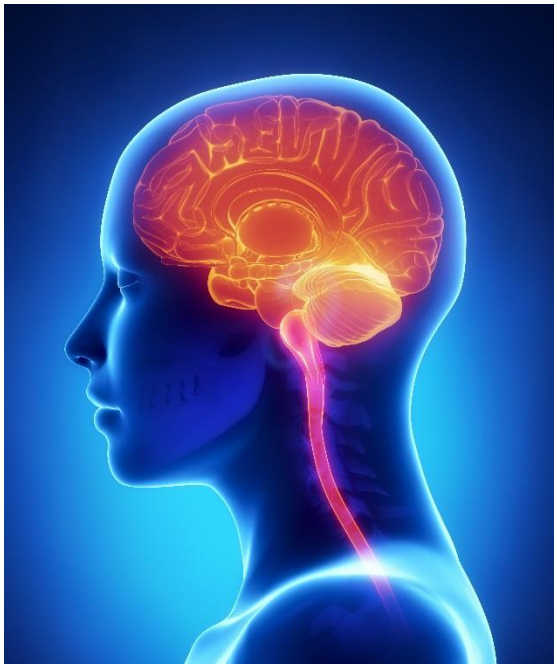
BIOARCTIC

Interim Report January – September 2017



Contents

Financial Calendar

Full Year Report 2017, Feb 20, 2018
Interim Report Jan – Mar 2018, Apr 26, 2018
Annual Report 2017, week 17, 2018
Annual General Meeting 2018, May 15, 2018
Interim Report Jan – Jun 2018, Aug 23, 2018
Interim Report Jan – Sep 2018, Nov 8, 2018

Unless otherwise stated in this report, all data refers to the Group. Figures in parentheses relate to the corresponding period in 2016.

BioArctic listed on Nasdaq Stockholm Mid Cap

July - September 2017

- Net sales for the period amounted to SEK 31.5 million (1.2)
- Operating profit amounted to SEK 0.6 million (-10.2)
- Loss for the period amounted to SEK -0.1 million (-7.8)
- Earnings per share SEK 0.00 (-0.12)
- Cash flow from operating activities amounted to SEK -23.6 million (-9.8)

January - September 2017

- Net sales for the period amounted to SEK 89.7 million (11.2)
- Operating profit amounted to SEK 4.6 million (-22.7)
- Profit/loss for the period amounted to SEK 3.3 million (-17.4)
- Earnings per share SEK 0.05 (-0.28)
- Cash flow from operating activities amounted to SEK -89.6 million (-30.5)

Key events during the period July – September 2017

- Alzheimer's disease: The Independent Monitoring Committee has conducted an additional interim analysis and recommended continuing the clinical Phase 2b study with BAN2401 for patients with early Alzheimer's disease.
- Complete Spinal Cord Injury: Since August, the patients receiving SC0806 treatment in the ongoing Phase 1/2 clinical trial are given the option of a 12 month additional rehabilitation in an extension study.
- On August 1, a split 15:1 was performed where the number of shares increased from 4,203,999 to 63,059,985.
- On September 18, a reclassification of 33,599, 989 shares of series A to shares of series B was performed.
- BioArctic held an Extraordinary General Meeting on September 4. The meeting elected former board member Wenche Rolfsen new Chairman of the Board, former board member Ivar Verner was elected Deputy Chairman and Eugen Steiner was elected new board member. Lars Lannfelt, former Chairman of the Board, remains as board member.
- BioArctic announced on September 13 its intention to list on Nasdaq Stockholm and published the company's prospectus on September 29.

Key events after the period

- First day of trading in BioArctic's B-share on Stockholm Nasdaq commenced on October 12.
- In connection with the listing, BioArctic offered a new share issue that rendered SEK 600 million in cash.
- The European Patent Office (EPO) granted BioArctic's patent for the drug candidate BAN0805, an antibody, for Parkinson's disease.

Financial summary

SEKm	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Net sales	31.5	1.2	89.7	11.2	105.6
Other operating income	2.8	1.1	8.7	6.5	39.1
Operating profit	0.6	-10.2	4.6	-22.7	74.6
Profit/loss for the period	-0.1	-7.8	3.3	-17.4	57.6
Earnings per share, SEK [1) 2)]	0.00	-0.12	0.05	-0.28	0.91
Cash flow from operating activities	-23.6	-9.8	-89.6	-30.5	675.1
Cash flow from operating activities per share, SEK [1) 2)]	-0.37	-0.16	-1.42	-0.48	10.71
Equity/assets ratio	10.5%	87.5%	10.5%	87.5%	8.6%
Return on equity, %	-0.2%	-8.2%	5.3%	-17.5%	68.1%
Equity per share, SEK [1) 2)]	1.02	1.44	1.02	1.44	0.96
Number of shares, before dilution	4,203,999	4,203,999	4,203,999	4,203,999	4,203,999
Share split 15:1	58,855,986	58,855,986	58,855,986	58,855,986	58,855,986
Number of shares [1) 2)]	63,059,985	63,059,985	63,059,985	63,059,985	63,059,985
Average number of shares [1) 2)]	63,059,985	63,059,985	63,059,985	63,059,985	63,059,985

[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 at 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 you to an audiocast with teleconference (in English) for investors, analysts and media today, November 8, at 09:30 – 10:30 a.m. CET.

CEO Gunilla Osswald and CFO Jan Mattsson present BioArctic, comment on the interim report and answer questions.

Webcast: https://tv.streamfabriken.com/bioarctic-q3-2017
Dial-in telephone number from:
Sweden: + 46 8 566 42662
Switzerland: + 41 225 675 548
UK: + 44 203 008 9801
US: + 1 855 753 2235

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 high unmet medical needs.

The company has high scientific competence and experience in developing drugs from idea to market through employees and key consultants. 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 good 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 in addition to royalties. 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 concluded 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 addition to royalty payments of which USD 80 million has so far been received.

The project portfolio is a combination 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 (ticker: BIOA B).

CEO's comments

BioArctic is in a phase of strong development. So far, the year has been characterized by high expectations and enthusiasm in anticipation of the continued development of the company and the projects. During the period intensive work together with Carnegie and DNB has been in progress in parallel with the daily operations, as we have been preparing for BioArctic's introduction on Nasdaq Stockholm.

We are very proud of the great interest that has been shown for BioArctic during the IPO process. The many exciting external meetings with potential investors during this period have been inspiring.

October 12 was the first day of trading with BioArctic's B-share, and this was of course a historic day for the company. It is with great joy that we welcome new as well as previous shareholders to take part in the continued development of BioArctic in a public environment.

Among BioArctic's five projects for treatment of patients with early stage Alzheimer's disease, BAN2401, which is run in collaboration with Eisai, is the most advanced. The results from the complete BAN2401 Phase 2 study are expected to be available during the first half of 2019 at the latest.

Together with research groups at Uppsala University BioArctic is developing a totally new type of tool that enables improved diagnosis of Alzheimer's disease, monitoring of the progression of the disease and objective measuring of the effect of drug treatment. The company's ambition is to create a tool that can be used in research and drug development as well as in commercial application.

As a result of the research collaboration with AbbVie in Parkinson's disease, BioArctic has recruited more employees, gained increased resources and are able to drive the BAN0805 project considerably faster towards clinical studies.
In September, BioArctic participated in round-table discussion and presented scientific data at the international conference "20 years of alpha-synuclein in Parkinson's Disease and related synucleinopathies: from the bedside to the bench and back to the patient." The meeting took place in Athens, Greece. In October, the European Patent Office approved BioArctic's European patent for the drug candidate BAN0805 for treatment of neurodegenerative disorders, including Parkinson's disease. The patent has previously been granted in major markets including US, Japan and China.

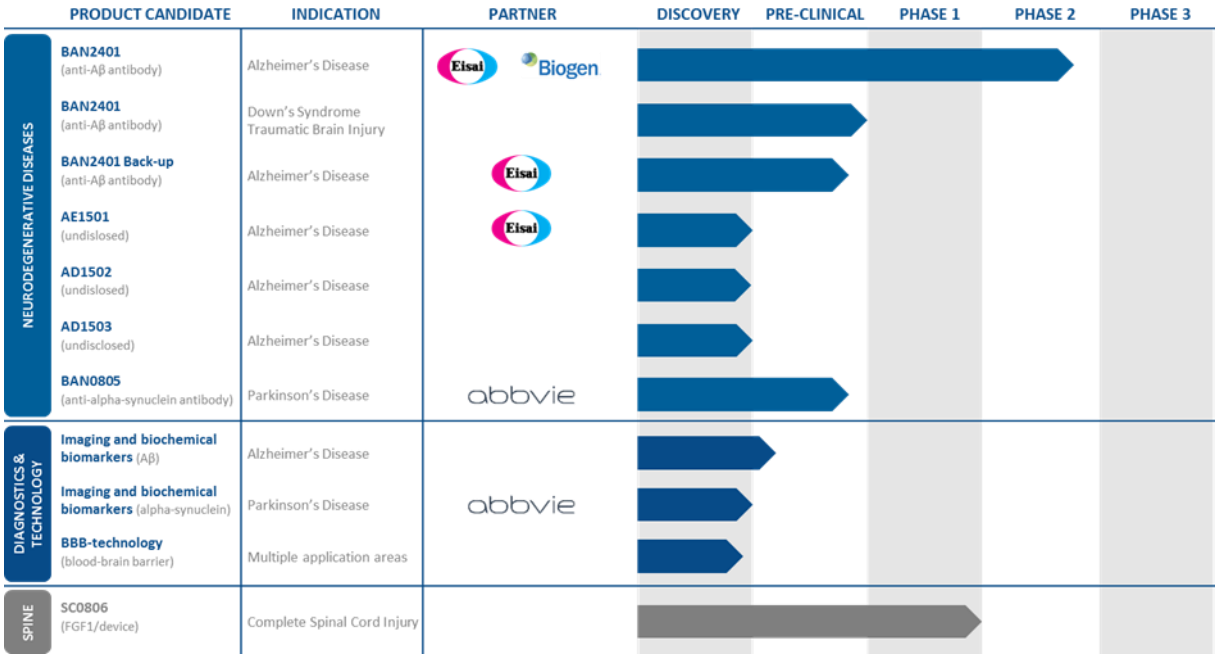
The company's treatment for complete spinal cord injury, SC0806, is undergoing clinical trials in Phase 1/2 at specialist clinics in Sweden and preparations are ongoing to include clinics in Finland, Estonia and Norway. Since August, patients treated with SC0806 in the ongoing study are offered the opportunity of a further 12 months of treatment in an extension study.

The raised SEK 600 million in connection with the IPO will enable BioArctic to continue the development of new innovative treatments aimed at improving the quality of life of patients suffering from neurodegenerative disorders like Alzheimer's disease and Parkinson's disease or patients with complete spinal cord injury. We are looking forward to the important activities that lie ahead.

Gunilla Osswald
CEO, BioArctic AB

Project portfolio

Pre-clinical and clinical research:



BioArctic's project portfolio at September 30, 2017:
BioArctic has two projects in clinical phase: BAN2401 for Alzheimer's disease and SC0806 for patients with Complete Spinal Cord Injury.
The company has four projects in pre-clinical development: BAN2401 for Down's Syndrome with dementia and Traumatic Brain Injury (TBI), BAN2401 Back-up for Alzheimer's disease, BAN0805 for Parkinson's disease and biomarker and diagnostics projects for Alzheimer's disease.
In research phase there are three projects 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 for side effects.

BAN2401

Alzheimer's disease: BAN2401 is a drug candidate (an antibody) for the treatment of early stage Alzheimer's disease. The aim is to develop a disease modifying treatment. A Phase 2b clinical study is ongoing in the United States, Canada, Europe, Japan and South Korea. The study includes 856 patients who are treated for 18 months. The Independent Monitoring Committee has conducted an additional interim analysis and in the quarter recommended continuing the clinical Phase 2b study with BAN2401 for

patients with early Alzheimer's disease. 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): In 2015, BioArctic 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 in late pre-clinical phase.

AE1501

In 2015 the collaboration with Eisai was extended to also include a project jointly owned by BioArctic and Eisai. The aim is to develop a future 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. A collaboration with AbbVie was started in 2016 regarding the continued development of the company's Parkinson program concerning 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 in the individual patient. This is done in collaboration with the University of Gothenburg, Sweden.

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

Complete Spinal Cord Injury

SC0806

SC0806 is an innovative potential 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, the patients receiving SC0806 treatment in the ongoing Phase 1/2 clinical trial are given the option of a 12 month additional rehabilitation in an extension study. The product obtained orphan drug status 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.

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 third quarter amounted to SEK 31.5 million (1.2), an increase of SEK 30.3 million compared with the same period the previous year. The sales amounted to SEK 89.7 million (11.2), which is an increase of SEK 78.5 million during the period January – September. The increase refers mainly to revenues from the research collaboration with AbbVie in Parkinson's disease. Of this increase SEK 3.9 million constitutes a positive one-off effect related to a reassessment of the project's total cost.

Other operating income relates to rental revenues, research grants and one-time payment for subleasing and amounted to SEK 2.8 million (1.1) for the third quarter and SEK 8.7 million (6.5) for the nine-month period.

Operating costs amounted to SEK 33.6 million (12.5) for the third quarter and to SEK 93.5 million (40.4) for the period January – September. The increase is primarily explained by the increased research costs related to the collaboration agreement with AbbVie. The administrative costs increased, primarily due to the work in preparing for the IPO, amounted to SEK 7.9 million (3.3) for the third quarter and SEK 18.6 million (7.7) for the period January – September. Of the increase, costs relating to the IPO amounted to 3.1 million (0.0) for the third quarter and to SEK 6.0 million (0.0) for the nine-month period. Other operating expenses are related to exchange-rate losses and amounted to SEK 4.1 million (0.0) for the third quarter and to SEK 9.3 million (0.1) for the nine-month period. The R&D costs have not been capitalized but are expensed in their entirety.

Operating profit before financial items (EBIT) amounted to SEK 0.6 million (-10.2) for the third quarter and SEK 4.6 million (-22.7) for the period January – September.

The increase in profits is mainly attributable to the AbbVie research agreement.

Net financial items totaled SEK -0.7 million (0.2) for the third quarter and SEK -0.2 million (0.4) for the nine-month period.

Profit/loss for the period amounted to SEK -0.1 million (-7.8) for the third quarter and SEK 3.3 million (-17.4) for the period January – September.

Earnings per share before and after dilution amounted to SEK 0.00 (-0.12) for the third quarter and to SEK 0.05 (-0.28) for the nine-month period.

Financial position

Equity amounted to SEK 64.1 million (90.9) at September 30, 2017. This corresponds to an equity per outstanding share of SEK 1.02 (1.44) before and after dilution. The reason for the decline is explained by a dividend to the shareholders of SEK 105.1 million at the end of 2016. The equity/assets ratio has declined from 87.5% at September 30, 2016, to 10.5% at the same point of time in 2017. The decline relates to the dividend and an upfront payment of USD 80 million from AbbVie. Only a minor part of the upfront payment has been recognized as revenue to date, since a large part of the upfront payment relates to planned deliveries in the Parkinson project.

Consolidated cash and cash equivalents consist of bank balances and at the end of the period amounted to SEK 590.7 million (82.5). There were no borrowings as at September 30, 2017, and no loans have been taken since

this date. The Group has no other loans or loan commitments.

The Group's liquid funds are intended to be used mainly for agreed commitments and for daily operating activities. 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 current rate.

Investments and cash flow

Investments in the period July – September amounted to SEK 2.8 million (1.2) and for the period January – September to SEK 3.3 million (1.2). The investments are mainly related to laboratory equipment.

Cash flow from operating activities for the third quarter amounted to SEK -23.6 million (-9.8) and for the the nine-month period to SEK -89.6 million (-30.5). The total cash flow for the full financial year 2016 amounted to SEK 675.1 million. The company has an uneven incoming cash flow. Towards the end of 2016, an upfront payment of USD 80 million was received according to the collaboration agreement with AbbVie. Similar one-time payments have not been received in 2017.

Other information

Personnel

The number of employees in the Group was 25 (22) at the end of the period. Of these employees 10 (9) are men and 15 (13) are women. Of the total employees about 95 percent are active in R&D. About 90 percent of the company's 25 employees are PhDs, and of those two are Associate Professors and one is Professor.

Agency staff

In order to run efficient operations with a cost efficient organization BioArctic hires key consultants for specific assignments and for tasks in competence areas that the company lacks or only has a need for periodically. At September 30, 2017 these amounted to a total corresponding to 12 full-time positions.

Extraordinary Annual General Meeting

BioArctic held an Extraordinary General Meeting on September 4. The meeting elected former board member Wenche Rolfsen new Chairman of the Board, former board member Ivar Verner was elected Deputy Chairman and Eugen Steiner was elected new board member. Lars Lannfelt, former Chairman of the Board, remains as board member.

Risks and uncertainties

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 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 2016, pages 7-9.

Parent Company

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

Listing on Nasdaq Stockholm Mid Cap

Trading of BioArctic's B-shares on Nasdaq Stockholm started on October 12.

In connection with the listing investors were invited, in accordance with the terms of the offering circular, to subscribe for a maximum of 25,000,000 new issued B-shares in BioArctic pursuant to the authorization given at the Annual General Meeting of May 31.
As a result of the offering the total number of

shares has increased to 88,059,985, whereof 14,399,996 A-shares and 73,659,989 B-shares. This corresponds to a dilution of 28.4% of the total number of shares and 11.5% of the total number of votes.

The new issue of 25,000,000 shares raised SEK 600 millio, which after deduction of transaction costs is expected to provide BioArctic approx. SEK 550 million.

The new issue enables BioArctic to add further resources to its in-house projects and to carry out the continued development work in a more focused and effective manner.

Consolidated income statement

All amounts in kSEK	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Net sales (Note 4)	31,493	1,183	89,685	11,174	105,613
Cost of goods sold	-	-	-266	-	-238
Gross Profit	**31,493**	**1,183**	**89,419**	**11,174**	**105,375**
Other operating income	2,764	1,149	8,678	6,516	39,073
Marketing expenses	-216	-339	-912	-1,028	-1,370
Administrative expenses	-7,905	-3,326	-18,553	-7,688	-14,544
Research and development costs	-21,420	-8,866	-64,744	-31,581	-53,665
Other operating expenses	-4,097	5	-9,326	-95	-238
Operating profit/loss	**619**	**-10,194**	**4,562**	**-22,702**	**74,631**
Financial income	-401	189	138	445	8
Financial expenses	-295	-2	-307	-3	-503
Profit/loss before tax	**-77**	**-10,007**	**4,393**	**-22,260**	**74,136**
Tax	-39	2,249	-1,073	4,875	-16,556
Profit/loss for the period	**-116**	**-7,758**	**3,320**	**-17,385**	**57,580**
Earnings per share, SEK [1) 2)]	0.00	-0.12	0.05	-0.28	0.91

[1)] The comparative figures have been recalculated as a result of the 15:1 split executed at August 1, 2017, see page 3.
[2)] There are no potential shares, thus there is no dilutive effect.

Consolidated statement of comprehensive income

All amounts in kSEK	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Profit/loss result for the period	-116	-7,758	3,320	-17,385	57,580
Other comprehensive income	-	-	-	-	-
Comprehensive profit/loss for the period	**-116**	**-7,758**	**3,320**	**-17,385**	**57,580**

Consolidated balance sheet – summary

All amounts in kSEK	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
ASSETS			
Tangible fixed assets	7,580	4,352	5,644
Deferred tax assets	215	151	172
Other financial assets	2,675	8,345	2,675
Current assets excluding cash and cash equivalents	9,774	8,537	6,955
Cash and cash equivalents	590,677	82,477	692,530
TOTAL ASSETS	**610,921**	**103,862**	**707,976**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	64,080	90,900	60,760
Deferred tax liabilities	4,136	-	4,136
Other current liabilities	9,837	5,455	19,744
Accrued expenses and deferred income	532,868	7,507	623,336
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**610,921**	**103,862**	**707,976**

Consolidated statement of changes in equity – summary

All amounts in kSEK	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Opening balance	**60,760**	**108,285**	**108,285**
Total comprehensive income for the period	3,320	-17,385	57,580
Transactions with shareholders			
Purchase of minority shares	-	-	-5
Paid dividend	-	-	-105,100
Closing balance	**64,080**	**90,900**	**60,760**

Consolidated statement of cash flow

All amounts in kSEK	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Cash flow from operating activities before changes in working capital	-27,761	-8,183	-83,371	-32,166	54,029
Change in working capital	4,150	-1,629	-6,257	-1,707	621,102
Cash flow from operating activities after changes in working capital	**-23,611**	**-9,812**	**-89,628**	**-30,459**	**675,131**
Cash flow from investing activities	-2,781	-1,239	-3,334	-1,239	-2,972
Cash flow from financing activities	-	-	-	-	-105,100
Cash flow for the period	**-26,392**	**-11,051**	**-92,962**	**-31,698**	**567,059**
Cash and cash equivalents at beginning of period	622,063	93,411	692,530	113,831	113,831
Exchange rate differences in cash and cash equivalents	-4,994	117	-8,891	344	11,640
Cash and cash equivalents at end of period	**590,677**	**82,477**	**590,677**	**82,477**	**692,530**

Parent Company income statement

All amounts in kSEK	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Net sales	31,493	1,182	89,685	11,173	105,613
Cost of goods sold	-	-	-266	-	-238
Gross profit	**31,493**	**1,182**	**89,419**	**11,173**	**105,375**
Other operating income	2,764	1,150	8,678	6,517	39,073
Selling expenses	-216	-339	-912	-1,028	-1,370
Administrative expenses	-7,905	-3,326	-18,552	-7,688	-14,544
Research and development costs	-21,420	-8,866	-64,744	-31,581	-53,665
Other operating expenses	-4,097	5	-9,326	-95	-238
Operating profit/loss	**619**	**-10,194**	**4,563**	**-22,702**	**74,631**
Financial income	-401	189	138	445	8
Financial expenses	-295	-2	-307	-3	-503
Profit/loss after financial items	**-77**	**-10,007**	**4,394**	**-22,260**	**74,136**
Change in tax allocation reserves	-	-	-	-	-18,800
Profit/loss before tax	**-77**	**-10,007**	**4,394**	**-22,260**	**55,336**
Tax	-39	2,249	-1,073	4,875	-12,420
Profit/loss for the period	**-116**	**-7,758**	**3,321**	**-17,385**	**42,916**

Parent Company statement of comprehensive income

All amounts in kSEK	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Profit/loss for the period	-116	-7,758	3,321	-17,385	42,916
Other comprehensive income	-	-	-	-	-
Comprehensive profit/loss for the period	**-116**	**-7,758**	**3,321**	**-17,385**	**42,916**

Parent Company balance sheet – summary

All amounts in kSEK	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
ASSETS			
Tangible fixed assets	7,580	4,352	5,644
Deferred tax assets	215	151	172
Other financial assets	2,775	8,440	2,775
Current assets excluding cash and cash equivalents	9,774	8,537	6,955
Cash and cash equivalents	590,578	82,377	692,430
TOTAL ASSETS	**610,922**	**103,857**	**707,976**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	49,417	90,895	46,096
Tax allocation reserve	18,800	-	18,800
Other current liabilities	9,837	5,455	19,744
Accrued expenses and deferred income	532,868	7,507	623,336
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**610,922**	**103,857**	**707,976**

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 – September 2017 was approved by the Board on November 7, 2017.

Note 2 Accounting policies

The consolidated financial statements for BioArctic AB have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, The Swedish Annual

Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups of companies. The Parent Company's financial reports are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Reporting for legal entities.

The interim report is prepared in accordance with IAS 34 Interim Financial Reporting. Information in accordance with IAS 34 is provided both in notes and elsewhere in the interim report.

European Securities and Market Authority's (ESMA's) Guidelines on Alternative Performance Measures are applied and involve disclosure requirements related to financial metrics that are not defined under IFRS. For performance measures that are not defined under IFRS, see the section Calculations of key figures.

The accounting principles and methods of calculation applied are in all other respects in conformity with those described in the Annual Report for 2016. For IFRS 15 Revenues from Contracts with Customers, which comes into force on January 1, 2018, an analysis of the Group's revenue has been performed and an evaluation of its impact has been initiated. The initial conclusion is that the standard will not have any significant impact, except for expanded disclosure requirements, on the Group's financial situation. The initial conclusion regarding the new standards IFRS 9 Financial Instruments and IFRS 16 Leases, which comes into force on January 1, 2019, is that these standards will have no significant impact on the Group's financial situation. IFRS 9 comes into force on January 1, 2018.

Note 3 Segment information

The Group conducts research and development in immunotherapy for degenerative diseases such as Alzheimer's disease and Parkinson's disease. The company is also developing an innovative treatment with a combination of a biodegradable medical device and a drug substance (FGF1) for treatment of traumatic Complete Spinal Cord Injury. The Group's business is assessed to comprise one segment and thus no separate segment reporting is provided.

The Board of Directors has been identified as the principal executive decision-maker within the Group.

Note 4 Net sales

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

All amounts in kSEK	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
One-time payment	-	-	-	-	70,400
Milestone payment	-	-	-	7, 932	8,169
Income from research collaborations	31,493	1,182	89,254	3,235	26,676
Other items	-	-	431	6	368
Net sales	**31,493**	**1,182**	**89,685**	**11,173**	**105,613**

BioArctic's net sales in all essentials 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 704 million (USD 80 million). This payment related to compensation for the pre-clinical development

work that BioArctic will carry out under the agreement and an option premium the amount of which is not specified in the agreement. Of the initial payment SEK 70.4 million was reported as one-time payment in 2016. The rest of the payment will be accrued based on the costs incurred up until December 2019. The project is continuously evaluated with the regard to status and remaining costs. During the third quarter, the total costs were assessed to be lower than in the original calculation. A positive one-off effect amounting to SEK 3.9 million has thus been booked, and the future margin in the project will increase.

In addition to the above mentioned SEK 70.4 million, another SEK 22.7 million was reported as income in 2016 and SEK 85.7 million was reported as income in the period January – September 2017. SEK 525.2 million remains to be reported as income until December 31, 2019.

Note 5 Transactions with affiliated parties

The former board member Mikael Smedeby is a lawyer and co-owner of Advokatfirman Lindahl KB, which provides ongoing business legal advice to the BioArctic against market compensation. During 2016, Advokatfirman Lindahl invoiced fees amounted to approximately SEK 0.9 million and during the period January - September 2017 to approximately SEK 2.1 million.

In addition to the compensation described above, salaries and director fees, no significant transactions have taken place between the Group and related parties. All transactions have been made on market terms.

Calculations of key figures

BioActic is in this financial report reporting financial key figures of which some are not defined by IFRS. The Company's assesses that these key figures are an important complement, since they enable investors, securities analysts, management of the company and other stake holders 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 due to the fact that key figures can't 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 number of shares at the of the period
Equity/assets 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 the 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, November 7, 2017

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	

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, Head IR & Communications, at 08:00 a.m. CET on November 8, 2017.

BioArctic AB
Swedish Corporate Identify No. 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.