BIOARCTIC

Press release

Interim Report January – June 2019

BioArctic: Significant progress in the projects and additional milestone payment

Summary of key events for the second quarter 2019

- BioArctic received MEUR 15 milestone payment from Eisai for start of BAN2401 confirmatory Phase 3 study in early Alzheimer's disease
- Alzheimer's Clinical Trials Consortium and Eisai announced that BAN2401 will be evaluated in a clinical study
  for prevention of Alzheimer's disease
- Ewa Björling was elected new member of the board at the Annual General Meeting
- The Annual General Meeting approved the introduction of an employee warrant program 2019/2028 for the company's management, researchers and other staff

Key events after the period

- There are no key events to report after the period

Financial summary for the first half of 2019

- Net revenues for the period increased with MSEK 130.1 to MSEK 234.7 (104.6) as a result of the received milestone payment from Eisai
- Operating profit amounted to MSEK 144.1 (25.3) and the operating margin was 61.4 percent (24.2) for the period
- Profit for the period amounted to MSEK 113.9 (20.5) and earnings per share were SEK 1.29 (0.23)
- Cash flow from operating activities amounted to MSEK 430.8 (-79.3) for the period

Financial summary

MSEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net revenues	171.3	52.3	234.7	104.6	714.0
Other operating income	-0.7	3.6	6.2	15.0	16.3
Operating profit	126.8	6.4	144.1	25.3	488.8
Operating margin, %	74.0	12.3	61.4	24.2	68.5
Profit for the period	100.3	5.1	113.9	20.5	381.6
Earnings per share, SEK [1]	1.14	0.06	1.29	0.23	4.33
Equity per share, SEK [1]	11.35	7.46	11.35	7.46	11.56
Cash flow from operating activities	97.2	-37.3	430.8	-79.3	-200.1
Cash flow from operating activities per share, SEK [1]	1.10	-0.42	4.89	-0.90	-2.27
Equity/assets ratio, %	78.4	61.7	78.4	61.7	73.1
Return on equity, %	9.9	0.8	11.3	3.2	46.1
Share price at the end of the period	74.40	21.80	74.40	21.80	82.00

[1] The allocation of the employee warrants program has not yet been concluded as of June 30, 2019; thus, there is no dilutive effect

CEO comments

In the first half of 2019, BioArctic made significant progress in that all three clinical projects advanced to the next phase in their respective development program and all of our research projects continued to generate results. All in all, this means that we have had a very successful first half of the year.

The global, confirmatory Phase 3 study (Clarity AD) has been started with the drug candidate BAN2401, a potential disease modifying treatment for early Alzheimer's disease. In May, the first patient was dosed which triggered a milestone payment of MEUR 15 to BioArctic from our partner Eisai. This large Phase 3 study, which is intended to support a regulatory filing, is based on the positive results from the Phase 2b study. According to Eisai, the final readout of the primary endpoint of the study is targeted for 2022.

The Phase 2b study with BAN2401 was the first study in late clinical phase to have successfully demonstrated potential disease modifying effects on both clinical function and clearance of amyloid beta in the brain. Further, the Phase 2b study also demonstrated effects on neurodegenerative biomarkers. These consistent results strengthen BioArctic's belief that BAN2401's unique binding profile is important and differentiates it from other antibodies.

For the participants in the Phase 2b study, an open-label extension study is ongoing with continued BAN2401 treatment with the highest dose and without placebo control.

BAN2401 has also recently been selected by the Alzheimer's Clinical Trials Consortium (ACTC) to be evaluated in a clinical trial aimed at prevention of Alzheimer's disease (the A45 study). According to ACTC and Eisai, the trial will be starting in early 2020. We are pleased to note Eisai's strong commitment to the continued clinical development of BAN2401 in Alzheimer's disease.

In the Parkinson's program, our partner AbbVie started the Phase 1 study with the drug candidate ABBV-0805. AbbVie is responsible for running the clinical program and its financing. Within the framework of the collaboration, BioArctic continues to conduct two additional projects in research stages with antibodies targeting alpha-synuclein for treatment of Parkinson's disease.

Also, the Alzheimer projects as well as the projects on diagnostics and technologies in research phase have continued to develop well. In collaboration with Uppsala University, BioArctic develops a technology platform that facilitates the passage of antibodies across the blood-brain barrier. This innovative technology could potentially be used to treat various diseases of the brain. We have recently recruited an internationally renowned scientist to further strengthen the company's capabilities and competence in the neuroscience therapeutic area, antibody engineering and blood-brain barrier technology.

The product candidate SC0806 for complete spinal cord injury has advanced into Phase 2 in the ongoing Phase 1/2 study. An interim analysis of the first panel concerning efficacy and safety is planned for the first half of 2020, at the latest.

An important step to attract and retain competence in the company is the new employee warrant program which currently is being implemented. I am proud of our successes and to lead this innovative company with the aim to improve the quality of life for patients with central nervous systems disorders.

Gunilla Osswald
CEO, BioArctic AB

Contacts

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Presentation

BioArctic invites to an audiocast with teleconference (in English) for investors, analysts and media today, July 11, at 09:30 – 10:30 a.m. CET. CEO Gunilla Osswald and CFO Jan Mattsson will present BioArctic, comment on the Interim Report and answer questions.

Webcast: **https://tv.streamfabriken.com/bioarctic-q2-2019**

To participate in the conference call, please call:
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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. BioArctic was founded in 2003 based on innovative research from Uppsala University, Sweden.

The company has cutting-edge scientific 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 three research agreements and two license agreements relating to the antibodies BAN2401 and BAN2401 back-up. The total aggregated value of these agreements may amount to MEUR 218 and, in addition, payments of royalty. So far, MEUR 62 has been received. In Parkinson's disease, BioArctic has collaborated with AbbVie since 2016, when a research collaboration agreement was entered including i.a. the antibody BAN0805. The total aggregated value of the agreement may amount to MUSD 755 and, in addition, payments of royalty. So far, MUSD 130 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.
BioArctic's B-share is listed on Nasdaq Stockholm Mid Cap (ticker: BIOA B).

This information is information that BioArctic AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act (Swe. VpmL). The information was submitted for publication, through the agency of the contact persons above, at 08:00 a.m. CET on July 11, 2019.