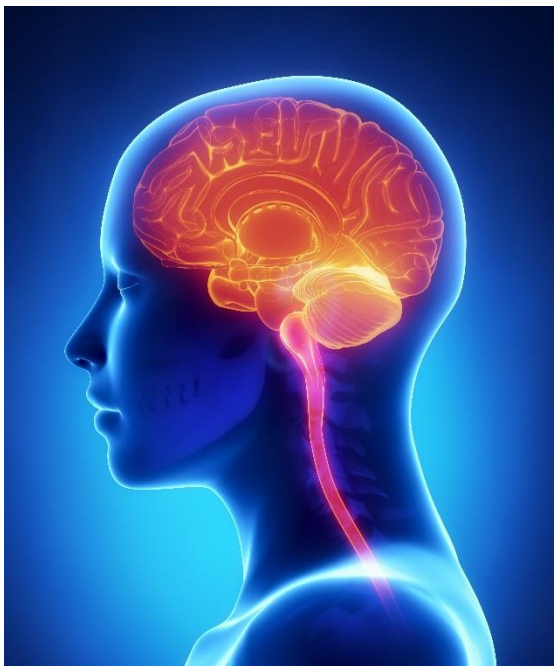
BIOARCTIC

Interim Report January – March 2018



Content

Financial Calendar

Annual General Meeting 2018, May 15, 2018
Interim Report Jan – Jun, Aug 23, 2018
Interim Report Jan – Sep, Nov 8, 2018
Full Year Report 2018, tentatively Feb 13, 2019

Unless otherwise stated in this report, all data refers to the Group. Figures in parentheses relate to the corresponding period in 2017.

Continued progress of the project portfolio

January - March 2018

- Net sales for the period amounted to SEK 52.3 million (26.2)
- Operating profit amounted to SEK 18.9 million (1.5)
- Profit for the period amounted to SEK 15.4 million (1.1)
- Earnings per share were SEK 0.18 (0.02)
- Cash flow from operating activities amounted to SEK -42.0 million (-38.4)

Key events during the period January – March 2018

- BioArctic's patent was granted in the US and Japan for treatment of patients with complete spinal cord injury with a medical device, which is one of the components in the product candidate SC0806
- BioArctic obtained regulatory approvals in Estonia and Norway including approval by the local ethical committees to include patients in the ongoing clinical Phase 1/2 study with SC0806 for patients with complete spinal cord injury

Key events after the period

- The inclusion of patients with complete spinal cord injury in the first panel of three was completed in BioArctic's ongoing Phase 1/2 study with SC0806

Financial summary

SEKm	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Net sales	52.3	26.2	140.7
Other operating income	11.4	0.7	19.0
Operating profit	18.9	1.5	19.3
Profit for the period	15.4	1.1	15.2
Earnings per share, SEK [1, 2]	0.18	0.02	0.22
Equity per share, SEK [1, 2]	7.40	0.98	7.22
Cash flow from operating activities	-42.0	-38.4	-135.3
Cash flow from operating activities per share, SEK [1, 2]	-0.48	-0.61	-1.99
Equity/assets ratio, %	58.8%	9.2%	55.8%
Return on equity, %	2.4%	1.8%	4.3%
Number of shares	88,059,985	4,203,999	88,059,985

[1] There are no potential shares, thus there is no dilutive effect.

[2] The comparative figures have been recalculated as a result of the 15:1 split executed on August 1, 2017.

Contacts

For further information, please contact:
Gunilla Osswald, CEO, gunilla.osswald@bioarctic.se, telephone + 46 (0)8 695 69 30
Jan Mattsson, CFO, jan.mattsson@bioarctic.se, telephone + 46 (0)703 52 27 72

Presentation

BioArctic invites to an audiocast with teleconference (in English) for investors, analysts and media today, April 26, at 09:30 – 10:30 a.m. CET.

CEO Gunilla Osswald and CFO Jan Mattsson present BioArctic, comment on the Interim Report for the period January – March 2018 and answer questions.

Webcast: https://tv.streamfabriken.com/bioarctic-q1-2018
Dial-in telephone number from:
Sweden: + 46 8 566 426 62
Belgium: + 32 240 406 35
Germany: + 49 692 222 290 46
The Netherlands: + 31 207 168 416
Norway: + 47 235 002 53
Switzerland: + 41 225 675 548
UK: + 44 203 008 9814
US: + 1 855 831 5946

About BioArctic

BioArctic AB (publ) is a research based biopharmaceutical company focusing on disease modifying treatments and diagnostics for neurodegenerative diseases, such as Alzheimer's disease and Parkinson's disease. The company also develops a treatment for complete spinal cord injury. The company focuses on new types of treatments in areas with great unmet medical needs.

In the company there are high scientific cutting-edge competence and experience in developing drugs from idea to market. Collaborations with universities are of great importance to the company together with the strategically important global partners in the Alzheimer and Parkinson projects. BioArctic conducts its own clinical development in the field of complete spinal cord injury. Through long-term collaboration agreements with global pharmaceutical companies, BioArctic has demonstrated high skills and great ability to deliver innovative pharmaceutical projects.

In Alzheimer's disease, BioArctic has collaborated with Eisai since 2005. The company has entered into a total of three research collaboration agreements and two license agreements relating to the antibodies BAN2401 and BAN2401 back-up. The total aggregated value of these agreements may amount to EUR 218 million and in addition there are payments of royalty. So far, EUR 47 million has been received. In Parkinson's disease, BioArctic has collaborated with AbbVie since 2016, when a research collaboration agreement was entered including, among other things, the antibody BAN0805. AbbVie is entitled to acquire a license to develop and commercialize the antibodies. The total aggregated value of the agreement may amount to USD 755 million and in addition there are payments of royalty. So far, USD 80 million has been received.

The project portfolio consists of fully funded projects run in partnership with global pharmaceutical companies and innovative in-house projects with significant market and out-licensing potential. For information about the projects, see the section Project portfolio.

BioArctic's B-share is listed on Nasdaq Stockholm Mid Cap (Nasdaq Stockholm: BIOA B).

CEO statement

BioArctic's most important task is to improve the quality of life for patients with diseases in the central nervous system. We have continued to progress the company's innovative projects in the three treatment areas, which all have great medical needs, well in line with our objectives.

During the quarter, BioArctic obtained regulatory approval in Estonia and Norway for including patients with complete spinal cord injury in the company's ongoing Phase 1/2 study with the product candidate SC0806. Work is in progress to also include specialist clinics in Finland in the study. In April, the inclusion of patients with complete spinal cord injuries in the first panel of three was completed in the ongoing clinical study with SC0806. The product candidate is a combination of a medical device and a drug. BioArctic's patent was granted by the patent offices in the US and Japan for the medical device which is one of the main components of SC0806 during the period. Today there is no effective treatment for patients with complete spinal cord injury and the patients require life-long therapy and care, which means high costs for the society.

Among BioArctic's five projects for treatment of patients with early Alzheimer's disease BAN2401, in collaboration with Eisai, is the one that has advanced furthest. On December 21, 2017 BioArctic announced that the Phase 2b study with BAN2401 in 856 patients with early stage Alzheimer's disease will continue towards final analysis after 18 months treatment, and that the ADCOMS efficiency criteria (primary endpoint) was not met at a 12-month interim analysis based on an innovative Bayesian design with high requirements for meeting the efficiency criteria. According to the predetermined study protocol, the trial will continue to completion and remain blinded. 18 months is considered to be a more relevant treatment period for demonstrating clinical effect of a disease modifying drug for Alzheimer's disease. We look forward to the results at completion of the 18 months treatment that are expected to be available during the third quarter 2018. Final results after completed study with 18 months treatment, including the three months follow-up of the patients, are expected to be available during the fourth quarter 2018.

The research collaboration with AbbVie in Parkinson's disease progressed well according to the agreed project plan. According to the collaboration agreement, BioArctic has the primary responsibility for the preclinical research phase. Focus is on conducting the preclinical activities with the drug candidate BAN0805 as efficiently as possible preparing for the clinical development and for the application of the start-up of clinical studies in the U.S. (IND).

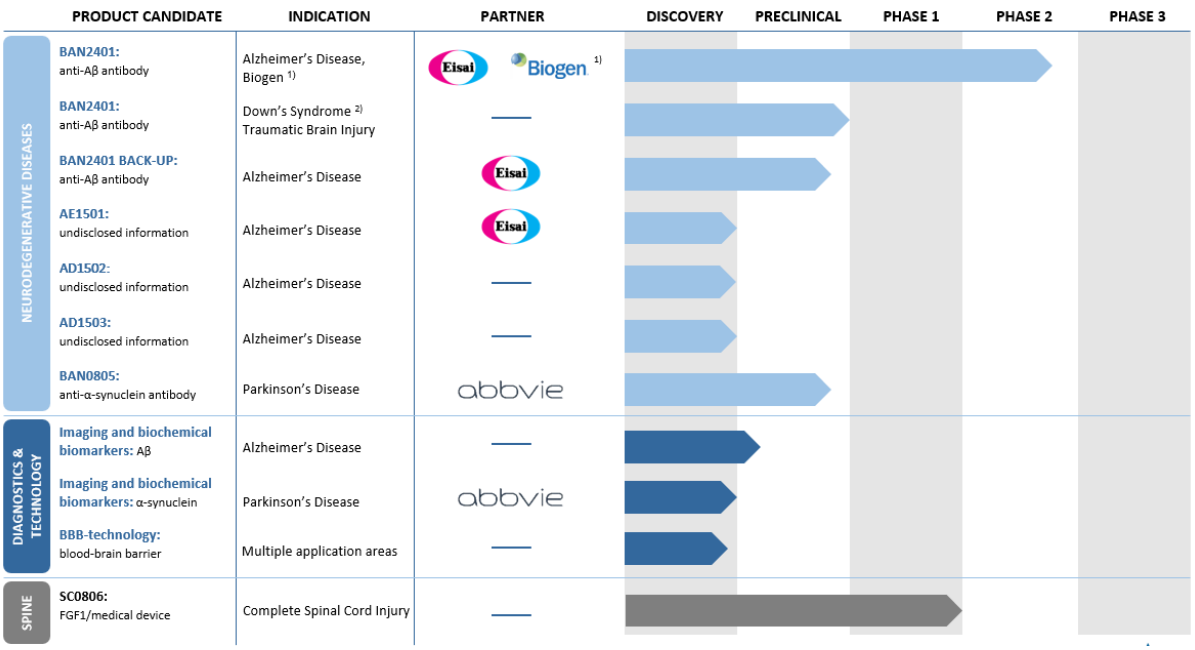
During the period we have strengthened the organization with additional cutting-edge expertise and resources with new employees and key consultants who quickly have adapted to their roles and the operations.

I am pleased with the continued progress of the project portfolio during the quarter and that BioArctic continued to show a positive financial result. BioArctic is well positioned to carry the projects forward towards our goals and potential new collaborations in accordance with the company's strategy. In conclusion, I would like to thank all who have contributed to a successful quarter and start of the fiscal year 2018.

Gunilla Osswald
President and CEO, BioArctic AB

Project portfolio

Preclinical and clinical research:



[1] Partner with Eisai on BAN2401 for treatment of Alzheimer's Disease. Eisai partnered with Biogen on BAN2401 in 2014
[2] Dementia and cognitive impairment associated with Down's syndrome and Traumatic Brain Injury

BioArctic's project portfolio at March 31, 2018:
BioArctic has two projects in the clinical phase: BAN2401 for Alzheimer's disease and SC0806 for patients with Complete Spinal Cord Injury.
The company has four projects in preclinical development: BAN2401 for Down's Syndrome with dementia and Traumatic Brain Injury, BAN2401 back-up for Alzheimer's disease, BAN0805 for Parkinson's disease and biomarker and diagnostics projects for Alzheimer's disease.
There are three projects in the research phase for Alzheimer's disease (AE1501, AD1502, AD1503), Parkinson's disease follow-up projects, biomarker and diagnostics projects for Parkinson's disease, as well as a blood-brain barrier technology project.

Neurodegenerative diseases

The key molecular event in Alzheimer's disease and Parkinson's disease is believed to be protein misfolding and aggregation. The spreading of soluble aggregates leads to neuronal dysfunction, cell death, brain damage and symptoms of disease. Each neurodegenerative disease is characterized by its unique aggregated protein. The hallmark of Alzheimer's disease is amyloid-beta, whereas alpha-synuclein is the signature protein of Parkinson's disease. BioArctic's disease modifying treatment strategy is to eliminate toxic aggregated forms of amyloid beta (oligomers/protofibrils) in the brain by means of the company's selective antibodies.

The goal is to increase the effect of the treatment without increasing the risks of side effects.

BAN2401

Alzheimer's disease: BAN2401 is a disease modifying drug candidate (an anti-amyloid beta protofibril selective antibody) for the treatment of early Alzheimer's disease. A clinical Phase 2b study is ongoing in the US, Canada, Europe, Japan and South Korea comprising 856 patients. The 17th and final interim analysis has been carried out. According to the predetermined study protocol, the study will remain blinded for the 18 months treatment followed by final analysis of the study results. The efficacy criteria at the 12-month interim analysis of

ADCOMS (primary endpoint) were not met, as announced on December 21, 2017. The results from the interim analysis at 12 months were based on an innovative Bayesian design with high requirements for meeting the efficacy criteria. The results after 18 months treatment are now expected to be available during the third quarter 2018. Final results after completed study with 18 months treatment and three months follow-up of the patients are expected to be available during the fourth quarter 2018. Eisai is responsible for the clinical development. The project is based on research at Uppsala University, Sweden.

Down's syndrome with dementia: BAN2401, which is now being clinically evaluated for the treatment of Alzheimer's disease, can potentially also be used for other indications, such as Down's syndrome with dementia, as these patients develop dementia at around 40 years of age.

Traumatic brain injury (TBI): BioArctic has submitted a patent application for the antibodies BAN2401/BAN2401 back-up for the treatment of Traumatic Brain Injury. Some of these patients develop dementia after the injury.

BAN2401 back-up

The antibody is a further developed version of BAN2401 for the treatment of Alzheimer's disease. The antibody was developed by BioArctic in collaboration with Eisai, which led to a new license agreement in 2015. The project is driven by Eisai and is in late preclinical phase.

AE1501

The collaboration with Eisai also includes a project jointly owned by BioArctic and Eisai regarding disease modifying treatment of Alzheimer's disease with a different target than those targeted in the projects BAN2401 and BAN2401 back-up.

AD1502 and AD1503

At BioArctic research is in progress to develop new antibodies for the treatment of Alzheimer's disease aimed at slowing down or stopping disease progression by addressing two new targets.

BAN0805

BAN0805 is a drug candidate (an antibody) for the treatment of Parkinson's disease. The aim is to develop a disease modifying treatment that stops or slows down disease progression. Collaboration with AbbVie was started in 2016 regarding the continued development of the company's Parkinson program, focusing on BAN0805 with follow-up projects and diagnostics. The project is based on research at Uppsala University.

Diagnostics and technology

Alzheimer's disease diagnostics: In collaboration with Uppsala University, BioArctic is developing a new type of PET tracer for imaging of the brain in Alzheimer's disease by using BioArctic's antibodies. The goal is to create tools to better diagnose the disease, follow the disease progression and objectively measure the effect of drug treatment.

Improved biochemical methods: BioArctic develops improved biochemical methods for the identification and precise measurement of responses to treatment of Alzheimer's disease and Parkinson's disease, and for the measurement of disease progression. This is done in collaboration with the University of Gothenburg.

Blood-brain barrier technology: Together with Uppsala University, BioArctic is developing a technology that enables better passage of antibodies into the brain across the blood-brain barrier. This technology has great technical and commercial potential and could be a general technology for improved and more effective treatment of brain diseases.

Complete Spinal Cord Injury

SC0806

SC0806 is an innovative treatment for patients with traumatic Complete Spinal Cord Injury. The product candidate is a combination of a biodegradable medical device and a drug

substance (FGF1). The first patient was treated in 2016 at Karolinska University Hospital, Sweden, with subsequent rehabilitation for 18 months. Since August 2017, the patients receiving SC0806 treatment in the ongoing Phase 1/2 clinical trial have been given the option of 12 months additional participation in an extension study. Approvals by the regulatory authorities and ethic committees are obtained in Estonia and Norway to include patients in the study. Work is ongoing to include Finnish rehabilitation clinics as well. The product obtained orphan drug designation in 2010 in the EU and in 2011 in the US, which gives the company 10 and 7 years of market exclusivity in Europe and the US, respectively.

Patent

Patents and other exclusive rights are crucial to the company's future commercial opportunities. BioArctic has therefore an active patent strategy covering all major geographic markets, including the US, EU, Japan and China. BioArctic's patent portfolio consisted at the end of the period of 12 patent families with 151 granted patents.

Comments on the report

The Group is referred to unless otherwise stated in this interim report. Figures in parentheses refer to the corresponding period last year. Amounts are expressed in kSEK (SEK thousands) unless otherwise stated. All amounts stated are rounded up or down, which may lead to some totals not matching exactly.

Revenues and results

Because of the nature of the business operations, there may be large fluctuations between revenue for different periods.

Net sales in the first quarter amounted to SEK 52.3 million (26.2), an increase of SEK 26.1 million compared with the same period the previous year. The increase during the quarter is attributable to the increased activities in the Parkinson program in collaboration with AbbVie.

Other operating income relates to research grants, operating exchange rate gains, rental income and one-time payment for subleasing and amounted to SEK 11.4 million (0.7) for the first quarter. The increase amounting to SEK 9.4 million during 2018 is explained by the exchange rate gains due to the weakening of the Swedish krona.

Operating costs amounted to SEK 44.8 million (25.4) for the first quarter. The increase is primarily explained by more R&D costs in the Parkinson program and by increased expenses as BioArctic is now a listed company.

Other operating expenses consisted of operating exchange rate losses.

Since BioArctic did not meet all the conditions to capitalize R&D costs, all such costs have been charged to the P&L.

Operating profit before financial items (EBIT) amounted to SEK 18.9 million (1.5) for the first quarter. The increase in the operating profit is attributable to the increased activity in the Parkinson project with AbbVie and to operating exchange rate gains.

Net financial items totaled SEK 0.9 million (0.0) for the first quarter and consisted mainly of financial exchange rate gains.

Profit for the period amounted to SEK 15.4 million (1.1) for the first quarter.

Earnings per share before and after dilution amounted to SEK 0.18 (0.02) for the first quarter.

Financial position

Equity amounted to SEK 651.6 million (61.9) at March 31, 2018. This corresponds to an equity per outstanding share of SEK 7.40 (0.98) before and after dilution.

The equity/asset ratio has increased from 9.2% at March 31, 2017 to 58.8% at March 31, 2018. The increase is due to the acquisition of

capital that took place in connection with the listing of BioArctic on Nasdaq Stockholm in October 2017.

The Group's cash and cash equivalents consist of bank balances and at the end of the period they amounted to SEK 1,078.7 million (650.3). There were no loans at March 31, 2018, and no loans have been taken since this date. The Group has no other credit facility or loan commitments.

The Group's liquid funds are intended to be used mainly for agreed commitments and for progressing the internal projects. In order to reduce foreign exchange exposure some liquid funds are invested in foreign currency. This has reporting effects in connection with the recalculation of currency to the current rate. These effects are recognized in the operating profit and in financial income and expenses.

The Board of Directors proposes that no dividend is paid for the fiscal year 2017.

Investments and cash flow

Investments in the first quarter amounted to SEK 0.2 million (0.1). The investments are mainly related to laboratory equipment.

Cash flow from operating activities for the first quarter amounted to SEK -42.0 million (-38.4).

Other information

Annual General Meeting 2018

The Annual General Meeting will be held on Tuesday, May 15, 2018, at 5 p.m. at Grant Thornton Sweden AB, Sveavägen 20, Stockholm. More information is available at www.bioarctic.com under the Governance section.

Employees

At the end of the period, the number of employees in the Group was 29 (25) of which 12 (11) are men and 17 (16) women. Approximately 90 percent are active in R&D and approximately 80 percent are PhDs; of these, two are Associate Professors and one is Professor.

Consultants

A cost efficient organization at BioArctic is achieved by hiring key consultants for specific assignments and for tasks in competence areas that the company lacks or only has a need for periodically. As of March 31, 2018, these amounted to a total corresponding to 12 (7) full-time positions.

Risks and uncertainty factors

The management makes assumptions, judgments and estimates that affect the content of the financial statements. Actual results may differ from these assumptions and estimates, as is also stated in the accounting principles. The objective of the Group's risk management is to identify, measure, control and limit the risks of the business. Significant risks are the same for the Parent Company and the Group. The risks can be divided into financial risks on the one hand and operational and external risks on the other. BioArctic's operational and external risks mainly consist of risks related to research and development, clinical trials and dependence on key employees.

A detailed description of exposure and risk management is presented in the Annual Report for 2017, pp 41-42.

Parent Company

All the Group's business operations are conducted in the Parent Company.

Consolidated income statement

kSEK	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Net sales (Note 4)	52,303	26,174	140,706
Cost of goods sold	-	-266	-266
Gross Profit	**52,303**	**25,909**	**140,441**
Other operating income	11,420	738	19,044
Marketing expenses	-351	-343	-1,397
Administrative expenses	-7,047	-3,761	-31,522
Research and development costs	-37,256	-17,356	-101,583
Other operating expenses	-165	-3,718	-5,689
Operating profit	**18,903**	**1,469**	**19,294**
Financial income	1,273	-	1,043
Financial expenses	-363	-12	-647
Profit before tax	**19,813**	**1,457**	**19,690**
Tax	-4,394	-341	-4,534
Profit for the period	**15,419**	**1,116**	**15,157**
Earnings per share			
Earnings per share, SEK [1, 2]	0.18	0.02	0.22

[1] There are no potential shares. Thus there is no dilutive effect.

[2] The comparative figures have been recalculated as a result of the 15:1 split executed on August 1, 2017.

Consolidated statement of comprehensive income

kSEK	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Profit for the period	15,419	1,116	15,157
Other comprehensive income	-	-	-
Comprehensive income for the period	**15,419**	**1,116**	**15,157**

Consolidated balance sheet – summary

kSEK	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
ASSETS			
Tangible fixed assets	6,720	5,324	7,093
Deferred tax assets	2,675	186	230
Other financial assets	244	2,675	2,675
Current assets excluding cash and cash equivalents	20,278	13,195	20,119
Cash and cash equivalents	1,078,746	650,302	1,110,367
TOTAL ASSETS	**1,108,664**	**671,682**	**1,140,483**
EQUITY AND LIABILITIES			
Equity	651,553	61,875	636,134
Deferred tax liabilities	5,487	4,136	5,487
Other current liabilities	15,790	10,688	12,160
Accrued expenses and deferred income	435,833	594,983	486,702
EQUITY AND LIABILITIES	**1,108,664**	**671,682**	**1,140,483**

Consolidated statement of changes in equity – summary

kSEK	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
Opening balance at 1 January	**636,134**	**60,760**	**60,760**
Comprehensive income for the period	15,419	1,116	15,157
Transactions with shareholders:			
Share issue	-	-	600,000
Expenses for share issue	-	-	-39,782
Closing balance	**651,553**	**61,875**	**636,134**

Consolidated statement of cash flow

kSEK	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Cash flow from operating activities before changes in working capital	**-44,724**	**-26,072**	**-132,481**
Change in working capital	2,721	-12,305	-2,846
Cash flow from operating activities after changes in working capital	**-42,004**	**-38,377**	**-135,327**
Cash flow from investing activities	**-215**	**-121**	**-2,813**
Cash flow from financing activities	**-**	**-**	**560,218**
Cash flow for the period	**-42,218**	**-38,498**	**422,078**
Cash and cash equivalents at beginning of period	1,110,367	692,530	692,530
Exchange rate differences in cash and cash equivalents	10,597	-3,730	-4,241
Cash and cash equivalents at end of period	**1,078,746**	**650,302**	**1,110,367**

Parent Company income statement

kSEK	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Net sales	52,303	26,174	140,706
Cost of goods sold	-	-266	-266
Gross profit	**52,303**	**25,909**	**140,441**
Marketing expenses	-351	-343	-1,397
Administrative expenses	-7,047	-3,761	-31,521
Research and development costs	-37,256	-17,356	-101,583
Other operating income	11,420	738	19,044
Other operating expenses	-165	-3,718	-5,689
Operating profit	**18,903**	**1,469**	**19,295**
Financial income	1,273	-	1,043
Financial expenses	-363	-12	-647
Profit after financial items	**19,813**	**1,457**	**19,691**
Change in tax allocation reserves	-	-	-6,141
Profit before tax	**19,813**	**1,457**	**13,550**
Tax	-4,394	-341	-3,183
Profit for the period	**15,419**	**1,116**	**10,367**

Parent Company statement of comprehensive income

kSEK	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Profit for the period	15,419	1,116	10,367
Other comprehensive income	-	-	-
Comprehensive income for the period	**15,419**	**1,116**	**10,367**

Parent Company balance sheet – summary

kSEK	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
ASSETS			
Tangible fixed assets	6,720	5,324	7,093
Deferred tax assets	244	186	230
Other financial assets	2,775	2,775	2,775
Current assets excluding cash and cash equivalents	20,278	13,194	20,119
Cash and cash equivalents	1,078,648	650,203	1,110,269
TOTAL ASSETS	**1,108,665**	**671,682**	**1,140,484**
EQUITY AND LIABILITIES			
Equity	632,101	47,211	616,682
Tax allocation reserve	24,941	18,800	24,941
Other current liabilities	15,790	10,688	12,160
Accrued expenses and deferred income	435,833	594,982	486,702
EQUITY AND LIABILITIES	**1,108,665**	**671,682**	**1,140,484**

Notes

Note 1 General information

This Interim Report covers the Swedish Parent Company BioArctic AB, Swedish corporate identity number 556601-2679, and the two fully owned subsidiaries SpineMedical AB, corporate identity number 559003-7080, and LPB Sweden AB, corporate identity number 559035-9112. All the Group's business operations are conducted in the Parent Company.

The Parent Company is a Swedish limited liability company registered in and with its registered office in Stockholm. The head office is located at Warfvinges väg 35, SE-112 51, Stockholm, Sweden.

The BioArctic Group's Interim Report for the period January – March 2018 was approved by the Board on April 25, 2018.

Note 2 Accounting principles

The consolidated financial statements for BioArctic AB have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 1 Supplementary Accounting Rules for Groups. The Parent Company's financial statements are presented in accordance with the Swedish Annual Accounts Act and RFR2, Accounting for Legal Entities.

The Interim Report for the period January – March 2018 is presented in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34 are presented both in notes and elsewhere in the Interim Report.

The guidelines of the European Securities and Markets Authority (ESMA) on alternative performance measures have been applied. This involves disclosure requirements for financial measures that are not defined by IFRS. For performance measures not defined by IFRS, see the Calculations of key figures section.

As from January 1, 2018 the IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial instruments are implemented. None of the new standards has had an effect on the reporting.

IFRS 16 replaces IAS 17 *Leases* and the appropriate interpretations IFRIC 4, SIC-15 and SIC-27. This standard requires that assets and liabilities attributable to all leasing agreements, with a few exceptions, are recognized in the balance sheet. This reporting is based on the view that an asset is used for a specific period of time and at the same time an obligation arises to pay for this right. The standard is to be applied for financial years commencing on January 1, 2019 or later. BioArctic has elected not to apply the standard in advance. An evaluation of its impact is ongoing.

The accounting principles and calculation methods applied are in all other respects in line with those described in the Annual Report for 2017.

Note 3 Segment information

An operating segment is a part of the Group that conducts operations from which it can generate income and incur costs and for which independent financial information is available. The highest executive decision-maker in the Group follows up the operations on aggregated level, which means that the operations constitute one and the same segment and thus no separate segment information is presented. The Board of Directors is identified as the highest executive decision maker in the Group.

Note 4 Net sales

A breakdown of the Group's net sales is shown below:

kSEK	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Income from research collaborations	52,303	25,743	140,275
Other items	-	431	431
Net sales	**52,303**	**26,174**	**140,706**

BioArctic's net sales essentially consist of income from the research collaborations concerning Parkinson's disease with AbbVie and Alzheimer's disease with Eisai.

Under the collaboration agreement with AbbVie, BioArctic received an initial payment of SEK 701.6 million (USD 80 million). This payment is related to compensation for the preclinical development work that BioArctic will carry out under the agreement. Of the initial payment, SEK 70.4 million was reported as a one-time payment in 2016. The rest of the payment will be accrued based on the costs incurred up until the completion of the project. The project is continuously evaluated with the regard to status and remaining costs.

In 2016 SEK 22.7 million was recognized as a revenue in addition to the above-mentioned SEK 70.4 million, during 2017 SEK 135.5 million was recognized as a revenue and in the period January – March 2018 a revenue of SEK 50.9 was recognized. The remaining amount to be recognized as a revenue is SEK 422.1 million up until the completion of the project which is expected to occur by December 31, 2019.

Note 5 Transactions with affiliated parties

Mikael Smedeby, who by the Nomination Committee is proposed to be elected to the Board of Directors, is active as lawyer and co-owner of Advokatfirman Lindahl KB, which provides ongoing business legal advice to BioArctic against compensation in line with market rates. During 2017, Advokatfirman Lindahl invoiced fees amounting to approximately SEK 5.2 million, which mainly consisted of costs due to the IPO in October 2017, and in the January – March 2018 period an amount of approximately SEK 0.1 million was invoiced.

In addition to the compensation to Advokatfirman Lindahl described above, as well as salaries and director fees to Lars Lannfelt and Pär Gellerfors, no significant transactions have taken place between the Group and related parties. All transactions have been in line with market rates.

Consolidated quarterly data

SEKm	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2
Income statement								
Net sales	52.3	51.0	31.5	32.0	26.2	94.4	1.2	1.0
Other operating income	11.4	10.4	2.8	5.2	0.7	32.6	1.1	3.2
Operating profit	18.9	14.7	0.6	2.5	1.5	97.3	-10.2	-11.2
Profit for the period	15.4	11.8	-0.1	2.3	1.1	75.0	-7.8	-8.7
Balance sheet								
Fixed assets	9.6	10.0	10.5	8.2	8.2	8.5	12.8	12.0
Current assets	20.3	20.1	9.8	8.6	13.2	7.0	8.5	6.5
Cash and cash equivalents	1,078.7	1,110.4	590.7	622.1	650.3	692.5	82.5	93.4
Equity	651.6	636.1	64.1	64.2	61.9	60.8	90.9	98.7
Deferred tax liabilities	5.5	5.5	4.1	4.1	4.1	4.1	-	-
Current liabilities	451.6	498.9	542.7	570.5	605.7	643.1	13.0	13.2
Cash flow								
From operating activities	-42.0	-45.7	-23.6	-27.6	-38.4	705.6	-9.8	-11.3
From investing activities	-0.2	0.5	-2.8	-0.4	-0.1	-1.7	-1.2	-
From financing activities	-	560.2	-	-	-	-105.1	-	-
Cash flow for the period	-42.2	515.0	-26.4	-28.1	-38.5	598.8	-11.1	-11.3
Data per share, SEK [1, 2]								
Earnings per share, SEK	0.18	0.16	0.00	0.04	0.02	1.19	-0.12	-0.14
Equity per share, SEK	7.40	7.22	1.02	1.02	0.98	0.96	1.44	1.56
Cash flow operating activities	-0.48	-0.60	-0.37	-0.44	-0.61	11.19	-0.16	-0.18

[1] There are no potential shares. Thus there is no dilutive effect.

[2] The comparative figures have been recalculated as a result of the 15:1 split executed on August 1, 2017.

Calculations of key figures

In this financial report BioArctic reports key financial figures, some of which are not defined by IFRS. The Company's assesses that these key figures are important additional information, since they enable investors, securities analysts, management of the company and other stakeholders to better analyze and evaluate the company's business and financial trends. These key figures should not be analyzed separately or replace key figures that have been calculated in accordance with IFRS. These key figures should not be compared to other key figures with similar names applied by other companies. This is due to the fact that key figures cannot always be defined in the same way and other companies may calculate them in a different way than BioArctic.

The key figures "Net sales", "Result for the period", "Earnings per share" and "Cash flow from operating activities" are defined according to IFRS.

Key figures	Definition
Other income	Other income than net sales
Operating profit	Result before financial items
Cash flow from operating activities per share, SEK	The period's cash flow from operating activities divided by the weighted number of shares
Equity/asset ratio	Adjusted equity as a percentage of the balance sheet total
Return on equity	Net income divided by equity as a percentage
Equity per share before and after dilution	Adjusted equity divided by the number of shares at the end of the period

The Board and the CEO confirm that this interim report provides a true and fair overview of the Company and the Group's operations, position and earnings and describes the material risks and uncertainly factors faced by the Parent Company and the companies within the Group.

This Interim Report has not been reviewed by BioArctic's auditors.

Stockholm, Sweden, April 25, 2018

Wenche Rolfsen
Chairman

Ivar Verner
Deputy Chairman

Hans Ekelund
Board member

Pär Gellerfors
Board member

Lars Lannfelt
Board member

Eugen Steiner
Board member

Gunilla Osswald
CEO

Glossary

ADCOMS
Alzheimer's Disease Composite Score – A cognition scale consisting of parts from three different scales (CDR-SB, ADAS-cog and MMSE) developed by Eisai

Alpha-synuclein (α-synuclein)
A protein in the nervous system, present in Lewy bodies in some structures of the brain in Parkinson's Disease

Amyloid-beta (Aβ)
A 40-42 amino acids long peptide, split from the parent protein APP, amyloid precursor protein. Aβ is the main constituent of the plaques found in the brain of Alzheimer patients

Antibody
Protein used by the body's immune system to detect and destroy foreign substances

Bayesian study
A study where collected data is combined with known facts for a complete conclusion

Biomarker
A measurable indicator of a medical condition

Blood-brain barrier
A physiological mechanism in which merged capillary walls in the brain's blood vessels regulate the transport of molecules between the blood and the brain tissue, with the function to protect the brain against viruses and other harmful agents

Central nervous system
The central nervous system consists of the brain and the spinal cord

Clinical studies
Drug trials performed in human subjects

Complete Spinal Cord Injury
A complete injury means that the spinal cord is complete severed. In an incomplete injury there are still a few nerve contacts left

Disease modifying treatment
A treatment that interferes with the processes of the disease and changes it in a positive way

Drug candidate
A drug under development that has not yet gained marketing approval

Humanized antibody
An antibody in which the sequence has been changed to resemble a human antibody

Interim analysis
In clinical trials and other scientific studies, an interim analysis is an analysis of data that is conducted before data collection has been completed

Investigational New Drug (IND) application
Application to the U.S. Food and Drug Administration (FDA) for the initiation of a clinical study in the U.S.

Ligand
Molecule that binds to the desired target in the body

Medical device for implantation
A medical device that is intended to be totally or partially introduced, surgically or medically, into the human body, or through a medical procedure in a body opening, and intended to remain there after the operation

Milestone payment
Financial compensation obtained within the framework of a project or collaboration agreement when a certain specified objective has been achieved

Monoclonal antibody
An antibody that can be produced so that all copies are exactly alike

Monomer
A monomer is the starting molecule in polymerization. The monomers are joined into long molecular chains through the polymerization, resulting a in a polymer with the monomer as the repeating unit

Neurodegenerative disease
Disease in which the nervous system atrophies

Oligomer
A molecular chain consisting of several monomers aggregated

Orphan drugs
Drugs for patients with rare and serious disease

Peptide
A molecule made up of amino acids connected into a short chain

PET
Positron emission tomography, an investigation imaging method

Phase 1 studies
Studies mainly of the safety and tolerability of a drug. Performed on a limited number of healthy human volunteers or patients

Phase 2 studies
Studies of the safety and efficacy of a drug and dose finding. Performed on a limited number of patients

Phase 3 studies
Confirmatory studies of the safety and efficacy of a drug in a clinical setting. Performed on a large number of patients

Preclinical phase
Preclinical studies of drug candidates to prepare for clinical studies

Preclinical studies
Studies performed in model systems, i.e. not in humans

Product candidate
A product under development that has not yet gained marketing approval

Protofibril
A molecular chain consisting of several monomers aggregated

Research phase
Early research is focused on studying and elucidating the underlying molecular disease mechanisms and development of potential drug candidates

This information is information that BioArctic AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was released for public disclosure through the agency of Christina Astrén, IR & Communications Director, at 08:00 a.m. CET on April 26, 2018.

BioArctic AB

Swedish Corporate Identity Number 556601-2679
Warfvinges väg 35, SE-112 51, Stockholm, Sweden
Telephone + 46 (0)8 695 69 30
www.bioarctic.com

This report has been prepared in a Swedish original version and translated into English. In the event of any inconsistency between the two versions, the Swedish language version should have precedence.