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Stockholm, Sweden

September 29, 2017

Press release

BioArctic AB publishes prospectus for initial public offering on Nasdaq Stockholm

On 13 September 2017, BioArctic AB (publ) ("BioArctic" or the "Company") announced its intention to list the Company's B-shares on Nasdaq Stockholm and that the Company had applied and been approved for listing on Nasdaq Stockholm (subject to customary conditions). The prospectus for the Offering is published today and the first day of trading is expected to be 12 October 2017.

BioArctic is a Swedish research and development based biopharma company, that develops disease-modifying antibody-based treatments for the treatment of neurodegenerative diseases, such as Alzheimer's disease and Parkinson's disease, and has a potential treatment for complete spinal cord injury currently in clinical phase.

The Offering in brief

- The price in the Offering has been set at SEK 24 per B-share
- The Offering comprises 25,000,000 newly issued B-shares, corresponding to approximately 28.4 percent of the total number of shares in the Company following the completion of the Offering
- The main shareholders have reserved the right to increase the Offering and sell a maximum of 4,166,666 existing B-shares
- In addition, a few existing shareholders ("Selling Shareholders") have granted Carnegie Investment Bank AB ("Carnegie") an over-allotment option to acquire a maximum of 4,375,000 existing B-shares of Selling Shareholders, corresponding to a maximum of approximately 15 percent of the B-shares in the Offering ("Over-allotment option")
- The value of the Offering amounts to approximately SEK 600 million, and assuming that the Offering is increased in full and that the Over-allotment Option is exercised in full, the total value of the Offering amounts to approximately SEK 805 million
- The value of BioArctic's shares amounts to approximately SEK 2,113 million after completion of the Offering
- The Third Swedish National Pension fund, HBM Healthcare Investments, Handelsbanken Fonder, the Second Swedish National Pension fund and John Wattin/Inbox Capital (together the "Cornerstone Investors") have, subject to certain conditions, committed to acquire shares in the Offering corresponding to 4.7 percent, 3.1 percent, 2.4 percent, 1.2 percent and 1.2 percent of the outstanding shares in the Company following the Offering. In total, subscriptions amount to 11,041,668 B-shares, corresponding to SEK 265 million and approximately 44.2 percent of the number of shares in the Offering (approximately 32.9 percent of the number of shares in the Offering, assuming that the Offering is increased in full and that the Over-allotment Option is exercised in full)



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- The Offering will primarily include an offering to institutional investors in Sweden and abroad, as well as to the general public in Sweden
- A prospectus with the complete terms and instructions for the Offering is published today
- The estimated first day of trading for BioArctic's B-shares on Nasdaq Stockholm is 12 October 2017 under the ticker "BIOA" and the expected settlement date is 16 October 2017

Gunilla Osswald, CEO at BioArctic:

"Since its founding in 2003, BioArctic has had a fantastic development with significant advances in several research and development programs. Our goal is to develop innovative and effective drugs that address the large medical needs in Alzheimer's disease, Parkinson's disease and complete spinal cord injuries. Our successful research has led to several major research collaborations and partnerships. We have previously communicated a strong interest and commitments from three cornerstone investors and are now very pleased to announce that additional investors have chosen to participate as cornerstone investors. Today we are proud to publish the prospectus and the investment offering in conjunction with the company's upcoming listing, which will enable us to continue the development of innovative pharmaceuticals with the aim to improve the quality of life for the patients. "

About BioArctic and background to the Offering

BioArctic is a Swedish biopharma company active in research and development of innovative biological drugs with the potential to improve the quality of life for patients with neurodegenerative diseases like Alzheimer's disease and Parkinson's disease, and for patients with complete spinal cord injury. Since its founding in 2003, BioArctic has through research collaborations and licensing revenue from partners, such as Eisai and AbbVie, and grant funding built an extensive project portfolio. BioArctic's project portfolio includes the first generation of disease modifying drug candidates for the treatment of Alzheimer's disease and Parkinson's disease, and a new treatment of complete spinal cord injury. BioArctic is furthermore active in research and development of diagnostics and biomarkers for Alzheimer's disease and Parkinson's disease. These diagnostic methods are important complements to BioArctic's drug candidates and have the potential to improve the possibilities for early and better diagnosis, monitoring of the disease progression and more effective treatment of the diseases on which BioArctic is focusing.

The main shareholders and the board of directors are working actively to realize BioArctic's long-term strategy and believe that the time is right to list BioArctic on Nasdaq Stockholm. A listing on the stock exchange is a logical next step for the Company and its operations which will also give BioArctic access to the Swedish and international capital markets. The main shareholders will remain active long-term major shareholders after the listing.

In line with the above strategy BioArctic has decided to carry out a share issue of SEK 600 million in connection with the listing on Nasdaq Stockholm in order to bring additional resources to its proprietary projects and thereby make it possible to carry out the continued development work in a more focused and effective way. BioArctic intends to use the net proceeds from the share issue in the order of priority indicated below, with the approximate share of the issue proceeds given in percent (%):



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- Further development of two innovative disease modifying treatments for Alzheimer's disease (AD1502 and AD1503): 25-35%
- Widening of the indication for BAN2401 to treatment of dementia and cognitive impairment in patients with Down's syndrome and patients with traumatic brain injury: 25-30%
- Completion of the clinical Phase 1/2 study of SC0806 for the treatment of complete spinal cord injury and registration in the EU, and preparations for the start of Phase 3 studies in Europe and the US: 15-20%
- Further development of diagnostic methods for Alzheimer's disease (imaging of the brain and biochemical biomarkers): 15-20%
- Further development of technology to improve the passage of antibodies across the blood-brain barrier: 10-15%.

Prospectus and application form

A prospectus (in Swedish and English) regarding the Offering will be published today, 29 September 2017 on BioArctic's website (www.bioarctic.se). The prospectus is also available on Carnegie's website (www.carnegie.se) and DNB's website (www.dnb.se). An application can also be made through Avanza's Internet service (www.avanza.se) or Nordnet's Internet service (www.nordnet.se).

Preliminary timetable

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| • Publication of the prospectus: | 29 September 2017 |
| • Application period for the general public in Sweden: | 2-10 October 2017 |
| • Bookbuilding for institutional investors: | 2-11 October 2017 |
| • First day of trading of BioArctic's shares: | 12 October 2017 |
| • Settlement day: | 16 October 2017 |

Advisors

Carnegie Investment Bank AB (publ) is Global Coordinator and Joint Bookrunner, DNB Markets a part of DNB Bank ASA's Swedish branch, is Joint Bookrunner. Advokatfirman Lindahl KB is legal advisor to the Company. Baker McKenzie is legal advisors to the Joint Bookrunners regarding Swedish and US law.

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About the Third Swedish National Pension fund

Third Swedish National Pension Fund is one of five buffer funds that manage capital on behalf of the Swedish state pension system. The Fund had SEK 324.4 billion of assets under management as at 31 December 2016. The Fund is tasked by Parliament with generating maximum possible benefit for the pension system by managing its fund capital in order to deliver strong investment returns at a low level of risk.

About HBM Healthcare Investments

HBM Healthcare Investments is a Swiss investment company focused on the healthcare sector. HBM Healthcare Investments holds and manages an international portfolio of promising companies in the human medicine, biotechnology, medical technology and diagnostics sectors and related areas. Many of these companies have their lead products already available on the market or at an advanced stage of development. HBM Healthcare Investments has an international shareholder base and is listed on SIX Swiss Exchange.

About Handelsbanken Fonder AB

Handelsbanken Fonder AB is a wholly owned subsidiary of Svenska Handelsbanken and is a significant fund manager in Scandinavia. Handelsbanken Fonder AB offers funds that are targeted towards private individuals as well as institutional clients.

About the Second Swedish National Pension fund

With about SEK 335 billion under management in virtually every asset class and all parts of the world, the Second Swedish National Pension fund is one of northern Europe's largest pension funds. The Second Swedish National Pension fund is one of five buffer funds within the Swedish pension system. The Second Swedish National Pension fund shall maximise long term return at low risk.

About John Wattin/Inbox Capital

Active investor since 1997. Chairman of Inbox Capital, which makes long-term investments in listed and unlisted assets.



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Important information

This announcement is not an offer to sell or a solicitation of any offer to buy any securities issued by BioArctic AB.

This announcement and the information contained herein is not for distribution in or into the United States, Australia, Canada, Japan or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures. The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and accordingly may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the Securities Act and in accordance with applicable U.S. state securities laws. The Company does not intend to register any offering in the United States or to conduct a public offering of securities in the United States.

In any EEA Member State, other than Sweden, that has implemented Directive 2003/71/EC as amended (together with any applicable implementing measures in any member State, the "Prospectus Directive"), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.

In the United Kingdom, this announcement and the information that this announcement contains is only directed at persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) high net worth entities, and other persons to whom this announcement may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

Any offering of the securities referred to in this announcement will be made by means of a prospectus. This announcement is not a prospectus for the purposes of the Prospectus Directive. Investors should not subscribe for any securities referred to in this announcement except on the basis of information contained in the aforementioned prospectus.

Certain matters discussed in this announcement constitute forward-looking statements. Forward looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intends", "estimate", "will", "may", "continue", "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.



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In connection with the offer or sale of securities referred to herein, the Joint Global Coordinators may over-allot securities/conduct stabilization or effect transactions with a view to supporting the market price of the securities at a level higher than that which might otherwise prevail. Any stabilization action or over-allotment will be conducted by the Joint Global Coordinators in accordance with all applicable laws and rules.