
Profit/loss for the year	-	-	-	-	175,331	175,331
Other comprehensive income:						
Cash flow hedges	-	-	-	-455	-	-455
Exchange differences on translation of foreign subsidiaries	-	-	-61,874	-	-	-61,874
Total comprehensive income	-	-	-61,874	-455	175,331	113,002
TRANSACTIONS WITH OWNERS OF THE PARENT						
New share issue	338	-	-	-	-	338
Share-based payment	-	1,532	-	-	-	1,532
Share buy-back, parent company	-	-	-	-	-338	-338
Closing balance December 31, 2020	90,969	59,502	-116,547	-	956,114	990,038

Consolidated Statement of Cash Flows

Amounts in SEK thousands	Note	2020	2019
OPERATING ACTIVITIES			
Profit before tax		222,729	211,992
Adjustments for non-cash items		62,244	76,501
		284,973	288,493
Income tax paid		-15,083	-9,925
Cash flow from operating activities before changes in working capital		269,890	278,568
Cash flow from changes in working capital:			
Increase (-)/decrease (+) in inventories		-4,616	-25,497
Increase (-)/decrease (+) in current receivables		-8,732	-32,001
Increase (+)/decrease (-) in other liabilities		22,506	-9,264
Cash flow from operating activities		279,047	211,807
INVESTING ACTIVITIES			
Acquisition of intangible assets	12	-42,605	-29,941
Acquisition of property, plant and equipment	10	-18,336	-15,513
Acquisition of financial assets	13, 14	-804	-687
Acquisition of companies and product lines	26	-	-39,536
Sale of financial assets		426	-
Cash flow from investing activities		-61,320	-85,676
FINANCING ACTIVITIES			
Dividend to shareholders		-	-97,803
Proceeds from borrowings		-	40,000
Repayment of borrowings		-22,723	-61,402
Cash flow from financing activities		-22,723	-119,205
Cash flow for the year		195,005	6,926
Cash and cash equivalents at beginning of year		185,867	177,020
Exchange differences		-9,547	1,921
Cash and cash equivalents at end of year		371,325	185,867
ADDITIONAL DISCLOSURES			
Adjustments for non-cash items:			
Depreciation and impairment	6	73,904	74,372
Translation differences		5,909	-
Additional consideration, value adjustment		-25,444	-
Other items	25	7,874	2,129
Total		62,244	76,501
Interest received		348	765
Interest paid		3,339	2,860

Parent Company

Income Statement, Parent

Amounts in SEK thousands	Note	2020	2019
Net sales	3	3,278	2,880
Administrative expenses	1, 2, 4, 5, 6	-20,800	-24,016
Research & development expenses	2, 6	-2,288	-3,284
Other operating income	7	115	59
Other operating expenses		-284	-
Operating expenses, net		-23,257	-27,240
Operating profit		-19,979	-24,361
PROFIT/LOSS FROM FINANCIAL INVESTMENTS:			
Interest income, receivables from Group companies		2,740	221
Profit/loss from investments in Group companies		-	42,238
Profit/loss from investments in associates		-8,868	-
Interest and similar expenses		-1,914	-1,797
Currency effects		-14,959	3,272
Group contributions received		101,196	151,959
Net financial items	8	78,196	195,893
Profit after financial items		58,217	171,532
Appropriations		-8,659	-
Income tax	9, 23	-12,443	-27,711
Profit/loss for the year		37,115	143,821

Statement of Comprehensive Income, Parent

Amounts in SEK thousands	Note	2020	2019
Profit/loss for the year		37,115	143,821
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss for the year:		-	-
Comprehensive income for the year		37,115	143,821

Balance Sheet, Parent

Amounts in SEK thousands	Note	12/31/2020	12/31/2019
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Patents and licenses	12	12,019	11,808
<i>Financial assets</i>			
Investments in Group companies	26	472,103	472,103
Receivables from Group companies	28	130,131	145,369
Investments in associates	13	-	19,284
Other financial assets	14	10,416	-
Deferred tax asset	23	-	5,912
		612,651	642,669
Total non-current assets		624,669	654,476
Current assets			
<i>Current receivables</i>			
Receivables from Group companies	28	173,656	93,970
Other receivables	16	947	981
Prepayments and accrued income	16	1,889	1,195
		176,492	96,146
Cash and bank balances		1,445	619
Total current assets		177,937	96,766
Total assets		802,606	751,242
EQUITY, PROVISIONS AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		90,969	90,630
<i>Unrestricted equity</i>	17		
Other paid-in capital		57,970	57,970
Retained earnings		483,546	338,530
Profit/loss for the year		37,115	143,821
Total unrestricted equity		578,631	540,322
Total equity		669,600	630,952
<i>Untaxed reserves</i>		8,659	-
<i>Non-current liabilities</i>			
Liabilities to credit institutions	18	110,000	110,000
<i>Current liabilities</i>			
Trade payables	24	1,212	1,598
Liabilities to Group companies	28	230	229
Current tax liabilities		6,353	-
Other current liabilities	24	176	229
Accruals and deferred income	24	6,377	8,234
		14,348	10,290
Total equity and liabilities		802,606	751,242

Statement of Changes in Equity, Parent

Amounts in SEK thousands	Share capital	Retained earnings	Total equity
Opening balance January 1, 2019	89,953	436,333	526,286
CHANGES IN EQUITY IN 2019			
Profit/loss for the year	-	143,821	143,821
Total comprehensive income	-	143,821	143,821
Owner transactions:			
New share issue	677	57,970	58,647
Dividend to shareholders of the Parent	-	-97,803	-97,803
Closing balance December 31, 2019	90,630	540,322	630,952
Changes in equity in 2020			
Profit/loss for the year	-	37,115	37,115
Total comprehensive income	-	37,115	37,115
Owner transactions:			
New share issue	338	-	338
Share buy-back	-	-338	-338
Share-based payment	-	1,532	1,532
Closing balance December 31, 2020	90,969	578,631	669,600

Statement of Cash Flows, Parent

Amounts in SEK thousands	Note	2020	2019
OPERATING ACTIVITIES			
Profit after financial items		58,217	171,532
Adjustments for non-cash items	25	-91,046	-151,062
		-32,829	20,470
Income tax paid		-178	-
Cash flow from operating activities before changes in working capital		-33,007	20,470
Cash flow from changes in working capital:			
Increase (-)/decrease (+) in other current receivables		22,382	-17,358
Increase (+)/decrease (-) in other liabilities		-2,295	12,446
Cash flow from operating activities		-12,920	15,558
INVESTING ACTIVITIES			
Acquisition of subsidiaries	26	-	-182
Acquisition of intangible assets	12	-1,492	-1,721
Cash flow from investing activities		-1,492	-1,903
CASH FLOW FROM FINANCING ACTIVITIES			
New share issue		-	58,647
Change in non-current receivables		15,238	24,009
Dividend to shareholders		-	-97,803
Cash flow from financing activities		15,238	-15,147
CASH FLOW FOR THE YEAR			
Cash and cash equivalents at beginning of year		826	-1,492
Cash and cash equivalents at end of year		1,445	619
ADDITIONAL DISCLOSURES:			
Adjustments for non-cash items:			
Depreciation and impairment	6	1,282	897
Impairment of shares in associates		8,868	-
Group contributions		-101,196	-151,959
Total		-91,046	-151,062
Interest received		2,740	266
Interest paid		-1,914	-1,797

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

The consolidated annual financial statements and the Parent Company's annual financial statements for the fiscal year ending December 31, 2020 were approved by the Board and CEO for publication on March 26, 2021, and will be presented for adoption at the annual general meeting on April 28, 2021.

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, 753 41 Uppsala, and this is where the Group's management and central functions are located. The Company's shares are listed on Nasdaq 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 products include government agencies, academic institutions and the pharmaceutical and food industries. Biotage had 463 employees and net sales of SEK 1,092 million at the end of 2020. The Group has offices in Sweden, the US, the UK, China, Japan, South Korea and India.

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, effective for periods beginning on or after January 1, 2020. 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 in 2020

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

New and amended standards and interpretations not yet effective

It is management's assessment that no new or amended standards and interpretations are likely to have any material effect on the Group's financial reports in the period of initial application.

Functional currency and presentation currency

The 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 and liabilities are measured at cost, apart from certain financial assets and liabilities which are measured at fair value. See section "6.6 Financial instruments" on page 56.

Use of accounting estimates

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 1 on page 52.

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.

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 exists when the Parent Company is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. The Group's structure is shown in note 26 on page 83.

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 recognized at the acquisition-date fair value and included in the cost of acquisition. Subsequent changes in fair value are recognized in the income statement. 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, any non-controlling interests, 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.

Reporting of associates

Associates are partly-owned entities over which the Group has significant influence, being the power to participate in financial and operating policy, but not control. This normally corresponds to a shareholding of between 20 and 50 percent of the votes. Investments in associates are accounted for in the consolidated statements using the equity method. The equity method means that the carrying amount of shares in associates corresponds to the Group's share of the associates' equity and any goodwill and fair value adjustments recognized on the acquisition date. The share of associates' profit and loss, adjusted for recognized fair value changes, is reported under other operating income and expenses in the consolidated income statement.

In the event of loss of significant influence, the holding is reclassified from investments in associates to other financial assets. On reclassification, the holding is measured at fair value and the difference is recognized as finance income or expense in the income statement. At the same time, translation differences arising from foreign currency translation that were previously reported in other comprehensive income are also reversed.

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 for Biotage 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. In accordance with IFRS 8 Operating Segments, disclosures of revenue by geographic market are provided, see note 3 on page 70, and distribution of non-current assets by country, see note 12 on page 76.

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 SEK, 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 on 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 SEK 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 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 the Company's acquired technology-based assets is 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's 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 in 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, and it meets the criteria in IAS 38 for capitalization of internally-generated intangible assets, 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. 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. The Company's capitalized development costs can be divided into systems, consumables and software. The estimated useful life for systems and consumables

is 7 years, and for software 3 years. Useful life expectations are based on the Company's experience of the lifespans of its products and on its innovation cycles, i.e., the intervals at which Biotage 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 customer relationships 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 evaluated annually to identify any need for additional amortization. License rights are amortized over their duration, which is 5-10 years. Customer relationships are amortized on a straight-line basis over their estimated useful life of 10 years.

For trademarks, the useful life is considered indefinite as the intention of the acquisitions is to develop and strengthen the entire trademark portfolio. Trademarks are therefore recognized at cost. The Group's acquired trademarks, which are considered to have an indefinite useful life, are attributable to Horizon Technology, Inc. and PhyNexus, Inc. The assessment that these trademarks have an indefinite useful life is based on the following circumstances. They are well-established trademarks in their own areas, which the Group intends to retain and further develop. The trademarks are considered to be of significant economic importance as they form an integral part of the product offering to the market, signaling quality and innovation in the products. Such brands are therefore considered to affect pricing and competitiveness regarding the products. By virtue of their connection with the ongoing operations, they are considered to have an indefinite useful life and are expected to be used as long as the relevant operations continue.

Impairment testing is conducted at least once a year. Considering that it has been assessed that cash flows attributable to brands cannot be distinguished from other cash flows within each cash-generating unit, impairment testing for both goodwill and brands is carried out jointly by calculating the recoverable amount for the cash-generating unit. See also Goodwill below.

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, any non-controlling interests, 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, which describes the estimates and assumptions made during impairment testing.

Software licenses

Acquired software licenses are capitalized on the basis of the expenses incurred when the software itself is acquired and placed in service. Amortization is applied over the useful life, which is 3 to 7 years, depending on the contractual terms.

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	10-20 years
Buildings	30-40 years
Production tools	3-7 years
Improvement of 3rd-party property	2-10 years
Computers	3-4 years
Other property, plant & equipment	3-5 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 Leases

Leases are recognized on the balance sheet as a right-of-use asset over a determined lease term. A corresponding liability is recognized on the initial reporting date. Right-of-use assets are depreciated over their estimated useful lives, while minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability. In financial and cost terms, Biotage has a small proportion of leases, which are mainly rental agreements for premises.

Exemptions from the above reporting are allowed for short-term leases and leases where the underlying asset is of low value. This means that leases with a maximum term of 12 months and leases for office machinery are recognized as an expense on a straight-line basis over the lease term.

The Group assesses whether an arrangement is a lease or contains a lease at the commencement date. The Group recognizes a right-of-use asset and an associated lease liability for all leases where the Group is lessee, apart from short-term leases (leases with a term shorter than 12 months) and low-value leases (e.g., office equipment). For these leases, the Group recognizes the lease payments as an expense on a straight-line basis over the term of the lease, or on another systematic basis that is more representative of the pattern in which the economic benefit from use of the leased assets is diminished.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease if the rate can be readily determined. If the rate cannot be readily determined, the lessee's incremental borrowing rate is used.

The lease liability includes rental and lease costs for the periods in which the Company is bound by existing contracts, and periods where it is reasonably certain that options to extend the leases will be exercised. If a lease renewal is imminent (within one year), it is assumed that the lease will be extended unless known circumstances indicate otherwise. If there are a number of leases for premises for the same establishment in a country, it is assumed that they will be extended until the expiration date of the lease with the longest term. Five years is the longest lease term included, as assumptions beyond five years are not considered reasonable.

Lease payments included in the measurement include fixed payments, expected indexation of rental amounts unless they are insignificant, and amounts expected to be payable under residual value guarantees. For most subsidiaries, future rental payments are not index-linked but defined in the existing contract. Payments other than for leased assets are recognized as an expense as incurred.

The lease liability is reported as a separate item in the consolidated statement of financial position. After the commencement date, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group reassesses the lease liability and makes a corresponding adjustment to the right-of-use asset in the event of a change to the lease term, changed lease payments as a result of changes to an index or rate, or changes to amounts expected to be payable under a residual value guarantee. The lease liability is remeasured using a revised discount rate if there is a change in the lease term; otherwise, the rate does not change.

Right-of-use assets comprise the amount of the initial measurement of the corresponding lease liability, lease payments made on or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The useful life of the right-of-use asset is the same as the lease term. Right-of-use assets are reported as a separate item in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and to account for any impairment loss identified.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset. These payments are recognized in profit or loss in the period in which the event or condition that

triggers the payments occurs. For Biotage, this is an insignificant amount.

The incremental borrowing rate has been determined on the basis of government bonds in Sweden, and the equivalent for leases in other countries, the Company's creditworthiness and a reflection of the risk in the underlying asset.

There are no agreements in the Group where a company in the Group is a lessor.

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.

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. The Group does not offset financial assets and liabilities on the reporting date.

Classification and measurement

Financial assets are classified into categories on initial recognition. The classification is based on the business model used to manage the assets and their contractual cash flow characteristics. The Company considers whether the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are classified in the following categories:

1. Financial assets at amortized cost These assets are held to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. Financial assets at fair value through profit or loss These assets are held to collect contractual cash flows and to sell

investments, and have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Financial assets at fair value through OCI. These are other financial assets and investments in equity instruments.

The Group holds trade receivables, cash and other non-current receivables to collect contractual cash flows. As the contractual cash flows from these assets consist of payments of principal and interest on the principal amount outstanding, they are measured at amortized cost.

Financial liabilities are measured at fair value through profit or loss if they are held for trading or were placed in this category on initial recognition.

The Group's financial liabilities consist of liabilities to credit institutions, lease liabilities, other financial liabilities and trade and other payables. They are all measured at amortized cost, apart from leases and additional consideration liabilities as described above.

Amortized cost is the amount at which an asset or liability is measured at initial recognition minus principal repayments, plus or minus 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.

The fair values of assets and liabilities with a remaining maturity of less than three months, such as cash deposits, trade and other receivables, and trade and other payables, are considered equal to their carrying amounts.

For a description and definition of fair value measurement, see notes 19 on page 79 and 20 on page 80.

Impairment

The Group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost. At each reporting date, the Group reports the change in expected credit losses since their previous recognition.

The Group measures losses for all financial assets through a loss allowance equal to 12-month expected credit losses. If the credit risk of a financial instrument has increased significantly since initial recognition, a loss allowance for full lifetime expected credit losses is recognized (the general approach). The Group assesses these full lifetime expected credit losses either individually or collectively, based on all reasonable and supportable information, including prospective factors. The Group's measurement of expected credit losses on financial instruments reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes, the time value of money, and reasonable, supportable information about current conditions and forecasts of future economic conditions.

Under the simplified approach, the Group reports full lifetime expected credit losses for trade receivables and contract assets.

The general approach is used for other financial assets. A practical expedient is applied for cash and cash equivalents with a low credit risk on the reporting date. For intra-group and other receivables, a calculation based on the probability of default shows that the amount of the loss allowance is insignificant.

The Group considers a default to exist when it is unlikely that a counterparty will meet its obligations based on indicators such as financial difficulties and missed payments. A default is also considered to exist when payment is 90 days overdue. The Group writes off receivables when it is considered that there is no possibility of further cash flows.

Derivatives and hedge accounting

The Group has elected to apply the transitional provisions contained in IFRS 9, which allow a continuation of the hedge accounting requirements in IAS 39. Derivatives are recognized on the contract date and are subsequently measured at fair value. Under the Company's financial policy, derivative financial instruments may only be held for hedging purposes. In its hedge accounting, the Group uses cash flow hedges and fair value hedges. The Company'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 SEK and other currencies. There were no significant holdings on the reporting date.

Trade receivables

Trade receivables are reported net of provisions for expected losses. As trade receivables are of short duration, they are measured at nominal amounts without discounting, using the amortized cost method. Expected credit losses on trade receivables are measured through a loss allowance using the simplified approach, as the receivables do not contain any significant financing component and are of short duration. The allowance for credit losses is based on the matrix model, which takes into account historical data on the number of days outstanding. The allowance is adjusted for relevant current conditions and probable future outcomes. The provision amount is recognized in the income statement.

Non-current receivables

Non-current receivables are measured at amortized cost using the general approach for impairment. Assessment of whether financial assets are credit-impaired is made by reference to known and probable circumstances, based on the knowledge available at each point in time, established financial plans and relevant prospective factors.

Trade payables

Trade payables are categorized as financial liabilities at amortized cost. As trade payables are of short duration, they are measured at nominal amounts without discounting.

Loans

Amounts due to credit institutions, bank overdrafts and other liabilities are categorized as financial liabilities 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 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. Provisions are not recognized for future operating losses.

Provisions for warranties for products sold 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 or Class C shares, which are classified as equity. 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 value of the consideration that the Company is entitled to receive for 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.

Revenue is recognized in accordance with IFRS 15 Revenue from Contracts with Customers, which is based on a five-step model. The first steps involve identifying the type of contract and its performance obligations. The price is then determined and allocated to the different components of the contract. Revenue is recognized when control has been transferred to the buyer.

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 is recognized when control of the products has been transferred from seller to buyer and the customer has confirmed acceptance, which is normally on delivery. In these circumstances, revenue is recognized at a point in time.

Rendering of services

Sales of services are recognized as revenue in the reporting period in which the services are performed. The Company's sales of services include servicing of systems and customer-specific development projects. For customized development projects, services are performed over a long period and revenue is therefore recognized by reference to the stage of completion of the transaction at the end of the reporting period. There is a small proportion of customized development projects.

Service contracts may be signed by customers purchasing the Company's systems. It is not known to what extent or at what point in the contract period customers will use the service agreements. It is therefore the assessment that this represents a stand-ready obligation under IFRS 15. The customer simultaneously receives and consumes all benefits provided by the entity as the entity performs. The obligation therefore qualifies as a performance obligation satisfied over time. The entity's commitment to provide services during the contract period is separately identifiable from other promises. There is no integration, modification or close dependence on other services that customers are offered. The service is therefore considered to be distinct in nature and within the scope of the contract, and is reported as a single obligation under IFRS 15. The company's satisfaction of its performance obligation is considered to be evenly distributed over the contract period. The customer can benefit from the service and has unlimited access to it throughout the contract period. Revenue is therefore recognized on a straight-line basis over the contract period.

Interest income

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

7.2 Cost of sales

Cost of sales consists of design costs, raw materials, direct labor, other direct costs and related indirect manufacturing costs.

7.3 Employee benefits

Retirement benefit obligations

The Group's pension plans are funded by contributions to insurance policies. They are all 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.

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.

Variable pay

The Group provides variable pay for employees in positions where their performance has a measurable effect on the Group's earnings. Estimated expenses for variable pay are recognized on an ongoing basis and provision is made for these expenses in the consolidated statement of financial position.

Short-term employee benefits

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

Share-based payment

In accordance with a resolution of the Annual General Meeting, Biotage has adopted a long-term incentive program in the form of a performance-based share program for employees of the Biotage Group ("LTIP 2020"). LTIP 2020 includes the CEO, senior executives and other key personnel, meaning that a maximum of 18 individuals within the Biotage Group will be eligible to participate. Under LTIP 2020, the Company will grant participants rights to performance shares, which means the right to receive, free of charge, a performance share consisting of ordinary Biotage shares, subject to certain conditions being met. Allotment of performance shares requires participants to remain in employment for three years from the grant date. In addition to the continuing service requirement, there are three conditions that determine the final number of performance shares each participant is entitled to receive.

Performance condition 1: 50 percent of the performance shares if the total return on the Company's ordinary shares amounts to or exceeds 64.3 percent in the period July 2020-July 2023. However, at least 26 percent is required for allotment to take place. Total return refers to shareholders' return in the form of a share price increase and reinvestment of any dividends during the vesting period.

Performance condition 2: 25 percent of the performance shares if the average operating margin amounts to or exceeds 20 percent in the period 2020-2022 (calendar years). However, at least 17 percent is required for allotment to take place.

Performance condition 3: 25 percent of the performance shares if average organic sales growth amounts to or exceeds 11 percent in the period 2020-2022 (calendar years). However, at least 7 percent is required for allotment to take place. For further information about the rights, see the appendix to the 2020 AGM minutes on the Biotage website.

LTIP 2020 is reported in accordance with IFRS 2, which means that the rights are measured on the grant date at the fair value of allotted equity instruments. The rights related to performance condition 1 are measured using the Monte Carlo model. The rights related to performance conditions 2 and 3 are measured on the basis of the current share price less the forecast dividend during the vesting period. Allotted rights are recognized as a personnel expenses over the vesting period of three years but do not affect cash flow. Social security contributions are recognized as personnel expenses in accordance with UFR 7 and are based on the reporting-date fair value of allotted rights. For more information on the impact on the consolidated income statement and statement of financial position, see note 1.

7.4 Impairment

Impairment is recognized when a significant increase in a financial asset's credit risk is identified during an individual or collective assessment. Impairment losses are recognized in profit or loss on the basis of reasonable and verifiable data, including forward-looking factors. The impairment reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes, the time value of money, and reasonable, supportable information about current conditions and forecasts of future economic conditions.

The simplified model is applied for trade receivables, contract assets and lease receivables. Under this model, full lifetime expected losses are recognized immediately. The general approach is used for cash and cash equivalents and other non-current receivables. For cash and cash equivalents, a practical expedient is also applied for low credit risk on the reporting date.

If there is supportable and objective evidence that an impairment loss recognized in prior periods no longer exists, 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. Goodwill impairment is not reversed.

7.5 Other operating income and expenses

Other operating income and other operating expenses include share of profit/loss of associates, 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. This allows application of IFRS as adopted by the EU to the extent that such application is not in conflict with the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, and also takes into account the relationship between tax expense and accounting profit.

Amended accounting policies for the Parent Company

The amendments to RFR 2 Accounting for Legal Entities that came into effect in 2020 have not had any material effect on the Parent Company's financial reporting.

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 Investments in associates

Investments in associates are recognized at cost less impairment in the Parent Company's financial statements. Any future dividend from an associate will be reported on a separate line under financial items.

8.4 Financial instruments

The Parent Company does not apply IFRS 9 for legal entities. Financial assets reported under non-current assets are measured at amortized cost less impairment. When calculating the net realizable value of financial assets reported as current assets, the impairment principles contained in IFRS 9 are applied. Derivative instruments that are not subject to hedge accounting and have a negative fair value are reported at this value. A financial asset is derecognized when the contractual right to receive cash flows has expired or been settled and a financial liability is derecognized when the contractual obligation has been discharged or extinguished.

The Parent Company's financial liabilities are subject to financial covenants. See also note 18 on page 79.

8.5 Leases

The Parent Company does not apply IFRS 16 for legal entities. Lease payments are recognized as an expense on a straight-line basis over the lease term or on another systematic basis if that basis is more representative of the pattern of the lessee's economic benefit.

8.6 Shareholder and Group contributions

Group contributions the Parent Company receives from subsidiaries are reported under finance income using the same principles as ordinary dividends from subsidiaries. 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 reported in the issuer's shares and interests, to the extent that impairment is not required.

8.7 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. The Group's financial policy requires financial risks to be minimized, taking into account reasonable hedging expenses, and access to liquidity to be maintained.

Currency risk

A significant proportion of the Group's sales are conducted in USD, EUR, JPY and CNY. The proportion of sales in SEK is relatively low. Sales per currency are presented in the table below. Operating expenses and financial instruments are also related to these currencies, although SEK 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 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 have an effect of SEK 39,328 (36,806) thousand on earnings and equity. The corresponding effect of a 10 percent change in the EUR/SEK rate would be SEK 3,808 (3,193) thousand. Hedging instruments were used only to a limited extent in 2020.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments or future cash flows 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 reverse applies, with the Group's refinancing being more expensive if general interest rates rise and vice versa. A change of 1 percentage point in the Group's interest rate on interest-bearing assets would have an effect of SEK 3,713 (1,859) thousand on earnings and equity. A change of 1 percentage point in the Group's interest rate on interest-bearing liabilities would have an effect of SEK 1,100 (1,096) thousand on earnings and equity.

Credit risk

Credit risk can be divided into financial and operational. Operational credit risk is the risk of customers being unable to pay for delivered goods. This type of risk is managed within a defined framework and on a decentralized basis by means of local credit ratings. The majority of customers are large companies and scientific institutions with operations which are normally state-financed. Based on historical data, it is management's assessment that Biotage has a low credit risk, as losses have historically corresponded to less than 0.5 percent of sales. No single customer accounts for more than 5 percent of the Group's total sales. The Group applies the simplified matrix model for calculating expected credit losses on trade receivables. See note 16 The model takes into account prospective factors.

The Group's financial credit risk is counterparty risk in bank deposits, trade receivables, derivatives and financial investments. The financial policy sets limits for each counterparty, and only Swedish banks with low credit risk and high ratings in the long-term assessments of the rating agencies Standard &

Poor's and Moody's may be used for investments and derivatives. The Group's method of managing expected credit losses is described in section 6.6 Financial instruments and in note 16 Trade and other receivables.

Total credit exposure was SEK 565 (384) million on the reporting date and consisted primarily of cash and cash equivalents of SEK 371 (186) million and trade receivables of SEK 194 (198) million.

Liquidity 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 2019 and 2020 show sufficiently positive cash flows from operations to allow the Group to fully discharge its current obligations. In addition, Biotage has cash & cash equivalents that are considerably higher than current and non-current liabilities. In a long-term perspective, the Group's liquidity and financing risk is the risk that it may become dependent on credit facilities or capital contributions for its expansion. This risk is managed by means of liquidity planning and liquidity monitoring and by ensuring good relations are maintained with lending institutions and major shareholders.

A maturity analysis of contractual payment obligations related to the Group's financial liabilities is presented in the tables below. The amounts in these tables are not discounted values and also include interest payments. The amounts cannot therefore be reconciled with those reported in the balance sheets. Interest payments are determined based on the conditions that apply on the reporting date. Amounts in foreign currency are translated to Swedish kronor at the closing rate.

There is no significant difference between the liability on December 31, 2020 and the actual payment including interest, i.e., undiscounted cash flows.

9.2 The Group's risk management

Biotage has a Risk Management Policy and conducts an annual internal risk audit based on a survey that all managers and all regional managers are asked to complete, after which a compilation of the Group's overall risks and their management is made. To deal with the effects of the financial risks associated with Biotage operations and financial management, the Board has established a financial policy for the Group. 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.

The strategy is for the central finance function at head office to manage 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 that arises in commercial flows. Biotage will never engage in speculative position-taking to exploit exchange rate volatility by 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 in individual subsidiaries.

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, trade payables and other operating liabilities. Exchange rate movements may have a material impact on the Group's results and financial position, and this has previously been the case.

Coronavirus pandemic (COVID-19)

The continuing global spread of the coronavirus pandemic (COVID-19) and lack of availability of vaccines is of concern to the global community. Uncertainty about how long the virus outbreak will last and the development of a "second wave" or a "third wave" makes the effects difficult to predict. Biotage monitors and evaluates developments continuously.

Biotage is taking steps to meet the challenges and risks associated with the coronavirus pandemic, while also seeking to maintain the momentum of its business operations. The Biotage Board took the immediate step of recommending that the planned dividend for 2019 be withdrawn. The recommendation

was approved by the AGM. This significantly strengthened the Company's cash position, which amounted to SEK 371 million at the end of 2020. Although the Company's operations are not categorized as a business that is hardest hit in the short term, operations have been affected – in particular by the restricted freedom of movement in society.

Use of modern communication technology has mitigated the effects of not being able to visit customers for sales and service. The reduction in travel has also brought cost savings and resulted in a lower environmental footprint. It is not inconceivable that these more positive effects may change how we use our resources in the long term.

A weakening of our customers' financial position can also affect Biotage in terms of their ability to pay, which may lead not only to longer payment periods but also eventual credit losses.

Biotage has a strong financial position, but if the pandemic's course is protracted, it may still have an adverse effect on financially strong companies like Biotage. Biotage works actively to maintain good payment order for its trade receivables. So far, Biotage has noted some backlog of payments in relation to due dates in certain geographies. The same applies to general impairment of other asset classes. No general impairment due to the coronavirus pandemic has been identified to date.

Operations are expected to gradually return to normal, although this will be entirely dependent on how long-lasting the coronavirus pandemic is and in particular a feared third wave.

9.3 Capital management

Biotage defines capital as equity. See the statement of financial position. The Group's capital management objective is to safeguard its ability to conduct operations and 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 69 (66) percent for the Group and 83 (84) percent for the Parent Company.

Financial liabilities, December 31, 2020	Within 3 months	3-12 months	1-5 years	After 5 years	Total
Liabilities to credit institutions	227	73	110,000	–	110,300
Trade and other payables	78,678	60,230	81,024	–	219,932
Total	78,905	60,303	191,024	–	330,232

Financial liabilities, December 31, 2019	Within 3 months	3-12 months	1-5 years	After 5 years	Total
Liabilities to credit institutions	249	1,331	114,455	–	116,035
Trade and other payables	114,527	39,367	105,984	–	259,877
Total	114,776	40,697	220,439	0	375,912

Net sales by currency	2020			2019		
	Currency thousands	SEK thousands	Distribution %	Currency thousands	SEK thousands	Distribution %
USD	59,914	551,429	50	61,650	583,554	53
EUR	16,267	170,590	16	16,060	170,023	15
JPY	1,246,989	107,462	10	1,511,644	131,211	12
CNY	56,675	75,543	7	39,782	54,462	5
GBP	5,979	70,537	6	4,867	58,824	5
KRW	5,825,515	45,538	4	5,076,923	41,123	4
SEK	33,711	33,711	3	33,793	33,793	3
CAD	4,143	28,419	3	3,448	24,548	2
INR	35,006	4,359	0	9,251	1,242	0
CHF	449	4,400	0	271	2,593	0
NOK	297	290	0	–	–	–
Total SEK thousands		1,092,278	100		1,101,373	100

Net assets by foreign currency, December 31	2020			2019		
	Currency thousands	SEK thousands	Distribution %	Currency thousands	SEK thousands	Distribution %
USD	48,027	393,276	40	39,504	368,062	42
GBP	10,331	114,545	12	7,811	95,402	11
CNY	41,579	52,128	5	25,727	34,302	4
JPY	593,910	47,066	5	637,366	54,367	6
EUR	3,794	38,078	4	3,060	31,925	4
KRW	3,248,792	24,502	2	477,035	3,864	0
CAD	588	3,763	0	900	6,415	1
CHF	296	2,742	0	101	970	0
INR	8,179	914	0	36,811	4,877	1
SEK	313,024	313,024	32	275,318	275,318	31
Total SEK thousands		990,038	100		875,503	100

The table below shows the Group's net assets by exposure to transaction risk and exposure to translation risk as of December 31, 2020. The latter refers to the risk of variations in exchange rates affecting the carrying amounts of foreign operations on translation to SEK.

Net assets, December 31, 2020	Transaction risk			Translation risk		
	Currency thousands	SEK thousands	Distribution %	Currency thousands	SEK thousands	Distribution %
USD	11,540	94,498	34	36,487	298,778	75
GBP	2,985	33,092	12	7,346	81,452	21
CNY	38,116	47,786	17	3,463	4,342	1
JPY	292,533	23,183	8	301,378	23,884	6
EUR	5,526	55,472	20	-1,733	-17,394	-4
KRW	2,603,721	19,637	7	645,071	4,865	1
CAD	588	3,763	1	0	0	0
CHF	237	2,193	1	59	549	0
INR	0	0	0	8,179	914	0
Total SEK thousands		279,624	100		397,390	100

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 used in the measurement of assets and liabilities are based on assumptions regarding the future scope for selling the Group's products and services in volumes and at prices that allow a reasonable economic return. Scope for future sales 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 of the Group's objective to broaden its products' areas of application also affects overall estimates of sales figures and financial results for Biotage.

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 for Biotage is the Group as a whole, as it consists of one single operating segment. The forecasts of the Group's expected cash flows used in the calculations (discounted cash flow) are determined by members of Biotage management, who base their judgment 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 11 on page 75 for a description of key assumptions and a sensitivity analysis. An impairment loss is recognized in the income statement if the carrying amount exceeds the recoverable amount. At the end of the year, the Group's goodwill was SEK 290 (316) million.

Acquired trademark assets are also tested for impairment annually or more frequently if changes indicate impairment. The recoverable amount of the Group's capitalized brands is calculated for the Group as a whole, as the Group consists of one single operating segment and one cash-generating unit. At the end of the year, the value of the Group's trademarks was SEK 23.4 (26.6) million. See also note 12 on page 76.

Capitalized development expenditure

Development costs are capitalized on the basis of the principles described in section 6.1 on page 54.

In accordance with 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 the technology is no longer used by Biotage, or when it 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 the product's or the technology's expected demand, use and price, 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 122 (105) million. See also note 12 on page 76.

Biotage reports amortization and impairment of capitalized development costs under the item research & development expenses. Another possible income statement presentation method would have been to report all or parts of the above-mentioned amortization charge under cost of sales. Had the

Company reported the year's full amortization charges and impairment for these assets in this way, cost of sales would have increased and research & development expenses would have decreased by SEK 21.6 (22.2) million. This alternative method would not have impacted the operating profit. Capitalization of development costs has reduced research & development expenses by SEK 38.2 (26.5) 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 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. After deducting the amounts used in 2020, and based on a new assessment at the end of the year, recognized deferred tax assets arising from unused tax losses amounted to SEK 12 (35) million, corresponding to a tax effect of SEK 69 (165) million in historical tax losses. See also note 23 on page 82.

Loss of significant influence

After new share issues in Chreto ApS during the fourth quarter, the Biotage holding fell below 20 percent. The holding was previously reported under investments in associates, but now that it has fallen below 20 percent, the Company's assessment is that significant control no longer exists. The shares are therefore no longer reported as an investment in associates but recognized at fair value in profit or loss. See also section 6.6 on page 56 and note 20 on page 80.

Reclassification of intra-Group loans

A review of intra-Group loans has identified a loan between the Parent Company and the subsidiary Pyrosequencing Inc. It is management's best assessment that the loan will not be repaid in the foreseeable future and it will therefore be treated as an increased net investment in accordance with IAS 21. The new assessment means that translation differences are recognized in other comprehensive income rather than in net financial items as previously.

Notes

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

	Group		Parent Company	
	2020	2019	2020	2019
BOARD AND SENIOR EXECUTIVES				
A presentation of Board members and senior executives can be found on page 92				
Board				
Female	2	2	2	2
Male	4	4	4	4
Total	6	6	6	6
Group Management				
Female	1	1	–	–
Male	2	2	1	1
Total	3	3	1	1
AVERAGE NUMBER OF EMPLOYEES				
Female	143	151	–	–
Male	320	289	1	1
Total	463	440	1	1
SALARIES AND BENEFITS				
Board and CEO	6,450	8,726	7,200	8,726
Other senior executives, 2 (2) individuals	3,717	4,157	–	–
Other employees	286,240	279,475	–	–
Total salaries and benefits	296,407	292,358	7,200	8,726
CONTRACTUAL AND STATUTORY SOCIAL SECURITY CONTRIBUTIONS				
Board and CEO	2,344	1,239	2,580	1,239
Other senior executives	1,599	1,550	–	–
Other employees	56,752	61,197	–	–
Total contractual and statutory social security contributions	60,695	63,986	2,580	1,239
Pension expenses *)				
Board and CEO	1,160	299	1,160	299
Other senior executives	1,656	846	–	–
Other employees	16,250	14,080	–	–
Total pension expenses	19,066	15,225	1,160	299
Total salaries, social security contributions and pension expenses	376,168	371,569	10,940	10,264

*) 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 10, Accounting for ITP 2 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 2020 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 for ITP 2 insurance covered by Alecta in the next reporting period are SEK 6,470 (3,462) thousand. The Group's share of the total

contributions to the plan is 0.02289 (0.01601) percent, while its share of the total number of active members in the plan is 0.01279 (0.01195) 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 2020, Alecta's surplus, reported as a collective consolidation level, was 148 (148) percent.

Average number of employees by country

	2020			2019		
	Total	Male	Female	Total	Male	Female
Parent, Sweden	1	1	–	1	1	–
Subsidiaries, Sweden	97	61	37	84	53	31
USA	132	95	37	127	92	35
UK	138	90	47	141	78	63
Germany	15	13	2	13	11	2
France	4	3	1	4	3	1
China	26	21	5	23	17	6
Japan	30	21	9	29	20	9
South Korea	9	7	2	9	7	2
India	10	7	3	9	6	2
Switzerland	1	1	–	1	–	1
Total	463	320	143	440	289	151
Distribution %		69%	31%		66%	34%

Remuneration of Board members and senior executives

Principles

The Chairman and members of the Board receive fees as adopted by the annual general meeting. The President & CEO receives a basic salary, variable pay, other benefits and a pension. An upward adjustment of the basic salary for 2020 has been made for the previous President & CEO in order to keep the Company's total wage costs neutral. This is because social security contributions decreased when the retirement age (65) was reached in 2017. Other senior executives also receive a basic salary, variable pay, other benefits and a pension. As in the previous year, 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 100 percent of his annual salary. Other senior executives receive variable pay up to a maximum of 40 percent of their basic salary. The Board may also decide to award a discretionary payment to the President & CEO and other senior executives.

Salaries, fees and other benefits in 2020, accrued expenses

	Board fees	Basic salary	Variable pay	LTIP	Other benefits	Pension expense	Other remuneration ¹⁾	Total
CHAIRMAN OF THE BOARD:								
Torben Jørgensen	376,668	–	–	–	–	–	–	376,668
BOARD MEMBERS:								
Thomas Eklund	265,834	–	–	–	–	–	–	265,834
Mark Bradley	225,000	–	–	–	–	–	–	225,000
Peter Ehrenheim	303,667	–	–	–	–	–	–	303,667
Åsa Hedin	247,499	–	–	–	–	–	–	247,499
Karolina Lawitz	255,833	–	–	–	–	–	–	255,833
Total accrued cost of fees paid to Board members in 2020	1,674,500	–	–	–	–	–	–	1,674,500
Former CEO Torben Jørgensen	–	1,289,236	-65,034	–	164,470	–	63,240	1,451,912
CEO Tomas Blomquist	–	3,000,000	–	330,511	98,571	1,160,012	157,500	4,746,594
Other senior executives (3 individuals)	–	3,512,031	5,076	240,362	91,860	1,656,474	200,275	5,706,078
Total for 2020	1,674,500	7,801,267	-59,958	570,873	354,901	2,816,486	421,015	13,579,084

¹⁾ Other remuneration is mainly vacation allowances paid in accordance with the Swedish Annual Leave Act.

Salaries, fees and other benefits in 2019, accrued expenses

	Board fees	Basic salary	Variable pay	Other benefits	Pension expense	Other remuneration ¹⁾	Total
CHAIRMAN OF THE BOARD:²⁾							
Thomas Eklund to Nov 6	605,566	-	-	-	-	-	605,566
Torben Jørgensen from Nov 7	-	-	-	-	-	-	-
BOARD MEMBERS:							
Yvonne Mårtensson	103,075	-	-	-	-	-	103,075
Mark Bradley	166,150	-	-	-	-	-	166,150
Peter Ehrenheim	323,392	-	-	-	-	-	323,392
Åsa Hedin	47,371	-	-	-	-	-	47,371
Karolina Lawitz	283,392	-	-	-	-	-	283,392
Nils Olof Björk	91,408	-	-	-	-	-	91,408
Total accrued cost of fees paid to Board members in 2019	1,620,354	-	-	-	-	-	1,620,354
Torben Jørgensen, President & CEO to November 5	-	3,225,086	1,819,579	227,819	239,491	1,040,803	6,552,777
Tomas Blomquist, President & CEO from November 6	-	500,000	500,000	-	60,000	20,000	1,080,000
Other senior executives (2 individuals)	-	2,883,228	1,072,221	119,487	845,750	201,775	5,122,461
Total for 2019	1,620,354	6,608,314	3,391,800	347,306	1,145,241	1,262,578	14,375,592

¹⁾ Other remuneration is mainly vacation allowances paid in accordance with the Swedish Annual Leave Act. For Torben Jørgensen, an amount of SEK 716,625 is also included, which refers to pension premiums paid out as remuneration rather than as premiums.

²⁾ Thomas Eklund was Chairman of the Board until the election of former CEO Torben Jørgensen as new Chairman at an EGM on November 7, 2019. As Torben Jørgensen is employed by the Company and received a salary until April 2020, he did not receive Board fees for the period.

Comments on the tables above and on the previous page

Board

The 2020 AGM adopted Board fees of SEK 1,625,000 for the period until the 2021 AGM. The Chairman's fees accounted for SEK 500,000 of this amount. In addition, it was decided that fees for the members of the audit committee would total SEK 145,000, including SEK 75,000 to the chairman, and fee to the remuneration committee would total SEK 110,000, including SEK 60,000 to the chairman. The 2019 annual general meeting adopted Board fees of SEK 1,175,000 for the period until the 2020 annual general meeting. The Chairman's fees accounted for SEK 500,000 of this amount. In addition, a maximum of SEK 255,000 was adopted for remuneration of committee work. This framework was defined by the 2019 and 2020 annual general meetings.

President & CEO

The President & CEO receives a basic annual salary of SEK 3,000,000. 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.

Variable pay and other benefits

President & CEO Tomas Blomquist receives variable pay of up to 100 (100) percent of his fixed annual salary, i.e., a maximum of SEK 3,000,000 per year.

The Board may also decide to award a discretionary payment.

Pensions

The retirement age for President & CEO Tomas Blomquist is 67. The pension premium is 30 percent of the pensionable salary. The pensionable salary is the basic salary.

Termination of employment/termination benefits

The Company's contract with Tomas Blomquist for his employment as President & CEO has a mutual notice period of six months and is valid until further notice. If either party terminates the contract, the Company is entitled to ask the President & CEO to leave his position with immediate effect. However, the President & CEO is obliged to be available to the Company to carry out any work that the Board considers appropriate during the notice period. In the case of termination initiated by the Company, the President & CEO is entitled to termination benefits corresponding to one fixed annual salary on the date on which employment ceases in addition to pay during the notice period.

Guidelines for remuneration of senior executives adopted by the 2020 AGM.

The 2020 AGM adopted the following guidelines for remuneration of senior executives.

The term 'senior executives' refers to the CEO and other members of Group management. If a Board member performs work for Biotage, in addition to Board work, payment of consulting fees or other remuneration may be made for such work. The guidelines apply to agreed remuneration, and amendments to already agreed remuneration, after adoption of the guidelines by the 2020 AGM. The guidelines do not include remuneration decided by the meeting. Guidelines for promoting the Company's business strategy, long-term interests and sustainability.

The Company's business strategy, in brief, is to develop innovative and effective solutions for chemical separation and synthesis. The strategy for operating a successful business and achieving the Company's financial targets has seven focus areas: (i) investment in research and development, (ii) access to new market segments and customer groups, (iii) an increased share of aftermarket sales, (iv) a stronger market presence, (v) continuous production efficiency measures, (vi) improvement of environmental performance, and (vii) acquisitions. Further information about the Company's business strategy can be found at www.biotage.com.

Successful implementation of the business strategy and safeguarding of the Company's long-term interests, including its sustainability, are dependent on the ability to recruit and retain qualified employees. This requires the Company to be able to offer competitive remuneration. These guidelines enable senior executives to be offered competitive total remuneration.

The Board of Directors has proposed that the 2020 Annual General Meeting adopt a long-term incentive program, but as this will be decided by the meeting, it is not covered by these guidelines. The program includes the CEO and other senior executives of the Company. The performance criteria used to assess the outcome of the program have a clear link to the business strategy and therefore to the Company's long-term value creation, including its sustainability. These performance criteria currently include targets for the development of organic growth, share price and operating profit, measured over the duration of the program. The program also sets out a recommendation on a certain holding period.

The purpose of variable cash compensation covered by these guidelines is to promote the Company's business strategy and long-term interests, including its sustainability.

Types of remuneration

Remuneration shall be market-based and comprise a fixed annual salary, variable cash compensation, retirement benefits, other benefits and termination benefits. The AGM may also – irrespective of these guidelines – decide on, for example, equity and share-based payments.

Fulfillment of the criteria for payment of variable cash compensation will be measured over a period of one year and payment may not exceed a certain percentage (see below) of the fixed annual salary.

CEO

The Company's CEO receives a fixed annual salary and variable cash compensation under the terms of his employment contract. Retirement benefits, including health insurance, will be defined-contribution. Variable cash compensation will not be pensionable. In accordance with the contract, the Company makes a pension provision corresponding to 30 percent of the CEO's fixed annual salary. In addition to the fixed annual salary, the CEO receives variable cash compensation of up to 100 percent of his fixed annual salary every year. The variable component of cash compensation is based on the Company's achievement of certain predetermined and measurable criteria, which may be financial or non-financial and may also include individualized quantitative or qualitative targets. The criteria must be designed in such a way as to promote the Company's business strategy and long-term interests, including its sustainability, by, for example, having a clear link to the business strategy or stimulating the CEO's long-term performance.

Other senior executives

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

All members of executive management receive a fixed annual salary which is in line with market salaries and variable cash compensation of up to 40 percent of the fixed annual salary every year. 75 percent of variable cash compensation is based on the Company's achievement of certain predetermined and measurable criteria, which may be financial or non-financial. The remaining 25 percent is based on predetermined targets related to personal performance, which consist of predetermined and measurable quantitative or qualitative targets. The criteria must be designed in such a way as to promote the Company's business strategy and long-term interests, including its sustainability, by, for example, having a clear link to the business strategy or stimulating the executive's long-term performance.

Retirement benefits, including health insurance, will be defined-contribution unless the executive is covered by a defined-benefit pension under the provisions of a compulsory collective agreement. Variable cash compensation will be pensionable subject to the provisions of a compulsory collective agreement applicable to the executive. Contributions for defined-contribution pensions will be up to 30 percent of the fixed annual salary.

Variable compensation and performance criteria

Variable cash compensation is linked to certain predetermined and measurable criteria as described above. After the measurement period for achievement of the criteria for payment of variable cash compensation, the extent to which the criteria have been achieved shall be assessed and determined. The Remuneration Committee is responsible for assessment of the CEO's variable cash compensation. The CEO is responsible for assessment of variable cash compensation for other executives. Assessment of financial targets must be based on the latest financial information published by the Company.

Derogation from the guidelines

The Board may decide to temporarily derogate from these guidelines, in whole or in part, if it believes that there are specific reasons to do so in a particular case, and a derogation is necessary to safeguard the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As mentioned above, one of the Remuneration Committee's tasks is to prepare the Board's decisions on matters concerning remuneration, which includes decisions on derogations from the guidelines.

Other benefits

Senior executives may be awarded other customary benefits such as a company car, occupational health care and life insurance. These benefits may amount to a maximum value corresponding to seven percent of the fixed annual salary.

Termination benefits

For termination initiated by the Company, the period of notice will be up to six months. The fixed salary during the period of notice and termination benefits may not together exceed an amount corresponding to the fixed salary for eighteen months for the CEO and other senior executives. For termination initiated by the senior executive, the period of notice will be up to six months, with no entitlement to termination benefits.

In addition, compensation for any obligation under a non-compete clause may be paid. Such payment is to compensate for any loss of income but will only be paid to the extent that the former executive is not entitled to termination benefits. Payment shall be based on the fixed cash salary on the termination date, subject to the provisions of any compulsory collective agreement, and shall be paid in the period during which the non-compete clause applies, but not more than 12 months after termination of employment.

Salary and terms of employment for employees

Salaries and terms of employment for the Company's employees have been taken into account in the preparation of these remuneration guidelines by including information about employees' total income, components of remuneration and the increase and growth rate over time in the support material provided to the Remuneration Committee and the Board for their evaluation of whether the guidelines and limitations set out here are reasonable.

The decision-making process to establish, review and implement the guidelines

The Board has appointed a Remuneration Committee. The Committee's tasks include preparing the Board's decisions on proposals for guidelines for remuneration of senior executives. The Board of Directors shall prepare proposals for new guidelines at least every four years and submit the proposal for adoption at the AGM. The guidelines shall apply until new guidelines have been adopted by the AGM. The Remuneration Committee shall also monitor and evaluate programs for variable compensation for executive management, the application of guidelines for remuneration of senior executives, and current remuneration structures and levels in the Company. Members of the Remuneration Committee, apart from Torben Jørgensen, are independent of the Company and its management. When the Board is considering and deciding on remuneration-related matters, the CEO and other members of executive management are not present insofar as they are affected by the matters.

Performance-based share program (LTIP)

In accordance with a resolution of the Annual General Meeting, Biotage has adopted a long-term incentive program in the form of a performance-based share program for employees of the Biotage Group ("LTIP 2020"). LTIP 2020 includes the CEO, senior executives and other key personnel, meaning that a maximum of 18 individuals within the Biotage Group will be eligible to participate. Under LTIP 2020, the Company will grant participants rights to performance shares, which means the right to receive, free of charge, a performance share consisting of ordinary Biotage shares (A shares), subject to certain conditions being met. Allotment of performance shares requires participants to remain in employment for three years from the grant date. In addition to the continuing service requirement, there are three conditions that determine the final number of performance shares each participant is entitled to receive.

Performance condition 1: 50 percent of the performance shares if the total return on the Company's ordinary shares amounts to or exceeds 64.3 percent in the period July 2020-July 2023. However, at least 26 percent is required for allotment to take place. Total return refers to shareholders' return in the form of a share price increase and reinvestment of any dividends during the vesting period.

Performance condition 2: 25 percent of the performance shares if the average operating margin amounts to or exceeds 20 percent in the period 2020-2022 (calendar years). However, at least 17 percent is required for allotment to take place.

Performance condition 3: 25 percent of the performance shares if average organic sales growth amounts to or exceeds 11 percent in the period 2020-2022 (calendar years). However, at least 7 percent is required for allotment to take place. For further information about the rights, see the appendix to the 2020 AGM minutes on the Biotage website.

Scope and costs of LTIP 2020

During the third quarter, the Company granted rights to performance shares under LTIP 2020 to 11 participants including the CEO. A total of 151,599 rights to performance shares have been granted. All senior executives are included in the program. LTIP 2020 is reported in accordance with IFRS 2, which means that the rights are measured on the grant date at the fair value of allotted equity instruments. The cost of LTIP 2020 during the year is SEK 2 million, including social security contributions, and is based on the following significant assumptions and valuations.

The rights related to performance condition 1 are measured using the Monte Carlo model, with an expected volatility of 40 percent and an interest rate of -0.28 percent. This yields a value of SEK 67.06. The rights related to performance conditions 2 and 3 are measured on the basis of the current share price less the forecast dividend during the vesting period. This yields a value of SEK 153.04. Allotted rights are recognized as personnel expenses over the vesting period of three years but do not affect cash flow. Social security contributions are recognized as personnel expenses in accordance with UFR 7 and are based on the reporting-date fair value of allotted rights. The total cost of LTIP 2020 is estimated at a maximum of SEK 24 million.

Effects on key figures and dilution

To secure cash flow when allotting performance shares to participants, the AGM has authorized Biotage to issue and repurchase 243,313 class C shares. For further information about conditions related to the class C shares, see the appendix to the minutes of the 2020 AGM on the Biotage website. The issue and repurchasing took place in 2020 at a par value of 1.39 per share. Share capital increased by SEK 338,205.

On maximum allotment of performance shares, 196,183 class A shares will be allotted to participants in accordance with LTIP 2020, and 47,130 class C shares will be converted into class A shares and sold in order to finance any social security contributions associated with LTIP 2020. This will mean a dilutive effect of about 0.37 percent of the number of ordinary shares in the Company.

The average number of shares after dilution is affected by the estimated allotment of shares as of December 31. However, this does not have any significant effect on earnings per share before and after dividends. Reporting of allotted rights has increased equity by SEK 1.5 million during the year. Cash flow was not affected.

NOTE 2 Income statement classified by nature of expense

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

Income statement classified by nature of expense	Group		Parent Company	
	2020	2019	2020	2019
OPERATING INCOME				
Net sales	1,092,278	1,101,373	3,278	2,880
Operating expenses				
Purchased finished products, inputs, semi-finished products and production services	-299,317	-290,846	-	-
Personnel expenses	-380,782	-369,949	-9,275	-9,458
Other external costs	-154,616	-180,795	-12,531	-16,799
Recognition of capitalized development expenses	38,181	26,516	-	-
Depreciation, amortization and impairment of assets	-78,251	-78,283	-1,282	-897
Other operating items	-11,308	104	-169	-87
Total operating expenses	-886,093	-893,253	-23,257	-27,240
Operating profit	206,185	208,120	-19,979	-24,361

NOTE 3 Composition of income**Composition of net sales:**

Net sales – distribution between products and services:	Group		Parent Company	
	2020	2019	2020	2019
Products, systems	990,495	999,338	-	-
Service contracts and other services	94,604	94,260	3,278	2,880
Other sales revenue	7,179	7,775	-	-
Total sales revenue	1,092,278	1,101,373	3,278	2,880

Revenue by geographical market and product area 2020

	Organic Chemistry	Analytical Chemistry	Scale-up	Biomolecules	Total
North and South America	168,242	206,174	66,700	22,375	463,491
EMEA	127,663	94,606	46,580	8,090	276,939
Japan	75,618	16,354	13,463	1,421	106,856
China	123,470	20,389	4,585	917	149,361
EMEA and APAC distribution	9,715	18,934	175	810	29,634
South Korea	30,818	9,958	3,912	850	45,538
India	17,674	706	2,079	-	20,459
Total sales revenue	553,200	367,121	137,494	34,463	1,092,278
Sweden's share of sales in Europe					10,886

Revenue by geographical market and product area 2019

	Organic Chemistry	Analytical Chemistry	Scale-up*	Biomolecules	Total
North and South America	166,290	217,273	74,991	25,472	484,026
EMEA	133,197	93,842	29,697	9,021	265,757
Japan	98,961	15,113	16,627	786	131,486
China	90,092	20,357	1,700	-	112,149
EMEA and APAC distribution	13,308	24,910	3,790	496	42,505
South Korea	28,510	13,025	2,023	556	44,114
India	17,946	1,234	2,131	26	21,337
Total sales revenue	548,304	385,754	130,958	36,357	1,101,373
Sweden's share of sales in Europe					9,223

Revenue by sales channel

	2020	2019
Direct sales through own sales channels	1,025,826	1,041,238
Sales through distributors	66,452	60,135
Total sales revenue	1,092,278	1,101,373

Point in time of transfer of goods and services

	2020	2019
Goods transferred at a point in time	990,495	1,007,113
Services transferred at a point in time	28,193	22,651
Service contracts and other services transferred over a period of time	73,589	71,609
Total sales revenue	1,092,278	1,101,373

Revenue – systems and aftermarket

	2020	2019
Systems	530,865	533,332
Aftermarket	561,413	568,041
Total sales revenue	1,092,278	1,101,373

Contractual balances

	12/31/2020	12/31/2019
Contract assets	–	–
Contract liabilities:		
Prepaid income, service contracts	58,344	49,819
Contractual balances, net	58,344	49,819

SEK 37,617 (40,669) thousand of the contract liabilities on December 31, 2019 were recognized as revenue in 2020.

Prepaid service contracts are expected to be recognized as revenue in the following years

2021	43,119
2022	6,744
2023	3,863
2024	2,964
2025	1,363
2026	139
2027	130
2028	22
Total	58,344

Service contracts may be signed by customers purchasing the Company's systems. The contracts are from one to two years and are recognized on a straight-line basis over the term. Costs for obtaining a contract and for services rendered are recognized in the period in which they are incurred. A small proportion of the revenue relates to contract research. This is distributed over the duration of the contract by reference to the project's stage of completion. The contractual balances for these types of revenue are presented above.

Intra-group sales and purchases of products and services:

	Parent Company	
	2020	2019
Parent to subsidiary, products	–	–
Parent to subsidiary, services	3,278	2,880
Subsidiary to parent	–	–
Subsidiary to subsidiary	–	–
Total intra-group sales	3,278	2,880

NOTE 4 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 Company	
	2020	2019	2020	2019
FEES TO THE AUDITORS DE-LOITTE				
Audit services	2,481	1,441	1,895	928
Other assistance arising from audit	–	277	–	277
Tax advisory services	67	32	–	–
OTHER ADVISORY SERVICES	–	–	–	–
Total	2,548	1,750	1,895	1,205

NOTE 5 Leases and rental agreements

Leases where the Group is the lessee are reported in the statement of financial position as a lease liability and a right-of-use asset. Short-term leases (less than one year) and low-value leases are recognized as an expense in the period to which they relate and are therefore not included in the liability. See note 10 on page 74 for information on right-of-use assets.

	Group		Parent Company	
Cash outflow	2020	2019	2020	2019
Lease and rental agreements during year	22,842	20,689	230	159
Remaining rental and lease payments				
Within one year	21,889	21,591	164	159
Between one and five years	31,293	38,187	610	417
After five years	–	–	–	–
Total	53,182	59,778	774	576

The Group's leases include premises and vehicles. A number of car leases ended and were replaced with new ones during the year.

Variable lease payments and covenants only occur to a minor extent in existing leases. Extension options have been included in the lease liability to the extent that it is considered reasonably certain that the options will be exercised.

Total cash outflow for leases during the year, including low-value and short-term leases, amounts to SEK 24,108 (22,115) thousand.

Leases signed in foreign subsidiaries involve a translation risk for the Group, corresponding to what the effect would have been in the case of a direct acquisition of the leased asset. The table below shows right-of-use assets and lease liabilities grouped into different currencies at the reporting date.

	Right-of-use asset %	Lease liability %
SEK	49	52
USD	17	16
GBP	15	15
JPY	8	7
CNY	4	3
KRW	4	4
EUR	2	1
INR	1	2
Total	100	100

Residual value guarantees, which only exist in Swedish leases for vehicles, amounted to SEK 3,205 thousand on December 31, 2020.

AMOUNTS RECOGNIZED IN THE INCOME STATEMENT

Depreciation of right-of-use assets	22,992
Interest expense, lease liabilities	994
Costs attributable to short-term leases	566
Costs attributable to low-value leases	700
Total	25,252

The Group did not have any obligations under short-term leases on December 31, 2020.

NOTE 6 Depreciation, amortization and impairment of assets

Depreciation, amortization and impairment by class of assets

	Group		Parent Company	
	2020	2019	2020	2019
Capitalized development expenses	21,600	22,232	–	–
Patents, licenses and trademarks	15,543	17,140	1,276	884
Land and buildings	363	403	–	–
Right-of-use assets	22,992	21,060	–	–
Improvement of third-party property	1,697	1,674	–	–
Plant and machinery	11,439	10,775	–	–
Total depreciation/amortization	73,634	73,284	1,276	884
Disposals	13	1,088	6	13
Total depreciation/amortization and impairment	73,647	74,372	1,282	897

Depreciation, amortization and impairment by function of expense

	Group		Parent Company	
	2020	2019	2020	2019
Cost of sales	7,198	9,240	–	–
Distribution costs	25,707	22,896	–	–
Administrative expenses	12,723	13,326	–	–
Research and development	28,019	28,910	1,282	897
Total depreciation/amortization	73,647	74,372	1,282	897

Amortization and impairment of capitalized research and development expenditure included in the research and development figure.

NOTE 7 Other operating income

Other operating income

	Group		Parent Company	
	2020	2019	2020	2019
Exchange differences	19,352	2,410	115	59
EU funding	384	393	–	–
Other operating income	771	–	–	–
Total other operating income	20,507	2,802	115	59

NOTE 8 Finance income, finance costs and borrowing

	Group		Parent Company	
	2020	2019	2020	2019
FINANCE INCOME:				
Interest income on financial assets	348	765	–	45
Profit/loss from investments in Group companies	–	–	–	42,238
Interest income, receivables from Group companies	–	–	2,740	221
Exchange gains from financing measures, net	–	6,044	–	3,227
Remeasurement of additional consideration	25,444	–	–	–
Group contributions received	–	–	101,196	151,959
Total	25,792	6,809	103,936	197,690
FINANCE COSTS:				
Interest expense and similar payments to banks	3,339	2,860	1,914	1,797
Impairment of shares in associates	838	–	8,868	–
Exchange gains from financing measures, net	5,072	–	14,959	–
Other finance costs	–	77	–	–
Total	9,249	2,937	25,741	1,797
Net finance income/expense	16,543	3,872	78,196	195,893

NOTE 9 Taxes

	Group				Parent Company			
	2020		2019		2020		2019	
	%	SEK thousands	%	SEK thousands	%	SEK thousands	%	SEK thousands
Tax reported in profit/loss for the year								
Profit before tax		222,729		211,992		58,217		171,532
Tax using parent's applicable tax rate	-21.4	-47,664	-23.3	-49,479	-21.4	-12,458	-21.6	-37,051
Effect of different tax rates for foreign subsidiaries	-1.3	-2,982	-1.1	-2,351	0.0	-	0.0	-
Corrections, prior years	0.9	1,901	0.0	-31	0.0	-	0.0	-
Non-taxable income	2.6	5,808	5.4	11,521	0.0	-	5.3	9,123
Non-deductible expenses	-1.0	-2,272	-0.2	-402	3.3	-1,898	0.0	-54
Other taxable income statement items not included in profit for the year	-1.3	-2,830	-4.6	-9,749	0.0	-	0.0	-
Other deductible income statement items not included in profit for the year	1.7	3,850	2.4	5,182	0.0	-	0.0	-
Utilization of loss carryforwards	7.2	16,042	16.7	35,314	10.2	5,912	16.3	27,982
Tax effect of accrual and reversal of other temporary differences	3.3	7,442	-	-	-	-	-	-
Other	-0.3	-728	0.2	323	0.0	9	0.0	-
Current tax expense	-9.6	-21,432	-4.6	-9,672	-11.2	-6,531	0.0	-0
Reversal of previously recognized loss carryforwards	-7.2	-16,042	-16.7	-35,314	-10.2	-5,912	-	-27,982
Tax effect of new tax loss assessment	-1.0	-2,300	4.9	10,296	-	-	-	-
Tax effect of accrual and reversal of other temporary differences	-3.6	7,957	4.4	9,253	-	-	-	-
Effect of changed tax rate	0.1	332	0.1	271	-	-	-	271
Other	0.0	1	0.0	-5	-	-	-	-
Deferred tax expense	-11.7	-25,966	-7.3	-15,500	-10.2	-5,912		-27,711
Total tax reported in consolidated and parent income statements	-21.3	-47,398	-11.9	-25,172	21.4	12,443		-27,711
Items in other comprehensive income		-62,329		25,198		-		-
Tax effects of these items		2,525		-580		-		-

NOTE 10 Property, plant & equipment**Land and buildings**

	Group	
	12/31/2020	12/31/2019
COST		
Opening balance, January 1	16,628	15,478
Acquisitions during the year	149	–
Sub-total	16,777	15,478
Translation differences for the year	-1,505	1,150
Closing balance, December 31	15,272	16,628
ACCUMULATED DEPRECIATION AND IMPAIRMENT		
Opening balance, January 1	-6,226	-5,406
Depreciation for the year	-363	-403
Sub-total	-6,589	-5,809
Translation differences for the year	596	-418
Closing balance, December 31	-5,993	-6,226
Carrying amount	9,279	10,402

Improvement of third-party property

	Group	
	12/31/2020	12/31/2019
COST		
Opening balance, January 1	14,227	10,742
Acquisitions during the year	275	2,995
Disposals during the year	–	–
Sub-total	14,502	13,737
Translation differences for the year	-1,233	490
Closing balance, December 31	13,269	14,227
ACCUMULATED DEPRECIATION AND IMPAIRMENT:		
Opening balance, January 1	-8,756	-6,723
Depreciation for the year	-1,697	-1,674
Disposals/impairment during the year	–	–
Sub-total	-10,453	-8,397
Translation differences for the year	874	-359
Closing balance, December 31	-9,580	-8,756
Carrying amount	3,689	5,471

Plant and machinery

	Group	
	12/31/2020	12/31/2019
COST		
Opening balance, January 1	125,995	104,289
Acquisitions during the year	17,912	12,518
Reclassifications	–	11,433
Disposals during the year	-10,108	-7,532
Sub-total	133,799	120,708
Translation differences for the year	-11,129	5,286
Closing balance, December 31	122,670	125,995
ACCUMULATED DEPRECIATION AND IMPAIRMENT:		
Opening balance, January 1	-88,482	-69,751
Depreciation for the year	-11,439	-10,775
Reclassifications	–	-10,993
Disposals/impairment during the year	9,881	6,423
Sub-total	-90,039	-85,096
Translation differences for the year	7,478	-3,387
Closing balance, December 31	-82,562	-88,482
Carrying amount	40,109	37,513

Right-of-use assets

	Group	
	12/31/2020	12/31/2019
COST		
Opening balance, January 1	79,561	–
Reclassifications from operating leases	–	64,956
Acquisitions during the year	19,675	13,456
Disposals during the year	-6,531	-229
Sub-total	92,705	80,037
Translation differences for the year	-4,825	1,377
Closing balance, December 31	87,880	79,561
ACCUMULATED DEPRECIATION AND IMPAIRMENT:		
Opening balance, January 1	-20,694	–
Depreciation for the year	-22,992	-21,060
Disposals/impairment during the year	4,088	229
Sub-total	-39,598	-20,831
Translation differences for the year	2,296	138
Closing balance, December 31	-37,302	-20,694
Carrying amount	50,579	58,868

The closing balance for right-of-use assets, SEK 50.6 million, is distributed as follows: SEK 42.2 million, premises, and SEK 8.4 million, vehicles.

Summary of carrying amount:

	Group	
	12/31/2020	12/31/2019
Land and buildings	9,279	10,402
Improvement of third-party property	3,689	5,471
Plant and machinery	40,109	37,513
Right-of-use assets	50,579	58,868
Total in consolidated balance sheet	103,656	112,253

NOTE 11 Goodwill

Cost:	Group	
	12/31/2020	12/31/2019
Opening balance, January 1	770,087	640,274
Acquisitions during the year	–	128,596
Sub-total	770,087	768,870
Translation differences for the year	-25,659	1,217
Closing balance, December 31	744,428	770,087
Opening impairment	-454,219	-454,219
Total amortization and impairment	-454,219	-454,219
Closing accumulated impairment	-454,219	-454,219
Carrying amount	290,209	315,869

Goodwill impairment testing

Preparation of the 2020 annual financial statements included goodwill impairment testing. Management monitors goodwill for the Group as a whole. The Group consists of a single operating segment. The recoverable amount for the cash-generating unit has been assessed on the basis of the estimated value in use. The assessment also included calculation of projected cash flows from the Group's operations. The cash flows are based on the Group's budget for 2021 and business forecasts for 2022-2025 and thereafter. The budget and forecasts are based on management's past experience and as far as possible on external sources of information. Key parameters in the calculation of the recoverable amount are estimated sales growth and operating profit. Assumptions about the gross margin and the development of other operating expenses have greatest impact on the assessment of operating profit and sales growth.

An assumption of annual sales growth of 4.0 (4.0) percent has been used in the impairment testing until the end of the forecast period in 2025. After this period, the assumed growth rate will be 0.0 (2.0) percent, which Biotage believes to be a reasonable estimate of the long-term growth rate for the economy. A sensitivity analysis shows that an adjustment of 2 percent in the discount rate, a change of 4 percent in sales growth during the forecast period or an adjustment of 5 percent in the gross margin would not give rise to impairment. The discount rate is higher in 2020 than in 2019, which is partly due to a change in the assessment of the Group's long-term capital structure.

	2020	2019
Equity financing	9.24%	9.01%
Debt financing	2.33%	2.32%
Average based on Group's capital structure	9.07%	8.07%
The pre-tax discount rate has been calculated as:	11.72%	12.90%

NOTE 12 Other intangible assets**Capitalized development expenditure**

	Group		Parent Company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cost:				
Opening balance, January 1	254,971	228,454	–	–
Acquisitions during the year	38,181	26,516	–	–
Closing balance, December 31	293,152	254,971	–	–
ACCUMULATED DEPRECIATION AND IMPAIRMENT:				
Opening balance, January 1	-149,479	-127,247	–	–
Depreciation for the year	-21,600	-22,232	–	–
Closing balance, December 31	-171,079	-149,479	–	–
Carrying amount	122,073	105,492	–	–

Patents, licenses, trademarks, etc.

	Group		Parent Company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cost:				
Opening balance, January 1	234,528	155,537	15,354	13,717
Acquisitions during the year	4,386	3,425	1,492	1,721
Acquisitions	–	75,689	–	–
Reclassifications	–	-2,237	–	–
Disposals during the year	-6	-268	-6	-84
Sub-total	238,908	232,145	16,840	15,354
Translation differences for the year	-19,255	2,383	–	–
Closing balance, December 31	219,653	234,528	16,840	15,354
ACCUMULATED DEPRECIATION AND IMPAIRMENT:				
Opening balance, January 1	-79,973	-64,091	-3,546	-2,734
Depreciation for the year	-15,543	-17,140	-1,276	-884
Reclassifications	–	1,920	–	–
Disposals during the year	–	268	–	71
Sub-total	-95,516	-79,043	-4,822	-3,546
Translation differences for the year	4,577	-930	–	–
Closing balance, December 31	-90,939	-79,973	-4,822	-3,546
Carrying amount	128,714	154,555	12,019	11,808

Total property, plant & equipment and intangible assets reported:

	Group		Parent Company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Land and buildings	9,279	10,402	–	–
Improvement of third-party property	3,689	5,471	–	–
Plant and machinery	40,109	37,513	–	–
Sub-total property, plant & equipment	53,077	53,385	–	–
Right-of-use assets	50,579	58,868	–	–
Goodwill	290,209	315,869	–	–
Capitalized development expenditure	122,073	105,492	–	–
Patents, licenses, trademarks, etc.	128,714	154,555	12,019	11,808
Sub-total other intangible assets	250,787	260,047	12,019	11,808
Total carrying amount of property, plant & equipment and intangible assets	644,652	688,169	12,019	11,808

Distribution by country:	Group		Parent Company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Sweden	282,785	266,566	12,019	11,808
US	307,934	362,413	-	-
UK	41,866	42,751	-	-
Japan	5,427	9,006	-	-
China	2,341	3,847	-	-
Other countries	4,299	3,585	-	-
Total	644,652	688,169	12,019	11,808

NOTE 13 Investments in associates

	Group		Parent Company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Opening cost	14,615	17,368	19,284	19,284
Share of profit/loss	-1,370	-3,384	-	-
Impairment	-838	-	-8,868	-
Translation differences	-1,991	631	-	-
Reclassification as other securities held as non-current assets	-10,416	-	-10,416	-
Closing accumulated cost	-	14,615	-	19,284

As a result of new share issues in the former associate Chreto, the ownership share has fallen to 17.51 percent and it is the Company's assessment that significant influence no longer exists. The holding has therefore been reclassified as other securities held as non-current assets, see note 14. The reclassification has had an earnings effect of SEK -838 thousand for the Group and SEK -8,868 thousand for the Parent Company.

NOTE 14 Financial assets

	Group		Parent Company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Other securities held as non-current assets	10,416	-	10,416	-
Miscellaneous non-current receivables	3	3	-	-
Miscellaneous long-term deposits	1,835	1,996	-	-
Total financial assets	12,254	1,999	10,416	-

NOTE 15 Inventories

	Group	
	12/31/2020	12/31/2019
Raw materials and consumables	30,976	42,983
Products in progress	17,444	13,319
Finished products	111,403	117,457
Total inventories	159,823	173,760

Inventory items recognized as an expense in 2020 amounted to SEK 305,799 (255,878) thousand. Obsolescence of SEK 2,412 (1,844) thousand was recognized during the year. The obsolescence reserve on December 31 was SEK 16,862 (16,403) thousand.

NOTE 16 Trade and other receivables

	Group		Parent Company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Trade receivables (a)	194,018	197,651	–	–
Prepayments and accrued income (b)	13,013	14,128	1,889	1,195
Other current receivables (c)	13,436	15,164	947	981
Total trade and other receivables	220,468	226,943	2,836	2,176

Management believes that the carrying amount of trade receivables, net of the allowance for expected credit losses, corresponds to their fair value. The entire allowance for expected credit losses relates to trade receivables.

(a) Change in allowance for expected credit losses on trade receivables

	Group		Parent Company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Allowance for expected credit losses at beginning of year	-3,335	-2,883	–	–
Trade receivables written off during the year	3,063	1,224	–	–
Allowance for expected credit losses for the year	-6,817	-3,463	–	–
Reversal of unused amounts	2,389	1,788	–	–
Total expected credit losses	-4,700	-3,335	–	–

Aging of trade receivables, Group	12/31/2020			12/31/2019		
	Gross	Expected credit losses	Trade receivables	Gross	Expected credit losses	Trade receivables
Not due	150,941	-755	150,186	158,607	-1,272	157,335
Past due, 1-30 days	33,439	-342	33,097	14,580	-231	14,349
Past due, 31-60 days	3,120	-47	3,073	7,210	-122	7,088
Past due, > 61 days	11,218	-3,556	7,662	20,589	-1,710	18,879
Total	198,718	-4,700	194,018	200,986	-3,335	197,651

Assessment of expected credit losses is made immediately on billing. Expected credit losses on trade receivables are estimated according to the simplified matrix model. This model is based on previous experience of actual losses in each billing currency, but also takes into account prospective factors such as the general economic development expected in the customers' industries. The calculation is made alongside an individual assessment. This consideration of relevant current circumstances and knowledge of customers may lead to a change in the credit loss allowance.

(b) Prepayments and accrued income	Group		Parent Company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Prepaid rents	3,583	4,286	–	–
Prepaid insurance	3,786	1,035	931	612
Other items	5,644	8,807	958	583
Total	13,013	14,128	1,889	1,195

(c) OTHER CURRENT RECEIVABLES

	Group	Parent Company
	12/31/2020	12/31/2019
VAT	7,655	8,971
Income tax	658	507
Other current receivables	5,123	5,687
Total	13,436	15,164

NOTE 17 Appropriation of profit

Proposed appropriation of profit for the fiscal year, SEK

Amounts at the disposal of the annual general meeting:

Share premium reserve	57,970,173
Retained earnings	583,545,539
Profit for the year	37,115,246
Total	678,630,958

Board and CEO's proposed appropriation:

Dividend payment of SEK 1.50 per share to shareholders	97,802,676
Carried forward	580,828,282
Total	678,630,958

NOTE 18 Liabilities to credit institutions

	Group		Parent Company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current portion	-	-	-	-
Non-current portion				
Credit facilities: Credit granted	150,000	149,550	150,000	150,000
Unused portion of revolving credit facility	-40,000	-40,000	-40,000	-40,000
Total	110,000	109,550	110,000	110,000

Collateral has not been provided for the credit. All long-term liabilities mature between one and five years from the reporting date. The lender has set covenants for the loan in the form of the Net debt/EBITDA ratio (cash and cash equivalents less interest-bearing liabilities divided by operating profit before interest, taxes, depreciation and impairment) and the interest coverage ratio defined as EBITDA/Net financial items. Both covenants have been met by a good margin.

NOTE 19 Financial assets and liabilities**Classification**

Classification of financial instruments, see accounting policies, section 6.6 on page 56, is as follows:

	Classification	Carrying amount	
		12/31/2020	12/31/2019
ASSETS			
Non-current receivables	1)	1,838	1,999
Other securities held as non-current assets	2)	10,416	-
Trade receivables	1)	194,018	197,651
Other current receivables	1)	13,436	15,164
Derivatives	3)	-	455
Cash and cash equivalents	1)	371,325	185,867
Total		591,033	401,135
LIABILITIES			
Non-current liabilities to credit institutions	1)	110,000	109,550
Trade payables	1)	51,236	41,461
Additional purchase consideration	2)	51,580	84,859
Short and long-term lease liabilities	1)	51,891	59,328
Other current liabilities	1)	7,046	4,497
Accrued expenses	1)	58,479	69,334
Total		330,232	369,030

1) Financial assets and liabilities at amortized cost

2) Financial assets and liabilities at fair value through profit or loss

3) Financial assets and liabilities at fair value through OCI

NOTE 20 Measurement of financial assets and liabilities

Assets and liabilities at amortized cost

Group	Total
FINANCIAL ASSETS AT AMORTIZED COST	
Non-current receivables	1,999
Current receivables	212,815
Cash and cash equivalents	185,867
Closing balance, 12/31/2019	400,681
Non-current receivables	1,838
Current receivables	207,454
Cash and cash equivalents	371,325
Closing balance, 12/31/2020	580,617
FINANCIAL LIABILITIES AT AMORTIZED COST	
Non-current liabilities	147,647
Current liabilities	136,523
Closing balance, 12/31/2019	284,170
Non-current liabilities	140,677
Current liabilities	137,975
Closing balance, 12/31/2020	278,652

Assets and liabilities at fair value

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 current financial 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. There were no transfers between levels during the periods. 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

Measurement of other securities held as non-current assets (level 2)

Biotage has a financial asset in the form of shares in Chreto ApS, which was reported as an associate until the fourth quarter. The holding is measured at fair value through profit or loss from the date of reclassification. It has been allocated to level 2 of the fair value hierarchy on the basis that the issue prices in

the fourth quarter are observable market data. On December 31, the holding was measured at the last known transaction price, which corresponds to the price of the new issues that led to the reclassification from investments in associates to other financial assets.

Measurement of derivatives (level 3)

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.

Measurement of additional purchase consideration payable (level 3)

Biotage has a financial liability in connection with an additional consideration for an acquisition measured at fair value through profit or loss. The additional consideration attributable to the acquisition of PhyNexus Inc. is based on the agreed allocation of gross profit on related products during the period 2019 to 2023. The agreement with the sellers does not include a maximum amount. During the second quarter of 2020, management made the assessment that the launch of a new instrument would be postponed, which led to a delay in sales. This significantly affected the value of the additional consideration, as it has a fixed period until 2023.

The tables below present a reconciliation of opening and closing balances for instruments measured at fair value.

Group	Total	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT FAIR VALUE				
Other securities held as non-current assets	–	–	–	–
Derivatives used for hedging	455	–	–	455
Closing balance, 12/31/2019	455	–	–	455
Other securities held as non-current assets	10,416	–	10,416	–
Derivatives used for hedging	–	–	–	–
Closing balance, 12/31/2020	10,416	–	10,416	–
FINANCIAL LIABILITIES AT FAIR VALUE				
Additional purchase consideration	84,859	–	–	84,859
Closing balance, 12/31/2019	84,859	–	–	84,859
Additional purchase consideration	51,580	–	–	51,580
Closing balance, 12/31/2020	51,580	–	–	51,580

There were no transfers between levels during the periods. The fair value disclosures provided for the Group in respect of derivatives also apply to the Parent Company.

In the second quarter of 2020, an additional consideration payment of SEK 0.8 million was made based on the acquired company's performance in 2019. The additional consideration for the fiscal year 2020, which will be settled in 2021, is expected to be SEK 1.2 million. The Company's best estimate of fair value on December 31, 2020 is SEK 51.6 million. The fair value calculations are based on level 3 of the fair value hierarchy, which means that the value is determined on the basis of a valuation model using significant inputs that are unobservable. Measurement was based on expected future cash flows, discounted using a market interest rate. The fair value measurement of the additional consideration resulted in a value adjustment of SEK 25.0 million (net), which is reported in the consolidated income statement under finance income (SEK 25.4 million) and interest expenses (SEK 0.4 million), as Biotage considers the liability to be financial. If sales in the forecast period were 10 percent higher than estimated, this would mean a higher provision of 15 percent.

NOTE 21 Other financial liabilities

	Group		Parent Company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
CHANGES DURING THE YEAR				
Opening balance, January 1	86,151	1,570	–	–
New financial liabilities during the year	–	84,597	–	–
Amounts used during the year	-33,759	-16	–	–
Closing balance, December 31	52,392	86,151	–	–
THE LIABILITY CONSISTS OF:				
Non-current portion	50,799	68,782	–	–
Current portion	1,593	17,369	–	–
Total	52,392	86,151	–	–

NOTE 22 Provisions

	Group	
	12/31/2020	12/31/2019
Provision for warranties	8,338	3,504
Other personnel-related provisions	2,726	2,599
Total provisions	11,064	6,103
The provisions consist of:		
Non-current portion	2,726	2,599
Current portion	8,338	3,504
Total	11,064	6,103

Changes during the year, Group	Warranties	Other provisions	Total
Opening balance 01/01/2020	3,504	2,599	6,103
New provisions during the year	8,338	127	8,465
Amounts used during the year	-3,504	-	-3,504
Closing balance, 12/31/2020	8,338	2,726	11,064

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 23 Deferred tax

	Group		Parent Company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
DEFERRED TAX ASSETS				
Tax loss carryforwards	14,796	35,204	-	5,912
Other deferred tax assets	11,123	9,131	-	-
Total deferred tax assets	25,919	44,335	-	5,912
DEFERRED TAX LIABILITIES				
Intangible assets	-27,553	-26,981	-	-
Other deferred tax liabilities	-5,285	-1,993	-	-
Total deferred tax liabilities	-32,838	-28,884	-	-
Total deferred tax assets and liabilities	-6,919	15,451	-	5,912

Change in deferred tax	Deferred tax assets	Deferred tax liabilities	Net
GROUP			
January 1, 2019	62,205	-14,780	47,425
Acquisitions	-	-15,895	-15,895
Change in OCI	-147	-433	-580
Recognized in income statement	-17,723	2,223	-15,500
December 31, 2019	44,335	-28,884	15,451
January 1, 2020	44,335	-28,884	15,451
Change in OCI	3,941	-345	3,596
Recognized in income statement	-22,357	-3,609	-25,966
December 31, 2020	25,919	-32,838	-6,919
PARENT			
Change in deferred tax	Deferred tax assets	Deferred tax liabilities	Net
January 1, 2019	33,623	-	33,623
Recognized in income statement	-27,711	-	-27,711
December 31, 2019	5,912	-	5,912
January 1, 2020	5,912	-	5,912
Recognized in income statement	-5,912	-	-5,912
December 31, 2020	-	-	-

Utilization of tax loss carryforwards

The Group has tax losses of about SEK 28 million in Swedish companies prior to the 2020 tax year. These tax loss carryforwards are expected to be utilized in full against profit for 2020, after which the remaining loss carryforwards for the Swedish operations will be zero. Some of the tax losses related to subsidiaries in the US are valid for a limited period and expire during 2021-2031. It is expected that a total of SEK 66.8 million can be utilized. It is expected that tax losses of approx. SEK 2.6 million in German subsidiaries can be utilized. There are no additional unrecognized loss carryforwards in the Group. For further information on significant accounting estimates, see accounting policies, section 10.

NOTE 24 Trade and other payables

	Group		Parent Company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Liabilities to suppliers	51,236	41,461	1,212	1,598
Other current liabilities	7,046	4,895	176	229
Accrued expenses and deferred income (a)	118,244	120,267	6,377	8,234
Total trade and other payables	176,526	166,624	7,765	10,061
(A) ACCRUED EXPENSES AND DEFERRED INCOME				
Personnel-related expenses	43,159	51,210	3,392	5,712
Deferred income	59,765	50,933	–	–
Other accrued expenses	15,320	18,124	2,985	2,522
Total	118,244	120,267	6,377	8,234

NOTE 25 Statement of cash flows

	Group		Parent Company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Other adjustments for non-cash items				
Exchange differences	1,991	-1,855	–	–
Share of income of associates	1,370	3,384	–	–
Other	4,513	600	–	–
Total	7,874	2,129	–	–

NOTE 26 Shares and interests

	12/31/2020	12/31/2019
PARENT COMPANY		
Opening cost	940,037	939,855
Investments during year	–	182
Closing accumulated cost	940,037	940,037
Opening impairment	-467,934	-467,934
Closing accumulated impairment	-467,934	-467,934
Closing accumulated carrying amount	472,103	472,103

Companies owned directly by the Parent

Company name	Reg. no.	Reg'd office	Number of shares	Share of capital	Share of votes	Opening carrying amount 2020	Investments during year	Impairment during year	Closing carrying amount 2020
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%	35,295	-	-	35,295
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	434715785	Paris, France	500	100%	100%	68	-	-	68
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, UK	100	100%	100%	76,744	-	-	76,744
Biotage Trading (Shanghai) Co., Ltd.	91310115580622067B	Shanghai, China	1	100%	100%	994	-	-	994
Biotage Korea Co., Ltd.	110111-6105476	Seoul, Korea	27,000	100%	100%	2,030	-	-	2,030
Biotage India Pvt Ltd.	27AAHCB4849G1ZH	Mumbai, India	2,045,000	100%	100%	2,651	-	-	2,651
Biotage Switzerland GmbH	CHE-426.855.092	Neuhausen am Rheinfall, Switzerland	20	100%	100%	182	-	-	182
Total carrying amount						472,103	-	-	472,103

Companies owned by other subsidiaries

Company name	Owner	Reg. no.	Reg'd office	Number of shares	Share of capital	Share of votes	Opening carrying amount 2020	Closing carrying amount 2020
Biotage LLC	Pyrosequencing, Inc.	04-3535072	Charlotte, USA		100%	100%	231,373	203,349
Horizon Technology, Inc.	Pyrosequencing, Inc.	02-0457387	Salem, USA	209,346	100%	100%	165,616	145,556
PhyNexus, Inc.	Pyrosequencing, Inc.	37-1916129	San Jose, USA	483,332	100%	100%	198,849	174,764
ESyTech AB	Biotage Sweden AB	556588-8350	Uppsala, Sweden	100,000	100%	100%	260	260
Biotage Italy S.r.l	Biotage GmbH	IT03617450964	Milan, Italy	1	10%	10%	10	10
Total							596,108	523,939

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

NOTE 27 Pledged assets and contingent liabilities

	Group		Parent Company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Guarantees, subsidiaries	-	-	28,705	46,270
Total	-	-	28,705	46,270
Pledged assets	-	-	-	-

There are no contingent liabilities.

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, UK
Biotage Sweden AB	556487-4922	Uppsala, Sweden

The Parent Company guarantees all liabilities of Biotage GB Ltd. (see above) at the reporting date. This exempts the Company from the requirement for audited accounts in accordance with section 479A of the Companies Act 2006.

NOTE 28 Related-party disclosures

Subsidiaries

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 in note 26 on page 83. Summary of transactions with subsidiaries (SEK thousands):

Subsidiary	Country	Receivables from subsidiaries		Liabilities to subsidiaries		Services sales (+) purchases (-)		Interest received (+) paid (-)	
		2020	2019	2020	2019	2020	2019	2020	2019
Biotage Sweden AB	SE	171,769	90,363	-	-	947	800	-	-
Biotage Sweden AB	SE	-	-	-	-	-2,857	-2,818	-	-
Cemu Bioteknik AB	SE	-	-	130	129	-	-	-	-
Pyrosequencing AB	SE	-	-	100	100	-	-	-	-
Biotage LLC	US	625	-	-	-	1,082	1,079	-	-
Biotage SARL	FR	-	-	-	-	36	34	-	-
Biotage GmbH	DE	24,895	25,247	-	-	127	121	634	155
Biotage Ltd.	JP	3,049	6,133	-	-	293	286	102	69
Biotage GB Ltd.	GB	-	-	-	-	519	419	-	-
Biotage Korea Co., Ltd.	KO	-	-	-	-	97	93	-	-
Biotage India Pvt Ltd.	IN	138	60	-	-	106	36	-	-
Pyrosequencing, Inc.	US	102,187	113,990	-	-	-	-	2,252	-
PhyNexus, Inc.	US	1,124	3,546	-	-	67	-	-	-
Biotage Switzerland GmbH		-	-	-	-	19	-	-	-
		303,787	239,339	230	229	436	50	2,988	224

Key management personnel in the company or its parent

Payments to the Board and senior executives are described in note 1 on page 65. No other transactions have been conducted with Board members, senior executives or individuals or legal entities that are related parties thereof.

NOTE 29 Significant events after the reporting date

No major events have taken place since the end of the reported period.

NOTE 30 Definitions of key figures and performance measures

Alternative performance measures

The Company presents certain performance measures that are not defined under IFRS. The Company believes that these measures provide useful additional information to investors and Company management as they allow evaluation and benchmarking of its performance. As not all companies calculate performance measures in the same way, the measures are not always comparable with those used by other companies. These performance measures should therefore not be considered a substitute for measures defined under IFRS. The reported performance measures are not defined under IFRS unless otherwise stated. ESMA's guidelines on alternative performance measures are applied. These are enhanced disclosure requirements for performance measures not defined under IFRS.

Return on equity

Net profit for the year divided by average equity.

Return on capital employed

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

Return on total assets

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

Gross margin

Gross profit divided by net sales.

Gross profit

Net sales less cost of sales.

EBIT

In its reports, Biotage uses the performance measure EBIT (Earnings Before Interest and Taxes) as an alternative term for operating profit.

Equity per share

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

Investments

Acquisition of property, plant and equipment, intangible assets and financial assets during the period.

Net sales at comparable exchange rates, organic growth and average organic growth

As most of the Group's net sales are settled in currencies other than the reporting currency, SEK, the amount recognized is

affected by exchange rate changes between periods to a relatively large extent. To enable stakeholders and management to analyze sales trends adjusted for currency effects, the Company reports sales trends compared with the comparative period at constant exchange rates. The current period's sales in each currency are translated at the exchange rates that were used in the reported financial statements for the comparative period.

	12 months			
	01/01/2020 -12/31/2020		01/01/2019 -12/31/2019	
Change in net sales, %	SEK thousands	%	SEK thousands	%
Net sales recognized in the comparative period, i.e., previous year	1,101,373		910,896	
Net sales recognized in the period*	1,091,917		1,065,016	
Recognized change	-8,734	-0.8	154,120	16.9
Net sales for the period at comparative period's exchange rates	1,117,076		995,455	
Change using comparative period's exchange rates	15,702	1.4	84,559	9.3

* After adjustment for companies acquired during the year or comparative year.

Organic growth refers to the change in sales at comparable exchange rates, after adjustment for acquisitions. Average organic growth is calculated by taking the nth root from the organic growth for the periods multiplied by each other.

Net cash/Net debt

To enable stakeholders and management to monitor and analyze the Group's financial strength, information on the Group's net cash/net debt is reported, which is defined as cash less liabilities to credit institutions, lease liabilities according to IFRS 16, calculated additional consideration and other interest-bearing liabilities.

Net debt (SEK thousands)	31/12/2020	31/12/2019
Cash	371.3	185.9
Liabilities to credit institutions	-110.0	-109.6
Lease-related liabilities	-51.9	-59.3
Other	-52.4	-86.2
Net cash (+)/Net debt (-)	157.0	-69.2

Cash flow from operations per share

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

P/E ratio

Share price divided by earnings per share.

P/S ratio

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

Earnings per share *

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

Operating margin

Operating profit/loss divided by sales.

Operating profit

Profit before net financial items and taxes. Consists of gross profit minus total operating expenses (sales expenses, administrative expenses, research and development costs, other operating income and other operating expenses).

Equity/assets ratio

Equity divided by total assets.

Capital employed

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

Total capital

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

Profit margin

Operating profit/loss plus finance income divided by sales.

*) Key figure defined under IFRS.

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, 2021.

Uppsala, March 26, 2021

Torben Jørgensen

Chairman of the Board

Mark Bradley

Board Member

Peter Ehrenheim

Board Member

Thomas Eklund

Board Member

Åsa Hedin

Board Member

Karolina Lawitz

Board Member

Love Amcoff

Employee Representative

Annika Gärdlund

Employee Representative

Dan Menasco

Employee Representative (deputy)

Magnus Mörling

Employee Representative (deputy)

Tomas Blomquist

President and CEO

Our Audit Report was submitted on March 26, 2021
Deloitte AB

Jonas Ståhlberg

Authorized Public Accountant

Audit Report

To the General Meeting of the shareholders of
Biotage AB (publ), reg. number 556539-3138

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Biotage AB (publ) for the financial year 2020-01-01 – 2020-12-31 except for the statutory sustainability report on pages 28–35. The annual accounts and consolidated accounts of the company are included on pages 28–35 and 38–86 in this document.

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 as of December 31, 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the statutory sustainability report on pages 28-35. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Capitalized development expenditure

The Group's recognized capitalized development costs on December 31, 2020 were SEK 122 million. The item is material from a financial reporting perspective. The purpose of the projects is to develop new products and improve existing ones. 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. Decisions to recognize these costs as an asset are based on an assessment made by management.

Management's estimates regarding capitalized development costs and their subsequent measurement may affect the group's earnings and financial position and are therefore of particular importance to our audit.

Further information can be found in the Summary of Significant Accounting and Measurement Policies for the group and parent company and in note 12 of the annual report.

Our audit procedures included, but was not limited to, the following procedures:

- » We have obtained an understanding of the Company's processes for capitalizing development costs and subsequent valuation.
- » We have examined a sample of the year's capitalized costs to obtain assurance that they qualify for capitalization.
- » We have examined the Company's impairment test.
- » We have examined whether required disclosures have been provided in relevant notes to the financial statements.

Revenue from the sale of products

The Group develops and sells systems, reagents, accessories, spare parts and services on a global basis directly to end users and through distributors. The Group's revenue for 2020 amounted to SEK 1 092 million and consisted of sales of goods, SEK 990 million, sales of services, SEK 95 million, and other income, SEK 7 million.

Revenue from the sale of goods is recognized when the control of the products has been transferred from the seller to

the buyer, which normally occurs when the goods leaves the warehouse. Revenue from the sale of products is material from a financial reporting perspective.

There is a risk of incorrect revenue regarding the sale of products and is therefore of particular importance to our audit.

Further information can be found in the Summary of Significant Accounting and Measurement Policies for the group and parent company and in note 3 of the annual report.

Our audit procedures included, but was not limited to, the following procedures:

- » We have obtained an understanding of the Company's processes for revenue recognition according to the criteria contained in IFRS 15.
- » We have examined a sample of transactions to obtain assurance of correct recorded revenue.
- » We have examined whether required disclosures have been provided in relevant notes to the financial statements.

Other information than the annual accounts and consolidated accounts

The other information consists of the remuneration report as well as the pages 1-27, 36-37 and 91-94 in this document that also contains other information than the annual accounts and consolidated accounts. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing

Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Biotage AB (publ) for the financial year 2020-01-01 – 2020-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to 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 financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs.

This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- » has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- » in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the

company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act. A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of the auditor's report.

Auditors' opinion regarding the statutory Sustainability Report

The Board of Directors is responsible for the statutory sustainability report on pages 28-35, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Deloitte AB was appointed Biotage AB's auditor at the Annual General Meeting on June 4, 2020 and has been the Company's auditor since April 26, 2000.

Stockholm, March 26, 2021
Deloitte AB

Jonas Ståhlberg

Authorized Public Accountant

Board of Directors



Left to right: Annika Gärdlund, Mark Bradley, Åsa Hedin, Torben Jörgensen, Peter Ehrenheim, Karolina Lawitz, Love Amcoff, and Thomas Eklund.

Torben Jörgensen (1952)

Chairman of the Board

Education: B.Sc. in Economics, Copenhagen Business School

Occupation: Independent adviser, consultant, and director.

Other posts: Chairman of the Board of Atlas Antibodies AB and Genovis AB. Director of Micropos Medical AB and Advanced Instruments, Inc.

Board service (years): 2

Shares owned: 320,200

Torben Jörgensen attended eight of the nine board meetings held during the year.

Thomas Eklund (1967)

Director

Education: MBA, Stockholm School of Economics.

Occupation: Independent adviser, consultant, and director.

Other posts: Chairman of the Board of Sedana Medical AB, Immedica Pharma AB, and Mabtech AB. Director of Boule Diagnostics AB, Bio-Works Technologies AB, and Surgical Science AB.

Board service (years): 15

Shares owned: 33,727 shares, including shares owned through endowment and retirement policies. Thomas Eklund attended eight of the nine board meetings held during the year.

Karolina Lawitz (1956)

Director

Education: M.Sc., Uppsala University.

Occupation: Managing Director.

Other posts: Director of Pepticore AB and Red Glead Discovery AB

Board service (years): 8

Shares owned: 17,000

Karolina Lawitz attended eight of the nine board meetings held during the year.

Peter Ehrenheim (1955)

Director

Education: M.Sc. in Mechanical Engineering, KTH Royal Institute of Technology, Stockholm

Occupation: Entrepreneur

Other posts: Chairman of the Board of Boule Diagnostics AB, Medcap AB, Bio-Works Technologies AB, Sophion A/S, Grönsöo Säteri AB, and Färsundet Industri AB.

Board service (years): 8

Shares owned: 0

Peter Ehrenheim attended all board meetings during the year.

Mark Bradley (1962)

Director

Education: M.A., D. Phil., University of Oxford.

Occupation: Prof. of Chemical Biology at The University of Edinburgh.

Other posts: Managing Director, Bradley Research Group, Fellow, Royal Society of Chemistry and Royal Society of Edinburgh.

Board service (years): 2

Shares owned: 0

Mark Bradley attended eight of the nine board meetings held during the year.

Åsa Hedin (1962)

Director

Education: M.Sc. in Biophysics, University of Minnesota, B.Sc. in Physics, Gustavus Adolphus College, St. Peter, MN.

Occupation: Director and private investor.

Other posts: Nolato AB, Tobii AB, Cellavision AB, C-Rad AB, E-Öhman Fonder AB, Industrifonden, and Artificial Solutions International AB.

Board service (years): 2

Shares owned: 0

Åsa Hedin attended all board meetings during the year.

Annika Gärdlund (1966)

Employee Representative

Education: Uppsala University.

Occupation: Senior Accountant.

Other posts: –

Board service (years): 5

Shares owned: 0

Annika Gärdlund attended eight of the nine board meetings held during the year.

Love Amcoff (1974)

Employee Representative

Education: M.Sc. in Civil Engineering, Uppsala University, School of Engineering.

Occupation: Project Manager.

Other posts: –

Board service (years): 9

Shares owned: 2,000

Love Amcoff attended all board meetings during the year.

Dan Menasco (1977)

Employee Representative (Deputy)

Education: Ph.D. in Chemistry, University of South Carolina.

Occupation: Global Technical Product Manager, Analytical

Other posts: –

Board service (years): 2

Shares owned: 0

Dan Menasco attended six of the nine board meetings held during the year.

Magnus Mörling (1978)

Employee Representative (Deputy)

Education: Mechanical Engineering, Uppsala University

Occupation: Project Manager R&D

Other posts: –

Board service (years): 2

Shares owned: 0

Magnus Mörling attended all board meetings during the year.

Jonas Ståhlberg (1975)

Chief auditor

Authorized Public Accountant, Deloitte AB.

Information on shareholdings and other data relates to the date of submission of this Annual Report.

Group Management



Tomas Blomquist* (1970)

Position: CEO & President
Education: Marketing/Economics
Employment in the Group (years): 2
Shares owned: 15,000
Other posts: –



Annette Colin* (1965)

Position: Chief Financial Officer
Education: Business administration and law, Lund University.
Employment in the Group (years): 1



Lars Bäckman* (1961)

Position: Chief Legal Officer
Education: LL. B., Stockholm University.
Employment in the Group (years): 14



Jon-Sverre Schanche (1957)

Position: Chief Scientific Officer
Education: Dr. Philos., University of Bergen, Norway
Employment in the Group (years): 1



Petra Duprez (1965)

Position: Chief Human Resources & Sustainability Officer
Education: B.Sc. in Human Resources Development, Stockholm University
Employment in the Group (years): 1



Olof Nord (1975)

Position: EVP Business Development
Education: Ph.D. in Biotechnology and M. Sc. Chemical Engineering, KTH Royal Institute of Technology, Stockholm
Employment in the Group (years): 1



Anders Wikström (1973)

Position: EVP Operations
Education: B.Sc. in Computer Science, Uppsala University
Employment in the Group (years): 18



Rikke Rytter (1967)

Position: EVP Global Marketing
Education: Bachelor of Biomedical Laboratory Science
Employment in the Group (years): 3



Scott Carr (1967)

Position: President, Americas
Education: B.Sc. Chemistry, Wingate University, North Carolina.
Employment in the Group (years): 21



Andreas Juhlin (1974)

Position: President International
Education: M.Sc. Industrial Engineering and Management, Linköping University
Employment in the Group (years): 1



Magnus Nordstedt (1970)

Position: EVP IT & Digitalization
Education: Electronics and Computer Science Engineering, Uppsala University
Employment in the Group (years): 19



Lisa Egelrud (1975)

Position: EVP Quality Assurance & Regulatory Affairs
Education: M.Sc. in Chemical Engineering, Chalmers University of Technology, Gothenburg
Employment in the Group (years): 0

*Group management.

Glossary

Active substance (API)

The substance in a drug or other product that provides its medicinal effects.

Analytical chemistry

The branch of chemistry focused on the examination of samples to elucidate their nature, structure, and composition and reveal the identity and amount of any substances contained therein.

Antibodies

Y-shaped proteins which are part of the immune system and bind to specific surface molecules on foreign bodies to activate the body's immune system.

Biomolecules

Molecules of biological origin, such as proteins, lipids, and nucleic acids.

Buffer solution

A solution consisting of a weak acid and its corresponding base in an equivalent concentration. A buffer solution maintains a relatively constant pH-value whenever acids, bases, or diluents are added.

CMO

Contract Manufacturing Organization.

CRO

Contract Research Organization.

ELISA

Enzyme-linked immunosorbent assay. A method for detecting and quantifying molecules or biomolecules.

Endotoxin

Substances specifically found in bacterial cells, such as lipopolysaccharides (LPSs) and lipooligosaccharides (LOSs).

Evaporation

The accelerated vaporization of a liquid.

Flash column

A cylinder packed with a solid phase. Used in flash chromatography purification.

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 assisted by the flow of one or more solvents.

Hormones

Molecules that function as messengers between cells or organs in the body, regulating the activity of the organs.

Dehydration

A method of concentrating a substance by allowing the solvent to evaporate.

ISO 14001

An international standard for environmental management systems.

ISO 9001

An international standard for quality management systems

Catalyst

A chemical additive that facilitates or speeds up a chemical reaction.

Clinical testing

The process of testing the efficacy of a new drug.

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. The process involves extracting a substance from one liquid phase and transferring it into another liquid phase.

Microwave synthesis

A type of synthesis where microwave energy is used to speed up a reaction.

MIP

Molecularly Imprinted Polymers.

Organic chemistry

The branch of science that deals with the chemistry of carbon compounds.

Peptides

Molecules composed of short-chain amino acids.

Plasmids

Ring-shaped DNA molecules with around 5,000 base pairs, often used in biomolecule manufacturing.

Precision medicine

Forms of treatment that are adapted to a patient's unique molecular and personal profile.

Proteins

Macromolecules composed of long chains of amino acids. The molecules of life.

Reagent

A substance that is added during synthesis to transform the starting material into the desired product.

Reaction mixture

The solution in which a particular substance is suspended following a chemical reaction.

Resin

A porous polymer-based material used in chemical processes. Resins can be chemically modified to give them specific properties.

Purification

A process that isolates a synthesized compound from impurities.

REACH

Registration, Evaluation, Authorisation and Restriction of Chemicals. An EU regulation (EC 1907/2006) with stipulations that protect both human health and the environment from the potential risks posed by chemicals.

Purification column

The physical unit into which the flash chromatography medium is packed.

RoHS

Restriction of Hazardous Substances. An EU directive (2002/95/EG) that restricts the use of certain heavy metals and flame retardants in electrical and electronic products.

Scavengers

Chemical substances that are added to a reaction mixture to remove or deactivate impurities.

SDS-PAGE

Sodium dodecyl sulfate-polyacrylamide gel electrophoresis. An electrophoresis method used to separate macromolecules, such as proteins, in biochemistry.

SLE

Supported Liquid Extraction. An efficient alternative to traditional LLE, with higher yields, the SLE method is well-suited to automation. To extract a substance, the sample is first absorbed by a solid phase, then eluted using an organic solvent.

SPE

Solid Phase Extraction. A method for separating substances based on the amount of affinity each particular substance has for a solid phase relative to a liquid phase. The same principle applies as for flash chromatography, but on a smaller scale.

Synthesis

Involves the creation of a new substance by combining (synthesizing) several different substances.

Work-up

A process that removes various substances that were added to speed up or drive reactions.

See also Note 30, Definitions of key figures and performance measures on page 85.

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