BioArctic AB

Interim Report January-March 2018

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April 26, 2018

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Snapshot of BioArctic

Company overview

- **Research oriented biopharma company** focusing on development of drugs in areas with a large unmet medical need, such as Alzheimer's and Parkinson's Disease, and Complete Spinal Cord Injury
- **Founded in 2003** by Prof. Lars Lannfelt and Dr. Pär Gellerfors
- **Flexible organization** with approx. 30 FTEs complemented with consultants and close collaborations with external partners
- **Headquartered** in Stockholm, Sweden
- **Listed on Nasdaq Stockholm Mid Cap** since October 2017

Investment highlights

- **Highly educated organization** with proven track record of bringing drugs from idea to market
- **Innovative portfolio** of differentiated first-generation disease modifying agents in Alzheimer's and Parkinson's Disease, diagnostics and pioneering Complete Spinal Cord Injury treatment
- **Strategic collaborations** with Eisai and AbbVie validating highly innovative research organization and unique product candidates
- **Attractive combination** of fully financed partner projects and cutting-edge, well funded, proprietary R&D pipeline with substantial market and out-licensing potential

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Long-standing and Extensive Partnerships

Eisai collaboration and license agreements

Description of agreements

- Two previous research collaborations regarding disease modifying therapies for Alzheimer's Disease that resulted in two licenses of the Aβ oligomer/protofibril antibodies BAN2401 and BAN2401 Back-up
- Third research collaboration ongoing regarding a new target as a disease modifying therapy for Alzheimer's Disease

Milestone / royalty potential

- The total aggregated value of the research collaborations and license agreements is approx. EUR 218m in signing fee and milestones plus high single digit royalties
- BioArctic has received approx. EUR 47m for the research collaborations, signing fees and milestones

AbbVie collaboration agreement

Description of agreements

- Research collaboration (entered Sep 2016) regarding alpha-synuclein antibodies as disease modifying therapies for Parkinson's Disease incl. BAN0805 to IND, follow-up compounds and diagnostic
- BioArctic primarily responsible for performing all preclinical activities
- Option for AbbVie for a license to develop and commercialize the antibodies

Milestone / royalty potential

- Total potential value of the agreement is up to USD 755m incl. an up-front fee, option exercise fee, and success-based milestones plus tiered royalties
- BioArctic has received an USD 80m up-front payment for the research collaboration

Strategic collaborations with pharmaceutical industry validating potential value and commercialization potential for BioArctic with proven track record of delivering on research collaborations

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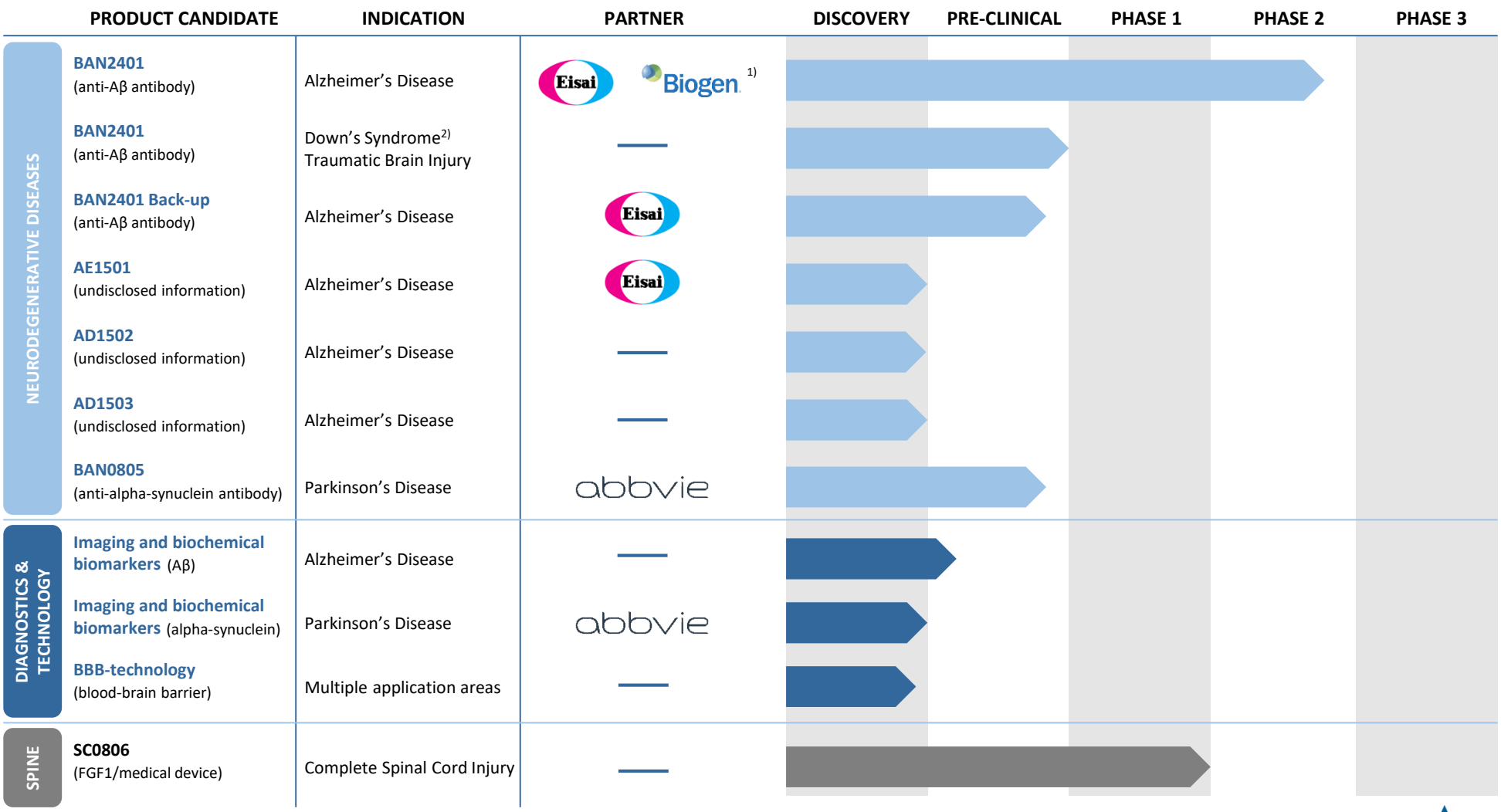
Strategic Partnerships and Cutting-Edge Proprietary R&D



1) Partner with Eisai on BAN2401 for treatment of AD. Since 2014, Eisai partnered with Biogen in AD

2) Dementia and cognitive impairment associated with Down's syndrome and Traumatic Brain Injury

Source: company data

BAN2401 – Learnings from Previous Clinical Trials in AD Incorporated in Phase 2b Study Design
Final Results in H2 2018

Important parameters

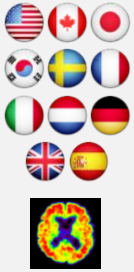
Right target	Right patient population	Right dose & exposure	Right measurements	Right safety
• Address the soluble protofibrils – a toxic form of amyloid	• Early AD – MCI due to AD & Mild AD • Identify right patients – biomarkers	• Selecting doses with exposures above preclinical IC50 • Adaptive design testing several doses and dose regimens	• More sensitive cognition scales • Biomarkers for disease progression and disease modification	• Well tolerated with a benign safety profile • Low cardiovascular risks and amyloid related imaging abnormalities (ARIA) etc.

Phase 2b study design

Patient inclusion

Multinational recruitment:

- 100 clinical centers included
- **Inclusion criteria:** MMSE >22-30
- Stable concomitant medication
- Positive amyloid PET/CSF



Inclusion completed with 856 patients

Treatment 12 months

Double-blind, placebo controlled, parallel-group study with Bayesian adaptive design

- Placebo
- 2.5 mg/kg bi-weekly
- 5 mg/kg bi-weekly
- 10 mg/kg bi-weekly
- 5 mg/kg once every four weeks
- 10 mg/kg once every four weeks

Primary analyses:

- Δ from baseline in ADCOMS at 12 months
- Safety and tolerability

Treatment 18 months

Key analyses:

- Δ from baseline in ADCOMS, CDR-SB, ADAS-cog at 18 months
- Δ from baseline in brain amyloid as measured by amyloid PET
- Δ from baseline in CSF biomarker and MRI (total hippocampal volume
- Safety and tolerability

Top line results after 18 months treatment incl. biomarker and cognition - Q3 2018
Full read-out of study after 18 months treatment and 3 months follow-up - Q4 2018
A positive scenario includes an effect on both a biomarker and cognition

Source: company information.
Note: ADCOMS = Alzheimer's Disease Composite Score, a evaluation tool developed by Eisai.

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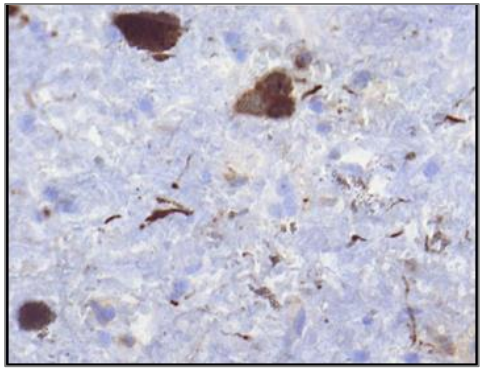
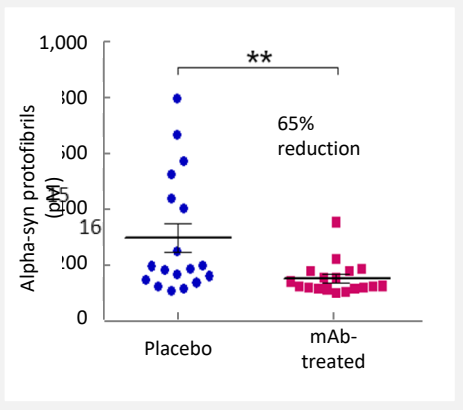
BAN0805 – Groundbreaking Disease Modifying Drug in PD with Rationale for Selective Targeting of Alpha-synuclein Oligomers/Protofibrils

Rationale for targeting alpha-synuclein

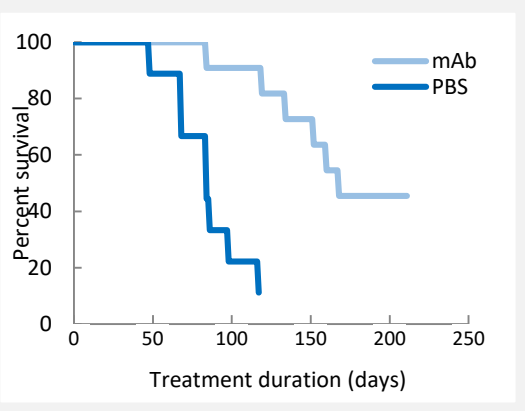
Human genetics → **Pathology** → **Pre-clinical proof of concept**



Reduction of neurotoxic alpha-synuclein oligomers/protofibrils



Increases lifespan



Alpha-synuclein mutations lead to PD or Dementia with Lewy Bodies and are associated with increased oligomer/protofibril formation

Alpha-synuclein deposition is a hallmark of PD pathophysiology and alpha-synuclein oligomers/ protofibrils are elevated in PD

Oligomer/ protofibril selective antibody reduces neurotoxic alpha-synuclein oligomer/protofibril levels, delays disease progression and increases life-span in a PD mice model

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SC0806 – Unique Regenerative Treatment of Complete SCI

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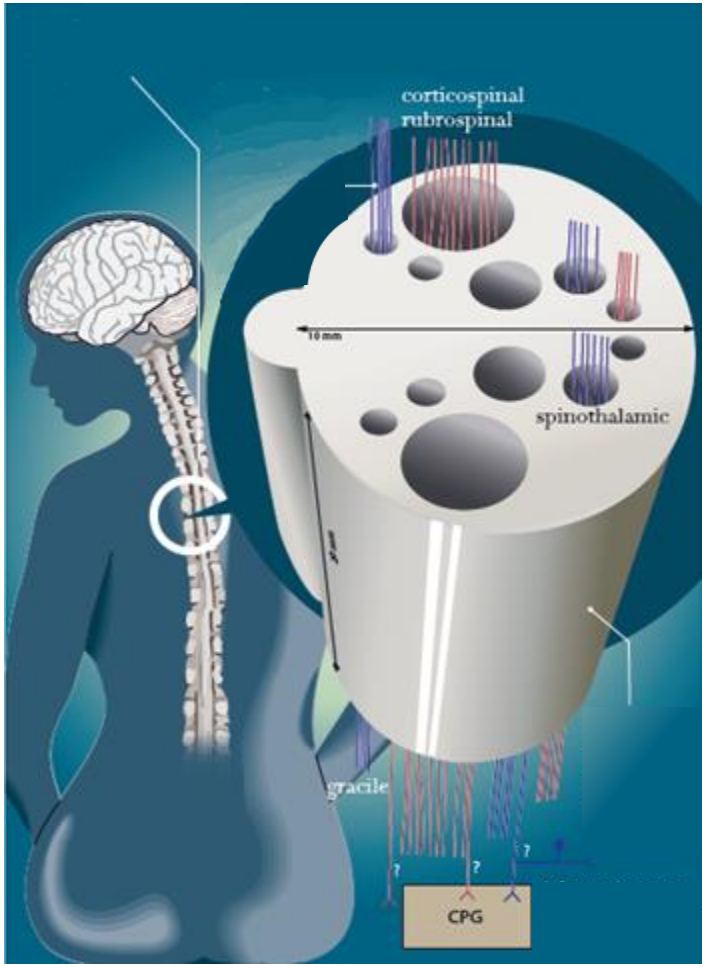

Treatment rationale and project status

SC0806 makes nerve regeneration possible

FGF1 activated by heparin	• Stimulation of central axon outgrowth • Decreases gliosis
Peripheral nerve autografts	• Optimal regeneration environment
Biodegradable device	• Provides sustained release of FGF1 • Positioning of nerve grafts from white to gray matter

- Preclinical Proof of concept shown in rats
  - Rat experiments demonstrate nerve regeneration, restored electrophysiology and motor function
  - The motor evoked potential (MEP) has been restored in rats with resected spinal cords
- Surgical implantation of biodegradable SCI device with recombinant Fibroblast Growth Factor 1 (FGF1) and nerve grafts
  - Combination of medical device and new drug from a regulatory perspective
  - Orphan Drug designation in US and EU – granting 7 and 10 years exclusivity, respectively
- Clinical Phase 1/2 trial ongoing with SC0806 in patients with complete spinal cord injury
  - Surgery at Karolinska University Hospital in Sweden
  - Rehabilitation for 18 months with Lokomat™ in Sweden and preparations to include patients in Norway, Estonia and Finland
  - Patients receiving SC0806 treatment are given the option of 12 months additional participation in an extension study
  - 9 patients included (6 treated with SC0806 and 3 control patients)
- EU Horizon 2020 research and innovative programme Grant Agreement No. 643853 of MEUR 6.4

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Positive progress of the project portfolio

Highlights

- **Alzheimer's disease BAN2401 Phase 2b**
  - Top line results – after completion of 18 months treatment with BAN2401 are expected in Q3 2018
  - Final results – after completed study with 18 months treatment including 3 months follow-up of the patients are expected in Q4 2018
- **Parkinson's disease BAN0805 Preclinical phase**
  - Program progressing well including preparations for BAN0805 IND in the U.S. to start clinical trials
- **Spinal Cord Injury SC0806 Phase 1/2**
  - Patient inclusion completed in the first panel of three in the ongoing SC0806 study
  - Regulatory and ethic committee approvals in Estonia and Norway to include patients in the clinical study
  - Patents were granted in the US and Japan for treatment of SCI patients with the medical device, which is one of the components in SC0806
- **Expansion of the patent portfolio**
  - More than 150 granted patents and 55 pending patent applications within 12 patent families

The Lokomat™ used in the rehabilitation

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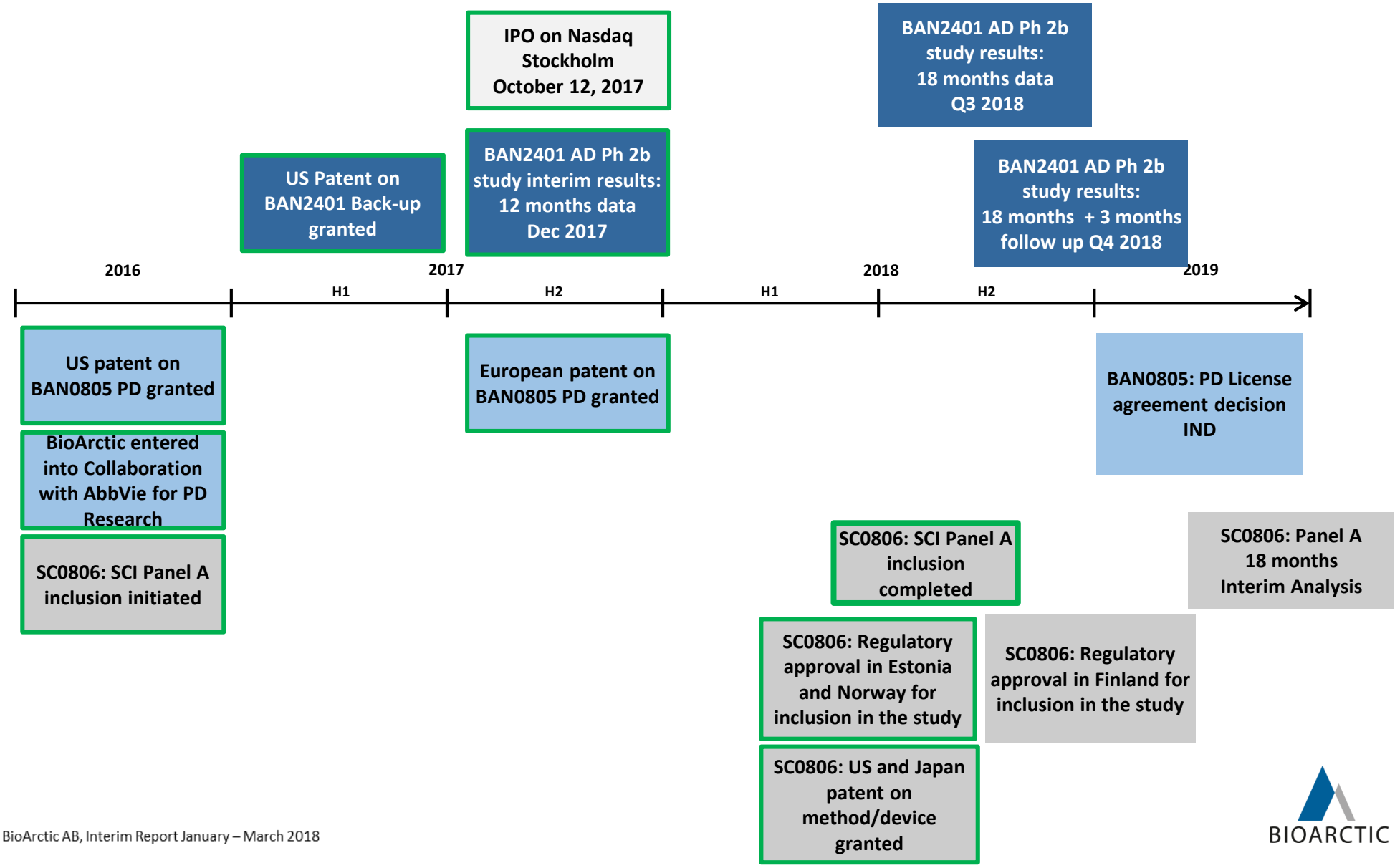
Recent & Anticipated News Flow



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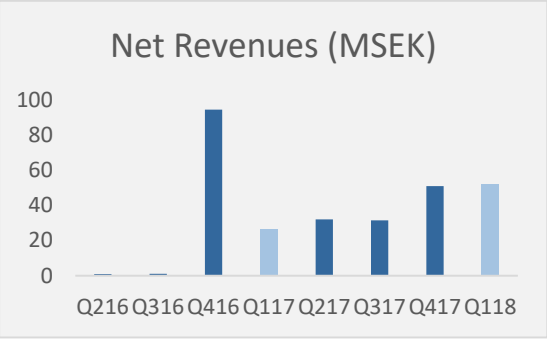
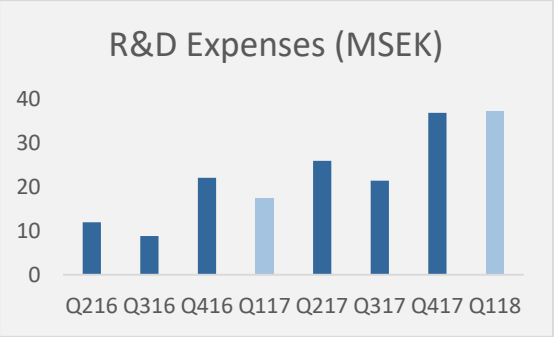
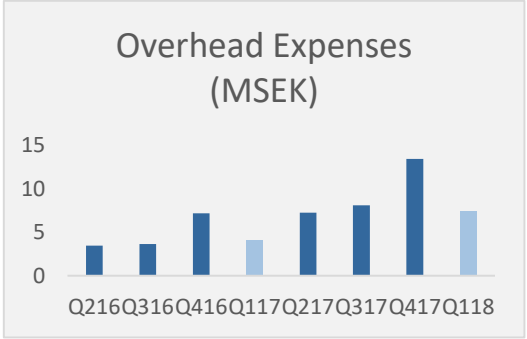
Financial overview Q1 2018

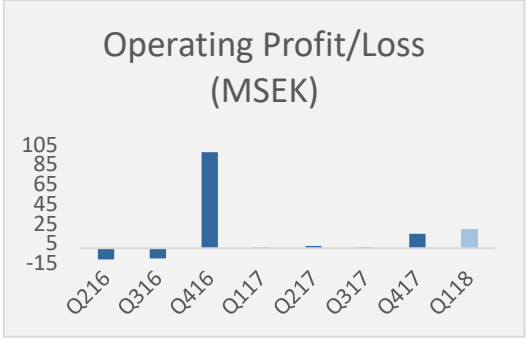
Net Revenues, R&D Expenses by quarters





Overhead, Operating profit by quarters





Q1 2018 – Comments

- **Net revenues** increased to SEK 52.3m (26.2) mainly due to an intensive period in the AbbVie research collaboration regarding the Parkinson program
- **R&D expenses** increased to SEK 37.3m (17.4) mainly due to activities related to the Parkinson program
- **Overhead expenses** (marketing and administrative) increased to SEK 7.4m (4.1). The increase is explained by BioArctic now being a listed company
- **Operating profit** increased to SEK 18.9m (1.5), mainly due to currency exchange rate gains and to increased activities in the AbbVie collaboration

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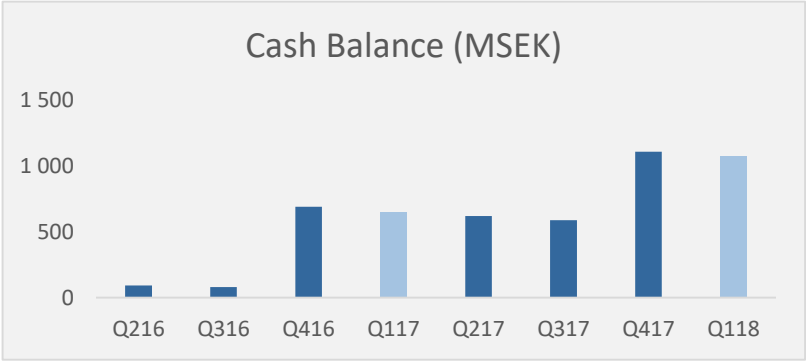
Financial analysis Q1 2018

Q1 2018 – items of importance

- **Cash holdings**
  - Cash balance amounted to SEK 1,079m (650) at the end of the quarter
  - Burn rate fluctuates dependent on development activities in the projects, Q1 the burn rate was SEK 42.0m (38.4).
- **FX impact on earnings**
  - Payment commitments in foreign currency are handled by holding corresponding cash amounts in foreign currency (FX). This FX exposure may have an impact on earnings as currency rates fluctuate over time. In Q1, the FX impact on earnings amounted to a total income of SEK 10.6m (-3.7)
- **Costs by item**
  - Above 80% of the costs are related to R&D. Administrative costs reflect that BioArctic is a listed company, however admin costs were lower Q1/18 compared to Q4/17 since the company in that quarter had costs related to the IPO
- **Positive results**
  - All in all, BioArctic showed another quarter with positive net results that amounted to SEK 15.4m (1.1)

Cash Balance and Costs by item – quarterly



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Q&A

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Next report & IR Contact

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  Q2 August 23, 2018
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Thank you for your attention!

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