BIOARCTIC

INTERIM REPORT
April – June 2023

LEQEMBI® approved in the US – the world's first fully approved disease-modifying treatment for Alzheimer's disease

EVENTS DURING THE SECOND QUARTER 2023

- The U.S. Food and Drug Administration's (FDA) Advisory Committee voted unanimously that the data from BioArctic's partner Eisai's Phase 3 Clarity AD clinical trial confirms the clinical benefit of LEQEMBI® (US brand name for lecanemab)
- Eisai submitted applications for marketing authorization for lecanemab in South Korea and Great Britain
- Health Canada initiated the review of New Drug Submission for lecanemab as treatment for early Alzheimer's disease

EVENTS AFTER THE END OF THE SECOND QUARTER

- On July 6, the FDA granted traditional approval for LEQEMBI in the US for the treatment of Alzheimer's disease
- In conjunction with the approval the Centers for Medicare and Medicaid Services, CMS, announced that Medicare will provide broad coverage of LEQEMBI according to the FDA approved label provided that real-world evidence is collected in an existing and easy-to-use patient registry

FINANCIAL SUMMARY APRIL – JUNE 2023

- Net revenues for the period amounted to SEK 2.7 M (4.2)
- Operating loss amounted to SEK 100.9 M (45.8)
- Loss for the period amounted to SEK 102.3 M (45.8)
- Loss per share before and after dilution was SEK 1.16 (0.52)
- Cash flow from operating activities amounted to a negative SEK -63.8 M (neg. 45.6)
- Cash and cash equivalents at the end of the period amounted to SEK 1,042 M (752)

FINANCIAL SUMMARY JANUARY – JUNE 2023

- Net revenues for the period amounted to SEK 396.1 M (8.0)
- Operating profit amounted to SEK 199.7 M (loss: 90.0)
- Profit for the period amounted to SEK 191.5 M (loss: 90.1)
- Earnings per share was SEK 2.17 (loss: 1.02) before dilution and SEK 2.16 (loss: 1.02) after dilution
- Cash flow from operating activities amounted to SEK 235.2 M (neg. 85.3)
- Cash and cash equivalents at the end of the period amounted to SEK M 1,042 (752)

KEY FINANCIAL PERFORMANCE INDICATORS

	Q2		Jan-Jun		Jan-Dec
SEK M	**2023**	**2022**	**2023**	**2022**	**2022**
Net revenues	2.7	4.2	396.1	8.0	228.3
Other operating income	0.0	0.2	3.3	0.6	0.3
Operating profit/loss	-100.9	-45.8	199.7	-90.0	-17.3
Operating margin, %	neg	neg	50.4	neg	neg
Profit/loss for the period	-102.3	-45.8	191.5	-90.1	-11.2
Earnings per share before dilution, SEK	-1.16	-0.52	2.17	-1.02	-0.13
Earnings per share after dilution, SEK	-1.16	-0.52	2.16	-1.02	-0.13
Equity per share, SEK	11.27	7.95	11.27	7.95	8.92
Cash flow from operating activities	-63.8	-45.6	235.2	-85.3	-31.6
Cash flow from operating activities per share, SEK	-0.72	-0.52	2.67	-0.97	-0.36
Equity/assets ratio, %	91.5	88.1	91.5	88.1	91.6
Return on equity, %	-9.84	-6.34	21.52	-12.10	-1.42
Share price at the end of the period, SEK	282.00	77.45	282.00	77.45	272.00

Unless otherwise stated, this Interim report refers to the Group. Figures in parentheses refer to the corresponding period last year. The amounts stated are rounded, which sometimes leads to some totals not being exact.

Comments from the CEO

On July 6, a much anticipated decision was announced by the US Food and Drug Administration (FDA) that LEQEMBI, the US brand name for lecanemab, had been granted traditional approval for the treatment of Alzheimer's disease. LEQEMBI thereby became the first and only approved treatment shown to reduce the rate of disease progression and to slow cognitive and functional decline in adults with Alzheimer's disease. This is a historic decision and we are delighted for all the patients who can now gain access to this treatment.

The decision was preceded by a meeting of the FDA's Advisory Committee that scrutinized and discussed lecanemab in detail. In addition to a review of all efficacy and safety data from the large global confirmatory Phase 3 clinical Clarity AD trial, the patient perspective was also highlighted. It was clear that both patients, relatives and prescribing physicians appreciate that treatment can begin early and reduce progression already in the early phases of the disease. Lecanemab has demonstrated a slowing of clinical decline by 26–37 percent using various clinical scales compared to placebo. When assessing the health-related quality of life from a patient and family perspective, patients who were treated with lecanemab showed 38–56 precent less impairment after 18 months of treatment. This underlines the ability of lecanemab to help patients function independently longer, including being able to dress, feed themselves and participate in community activities.

During the Advisory Committee meeting, it was also emphasized that the Phase 3 study was conducted in a diversified patient population in terms of age, other medications, other concurrent diseases, race and ethnicity, which makes the results of the study relevant also in a clinical context. Also, the safety profile was discussed in detail, in particular ARIA, a class-related side effect. Following the review of all data, the FDA Advisory Committee unanimously confirmed that clinical benefit had been demonstrated for LEQEMBI.

In conjunction with the FDA approval, the Centers for Medicare and Medicaid Services, CMS, announced that Medicare will provide broad coverage of LEQEMBI according to the FDA approved label provided that real-world evidence is collected in an existing and easy-to-use patient registry This will facilitate reimbursement and access to LEQEMBI in the United States.

The full approval of LEQEMBI in the US, combined with the broad Medicare reimbursement, is a paradigm-shifting step in the fight against Alzheimer's disease. Doctors in the US will now have a tool to combat this terrible chronic disease already at an early stage, with the potential to provide clinically meaningful benefit for patients and their families. More than two decades of research and development has led up to this moment, and I am impressed by the diligent efforts of our partner Eisai to ensure that this important innovation can now reach the patients BioArctic was founded to serve.

"The full approval of LEQEMBI in the US, combined with the broad Medicare reimbursement, is a paradigm-shifting step in the fight against Alzheimer's disease."

Lecanemab and other drugs for slowing the decline of Alzheimer's disease entail a major transformation for the healthcare system and society as a whole. Eisai is now in close dialogue with healthcare providers and payors in the US to ensure a responsible introduction that balances the desire to offer the treatment to as many patients as possible as quickly as possible with the need for careful monitoring. Together with Eisai we are making similar preparations in the Nordic market to be ready if lecanemab is approved in Europe.

Next, Eisai is awaiting a decision from the Japanese Pharmaceuticals and Medical Devices Agency (PMDA) in the fall, and decisions from the European and Chinese authorities are expected in the first quarter of 2024. During the quarter, Eisai also submitted marketing authorization applications in South Korea, the UK and Canada. In parallel, subcutaneous dosing is being evaluated in the Clarity AD open label extension study and Eisai has announced plans to submit a regulatory application in the US for the new formulation during the first quarter of 2024.

It is fantastic that BioArctic, a company founded on Swedish research, is behind a medical breakthrough of this magnitude. But BioArctic is more than lecanemab and our company stands strong with a broad and innovative project portfolio based on similar scientific principles as lecanemab. The launch of LEQEMBI in the US offers us and the entire Alzheimer field a strong tailwind that we are firmly committed to fully exploit when building a world-leading biopharma company in neurodegenerative diseases.

Gunilla Osswald
CEO, BioArctic AB

BioArctic in short

BioArctic AB (publ) is a Swedish biopharma company which, based on ground-breaking research, develops new drugs that can delay or stop the course of a disease for patients with neurodegenerative diseases such as Alzheimer's disease, Parkinson's disease and other neurological diseases. The company was founded in 2003 based on innovative research from Uppsala University and Karolinska Institute. BioArctics B-share is listed on Nasdaq Stockholm Large Cap (short name BIOA B).

Strategy for sustainable growth

BioArctic's vision is to, through research, create pharmaceutical drugs that improve life for patients with severe diseases and become a world-leading biopharma company in neurodegenerative diseases. Our work is based on groundbreaking scientific discoveries, and the company's scientists collaborate with strategic partners such as research groups at universities and major pharmaceutical companies.

BioArctic is a biopharma company that develops, markets and sells disease-modifying drugs against difficult-to-treat neurodegenerative diseases. Within the company, we have vast experience from scientific excellence as well as drug development from idea to market. Under BioArctic's business model, the company pursues project development internally, and, at an appropriate juncture, seeks to license out commercial rights and development to pharmaceutical companies. Based on BioArctic's core competencies in biological understanding of neurodegenerative diseases, antibody and protein technology, the company develops new improved product candidates for i.a, Alzheimer's disease, Parkinson's disease and ALS.

BioArctic's business model shall contribute to creating revenue and shareholder value for the company by:

-licensing out proprietary drug candidates

-marketing and selling pharmaceutical drugs in the Nordics and eventually also in the rest of Europe

Three important cornerstones of BioArctic's strategy are:

- **CONTINUE** supporting partnered projects with great potential
- **DEVELOP** our own projects further, up to an appropriate time for partnership or exit
- **EXPAND** the portfolio with new projects and indications with high unmet medical need

Operations

BioArctic mainly conducts its research in four focus areas:

- **Alzheimer's disease**
- **Parkinson's disease**
- **Other CNS disorders**
- **Blood-brain barrier technology**

Neurodegenerative disorders are conditions in which cells in the brain degenerate and die. Normally the neurodegenerative processes begin long before any symptoms appear. Neurodegenerative disorders affect the lives of millions of people and constitute a growing global health care problem.

A key cause of Alzheimer's disease and Parkinson's disease is believed to be misfolding and aggregation of proteins. The spreading of aggregated soluble forms of proteins leads to neuronal dysfunction, cell death, brain damage and symptoms of disease. Each neurodegenerative disorder is characterized by different aggregated proteins. The protein amyloid beta (Aβ) is involved in Alzheimer's disease, the protein alpha-synuclein (α-synuclein) is involved in Parkinson's disease, while for ALS it is the protein TDP-43. BioArctic's aim with the antibodies currently in clinical phase, is to achieve a disease-modifying effect through the selective binding of antibodies, and elimination of the harmful soluble aggregated forms of the amyloid beta protein (oligomers/protofibrils) and the alpha-synuclein protein in the brain.

Project portfolio

BioArctic has a balanced, competitive portfolio consisting of unique product candidates and technology platforms. All projects are focused on disorders of the central nervous system. The projects are 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. The projects are in various phases: from discovery to market.

As of June 30, 2023, the project portfolio consisted of:

	Project	Partner	Research	Preclinical	Phase 1	Phase 2	Phase 3	Regulatory & Market
ALZHEIMER'S DISEASE	Lecanemab	Eisai[1]	Early Alzheimer's disease[2]					
	Lecanemab *AHEAD 3-45*	Eisai[1]	Preclinical (asymptomatic) Alzheimer's disease[3]					
	Lecanemab back-up	Eisai						
	BAN1503 (Trunc Aβ)							
	AD-BT2802							
	AD-BT2803 (Trunc Aβ with BT)							
	AD2603							
PARKINSON'S DISEASE	BAN0805 (α-synuclein)							
	PD1601 (α-synuclein)							
	PD1602 (α-synuclein)							
	PD-BT2238 (α-synuclein with BT)							
OTHER CNS DISORDERS	Lecanemab		Down's syndrome[4], Traumatic brain injury[4]					
	ND3014 (TDP-43)		ALS					
	ND-BT3814 (TDP-43 with BT)		ALS					
	GD-BT6822 (GCase with BT)		Gaucher's disease					
BLOOD-BRAIN BARRIER	Brain Transporter (BT)-technology							

1) Partner with Eisai for lecanemab for treatment of Alzheimer's disease since 2007. Eisai entered partnership with Biogen regarding BAN2401 (lecanemab) in 2014
2) Mild cognitive impairment due to Alzheimer's disease and mild Alzheimer's disease
3) Normal cognitive function with intermediate or elevated levels of amyloid in the brain
4) Dementia and cognitive impairment associated with Down's syndrome and with traumatic brain injury

ALZHEIMER'S DISEASE

In Alzheimer's disease, the amyloid beta protein clumps together into increasingly larger aggregates in the brain – from the harmless form with a normal function (monomers) to larger forms such as oligomers, protofibrils, fibrils and finally amyloid plaques containing fibrils. Oligomers and protofibrils are considered the most harmful forms of amyloid beta that initiate the process of Alzheimer's disease. BioArctic has developed several unique and selective antibodies with the potential to slow the progression of Alzheimer's disease. The lead drug candidate is lecanemab which on July 6, 2023, became the first disease-modifying drug for Alzheimer's disease to receive full approval in the US from the the U.S. Food and Drug Administration (FDA) under the brand name LEQEMBI. The development of lecanemab against Alzheimer's disease is being financed and pursued by BioArctic's partner Eisai, which also co-owns the rights to another antibody called lecanemab back-up. BioArctic has four additional antibodies projects against Alzheimer's disease in its project portfolio. In addition, BioArctic conducts research in diagnostics to support its own projects in Alzheimer's disease.

Drug candidate lecanemab (collaboration with Eisai), brand name LEQEMBI

Lecanemab, which is the result of a long-term strategic research collaboration between BioArctic and Eisai, is a humanized monoclonal antibody against Alzheimer's disease. Eisai is responsible for the clinical development of lecanemab in Alzheimer's disease. The project is based on research from BioArctic, Uppsala University and Karolinska Institutet, Sweden.

Lecanemab has a unique binding profile that distinguishes it from other amyloid beta antibodies. It selectively binds to neutralize and eliminate soluble toxic Aβ aggregates (protofibrils) that are thought to contribute to the neurodegenerative process in Alzheimer's disease. BioArctic has an ongoing research collaboration with Eisai in order to further deepen the knowledge about the drug candidate lecanemab.

Clarity AD was a global confirmatory 18-month Phase 3 placebo-controlled, double-blind, parallel-group, randomized study in 1,795 people with early Alzheimer's disease. The treatment group was administered lecanemab 10 mg/kg bi-weekly, with participants allocated in a 1:1 ratio to receive either placebo or lecanemab. Eisai's recruitment strategy led to a broad inclusion of patients to be as similar as possible to the early Alzheimer's population in society. In the study, patients with a wide range of other diseases and concurrent medication with other drugs such as anticoagulants were allowed. Eisai also ensured greater inclusion of ethnic and racial populations, resulting in approximately 25 percent of the total US enrollment including persons of Latino and African American origin living with early Alzheimer's disease.

Results from the pivotal Phase 3 study Clarity AD showed that lecanemab achieved the primary endpoint of reducing clinical decline from baseline on the global cognitive and functional scale CDR-SB (Clinical Dementia Rating-Sum of Boxes) compared to placebo with 27 percent, with high statistical significance ($p=0.00005$). Already at 6 months and across all time points thereafter, lecanemab showed high statistical significance compared to placebo ($p<0.01$) in slowing clinical decline. All secondary efficacy measures were also achieved with high statistical significance ($p<0.01$).

Notably, lecanemab slowed functional deterioration by 37 percent as measured by the ADCS MCI-ADL scale, which measures how well the patient manages activities in daily life, and positively affected biomarkers for amyloid, tau and neurodegeneration. This shows that lecanemab affects the underlying disease. For patients, this could equal remaining in the earlier stages of the disease for an additional 2.5-3.1 years longer, according to a modeling study, based on the Phase 2b study, published in the spring of 2022.

Furthermore, the safety profile of lecanemab was in line with expectations. An open-label extension study of Clarity AD is ongoing for those patients who completed the main study, to further evaluate the safety and efficacy of lecanemab.

Eisai has also conducted a Phase 1 study for subcutaneous dosing of lecanemab and the subcutaneous formulation is currently being evaluated in the open-label extension study of Clarity AD.

In addition, since July 2020, Eisai's Phase 3 clinical study (AHEAD 3-45) for individuals with preclinical Alzheimer's disease, having intermediate or elevated levels of amyloid in their brains but no symptoms, is ongoing. AHEAD 3-45 is conducted as a public-private partnership between the Alzheimer's Clinical Trial Consortium that provides the infrastructure for academic clinical trials in Alzheimer's disease and related dementias in the U.S, funded by the National Institute on Aging, part of the National Institutes of Health and Eisai.

Since January 2022, the Tau NexGen clinical study for Dominantly Inherited AD (DIAD) is ongoing, where lecanemab is given as a background anti-amyloid treatment when exploring combination therapies with an anti-tau treatment. The study is conducted by Dominantly Inherited Alzheimer Network Trials Unit (DIAN-TU), led by Washington University School of Medicine in St. Louis.

On January 6, 2023, LEQEMBI was granted accelerated approval by FDA under the accelerated approval pathway for treatment of Alzheimer's disease. The approval was based on

clinical, biomarker and safety data from the Phase 2b study in 856 people with early Alzheimer's disease with confirmed presence of amyloid pathology.

An application for full approval was submitted to the FDA on the same day as the accelerated approval. Further Eisai submitted applications for marketing authorization in the EU on January 9, 2023, and in Japan on January 16. The Japanese application was granted priority review.

In China, Eisai initiated submission of data for BLA to the National Medical Products Administration (NMPA) of China in December 2022. At the end of February, the Biologics License Application (BLA) for lecanemab was designated Priority Review by the National Medical Products Administration (NMPA) in China.

During the second quarter 2023, BioArctic's partner Eisai submitted applications for marketing authorization for lecanemab to the pharmaceutical authorities in South Korea and Great Britain. Furthermore, Health Canada initiated the review of New Drug Submission for lecanemab as treatment for early Alzheimer's disease.

On June 9, 2023, the FDA's Advisory Committee voted unanimously that the data from Eisai's Phase 3 Clarity AD clinical trial confirms the clinical benefit of LEQEMBI.

On July 6, 2023, FDA granted LEQEMBI full approval for the treatment of Alzheimer's disease. In conjunction with the approval the Centers for Medicare and Medicaid Services, CMS, announced that Medicare will provide broad coverage of LEQEMBI according to the FDA approved label provided that real-world evidence is collected in an existing and easy-to-use patient registry.

Lecanemab back-up candidate (collaboration with Eisai)

The antibody is a refined version of lecanemab for the treatment of Alzheimer's disease. The antibody was developed in collaboration with Eisai, which resulted in a new license agreement in 2015. The project is driven and financed by Eisai and is in the preclinical phase.

Projects BAN1503 and AD2603 (owned by BioArctic)

BioArctic has two additional antibody projects against Alzheimer's disease in its project portfolio in research phase. These antibodies have the potential to become a disease-modifying treatments for Alzheimer's disease. BAN1503 is an antibody project against a shorter (truncated) form of amyloid beta (pE3-Aβ), which has a pronounced ability to aggregate and create toxic forms that could cause Alzheimer's disease. During the quarter a drug candidate was nominated for the project.

Drug projects AD-BT2802 and AD-BT2803 (blood-brain barrier technology owned by BioArctic)

BioArctic has two antibody projects against Alzheimer's disease that are being combined with the blood-brain barrier technology — Brain Transporter, or BT — to facilitate uptake of antibodies in the brain. AD-BT2803 target a shorter (truncated) form of amyloid beta (pE3-Aβ) and is linked to the company's project BAN1503.

PARKINSON'S DISEASE

In Parkinson's disease, BioArctic has a portfolio of potential disease-modifying antibodies against alpha-synuclein. BAN0805 is a monoclonal antibody that selectively binds to and eliminates neurotoxic alpha-synuclein oligomers.

Drug candidate BAN0805 and drug projects PD1601 and PD1602

The objective of the project portfolio is to develop disease-modifying treatments for Parkinson's disease, Lewy body dementia and multiple system atrophy.

BAN0805 is a monoclonal antibody that selectively binds to and eliminates oligomers and protofibrils of alpha-synuclein. The goal is to develop a disease modifying treatment that stops or slows down disease progression. The project is based on research from Uppsala University.

At the International Congress of Parkinson's Disease and Movement Disorders® (MDS) in September 2021, preclinical results and results from the Phase 1 study that support continued development of the antibody in a Phase 2 study with dosing once a month were presented. In November 2021, Neurobiology of Disease published an article from BioArctic that describes new preclinical data for the anti-alpha synuclein antibody BAN0805. The article contains data demonstrating the antibody's ability to selectively bind harmful soluble alpha-synuclein aggregates. In May 2022, an additional drug substance patent for BAN0805 was granted in the US, which is valid until 2041, with a possible extension until 2046.

The PD1601 and PD1602 antibody projects also target alpha-synuclein for treatment of Parkinson's disease and are part of the portfolio which was previously being developed in partnership with AbbVie. In the second quarter 2022, however, AbbVie informed BioArctic that it had taken a strategic business decision to terminate the collaboration regarding BioArctic's alpha-synuclein project portfolio. BioArctic has therefore redeemed the project portfolio and is currently working on various options, including a new potential partnership, to take the project forward.

At the end of 2022, BioArctic expanded the project portfolio in Parkinson's disease with project PD-BT2238, which combines a selective antibody directed against soluble alpha-synuclein aggregates (so-called oligomers) with BioArctic's Brain Transporter technology

OTHER NEURODEGENERATIVE DISEASES

BioArctic aims to improve the treatment of a number of central nervous system disorders. The company is evaluating the possibility of developing its existing as well as new antibodies against other diseases in the central nervous system.

Drug candidate lecanemab (indications other than Alzheimer's disease, owned by BioArctic)

Lecanemab can potentially also be used for other indications which in that case would be owned by BioArctic. The antibody is in the preclinical phase as a potential treatment of cognitive disorders in conjunction with Down's syndrome and traumatic brain injury. BioArctic has presented findings supporting that lecanemab also could be developed into a disease modifying treatment benefiting individuals with Down's syndrome with dementia.

Project ND3014, ND-BT3814 and GD-BT6822 (owned by BioArctic)

The drug projects ND3014 and ND-BT3814 are focused on developing antibody drugs against TDP-43, a protein that is believed to play a key role in the development of the rare neurodegenerative disease ALS. The ND-BT3814 project is linked to BioArctic's blood-brain barrier technology. The projects are in research phase.

During the end 2022, BioArctic's project portfolio was expanded with a new project focused on enzyme replacement therapy for Gaucher disease in combination with the company's Brain Transporter technology.

BLOOD-BRAIN BARRIER TECHNOLOGY (BRAIN TRANSPORTER) (owned by BioArctic)

The blood-brain barrier controls the passage of substances between the blood and the brain. It protects the brain from harmful substances, but at the same time it can make it difficult for drugs to reach the brain.

BioArctic is now developing the second generation of this technology, which has already demonstrated a profound increase and improved exposure of antibodies in the brain. The technology is now being used in five earlier projects, two against Alzheimer's disease, AD-BT2802, AD-BT2803, one in Parkinson´s disease, PD-BT2238, one in ALS, ND-BT3814, and one in Gaucher's disease, GD-BT6822. The technology, which is now in the pre-clinical phase, has significant potential for many treatments for diseases of the brain.

Comments to the financial development, revenues and result

Revenues consist of milestone payments, royalties and payments from research agreements and research grants. Because of the nature of the business operations, the revenues may fluctuate significantly from quarter to quarter, as revenues from milestone payments are recognized at the point in time when performance obligations are fulfilled.

Net revenues in the second quarter amounted to SEK 2.7 M (4.2). Net revenues for the first half of the year amounted to SEK 396.1 M (8.0). The increase is mainly explained by three milestone payments received, amounting to a total of SEK 391.1 M (EUR 35 M).

Other operating income relates to research grants and operating exchange rate gains. Other operating income amounted to SEK 0.0 M (0.2) in the second quarter and for the frist half of the year to SEK 3.3 M (0.6).

Total operating expenses for the second quarter amounted to SEK 103.6 M (50.3) and for January-June period to SEK 199.8 M (98.6). Project expenses for BioArctic's proprietary projects increased during the period due to the expanded project portfolio. Also, expenses for personnel increased to SEK 71.6 M (23.2) for the second quarter and to SEK 119.4 M (45.4) for the six-month period. This can mainly be explained by one-off effects from variable remuneration to the employees linked to achieved milestones, repurchase of employee stock options from the CEO, increased costs for the incentive programs and, in addition, an increase in the number of employees. Other external costs increased during the quarter and for the period as a result of an increase in the scope of the business. Other operating expenses mainly consist of realized operating exchange rate losses.

Since BioArctic's proprietary projects are in an early research phase they do not meet the criteria for capitalization of R&D expenses so all such costs have been charged to the income statement. The external projects are owned by our partners and BioArctic has no costs for the clinical programs.

Operating profit/loss before net financial items (EBIT) amounted to a loss of SEK 100.9 M (45.8) for the second quarter and to a profit of SEK 199.7 M (loss: 90.0) for the six-month period. The decrease in profit during the second quarter is due to increased costs. The improvement compared to the six-month period of the previous year was primarily attributable to received milestone payments.

Net financial items totaled SEK 8.5 M (0.0) for the second quarter and to SEK 11.8 M (neg.: 0.1) for the six-month period. Financial income consists of interest income and financial expenses consist of exchange rate losses and interest on leasing liabilities.

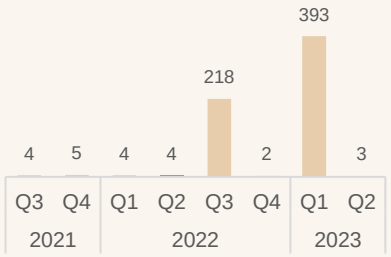
The profit/loss for the period amounted to a loss of SEK 102.3 M (45.8) for the second quarter and to a profit of SEK 191.5 M (loss: 90.1) for the six-month period.

Loss per share before and after dilution amounted to SEK 1.16 (0.52) for the second quarter. For the half-year period profit per share before dilution amounted to SEK 2.17 (loss: 1.02) and profit per share after dilution amounted to SEK 2.16 (loss: 1.02).

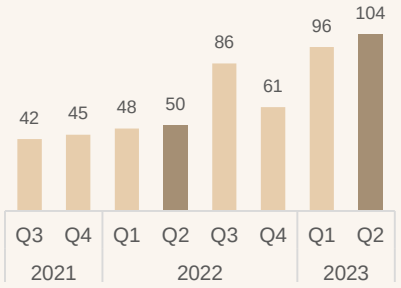
LIQUIDITY AND FINANCIAL POSITION

Equity amounted to SEK 994.0 M as of June 30, 2023 compared with SEK 786.2 M as of December 31, 2022. This corresponds to equity per outstanding share of SEK 11.27 (8.92). The equity/asset ratio was 91.5 percent as of June 30, 2023 compared with 91.6 percent as of December 31, 2022.

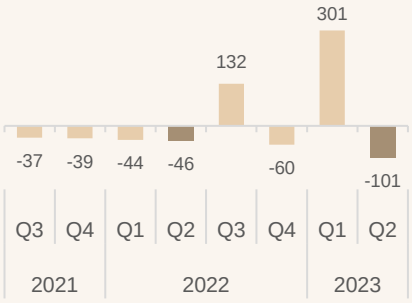
Net revenues (SEK M)



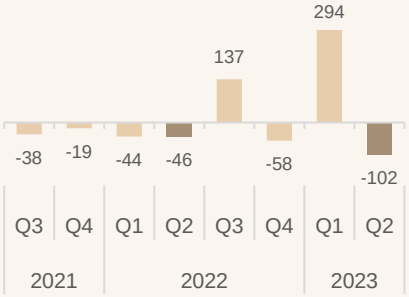
Operating expenses (SEK M)



Operating profit/loss (SEK M)



Profit/loss for the period (SEK M)



The Group's cash and cash equivalents consist of bank balances that at the end of the quarter amounted to SEK 1,042.1 M compared with SEK 805.4 M as of December 31, 2022. The increase is attributable to milestone payments received. There were no loans as of June 30, 2023, and no loans have been taken since this date. The Group has no other credit facility or loan commitments.

In order to neutralize foreign exchange rate exposure some liquid funds are held in foreign currency. This has implications on reporting in conjunction with revaluation of currency to current rate. These effects are recognized in financial income and expenses.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities for the second quarter amounted to a negative SEK 63.8 M (neg.: 45.6) and to SEK 235.2 M (neg.: 85.3) for the six-month period. The explanation for the reduced cash flow during the quarter is due to increased costs. The increase for the six-month period is mainly explained by the received milestone payments.

Cash flow from investing activities for the second quarter amounted to a negative SEK 0.9 M (neg.: 1.7). For the half-year period cash flow from investing activities amounted to a negative SEK 1.0 M (neg.: 7.7). The investments were mainly related to laboratory equipment. Cash flow from financing activities amounted to SEK 0.8 M (neg.: 2.1) for the second quarter and to SEK 2.1 M (neg.: 4.1) for January – June and relates to the amortization of leasing liabilities and the share issue connected to exercised employee warrants in the first and second quarter.

PARENT COMPANY

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

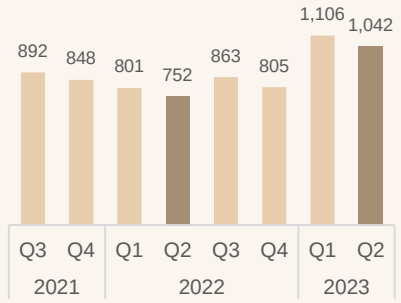
EVENTS DURING THE FIRST QUARTER 2023

- BioArctic was as of January 2, 2023, moved to Nasdaq Stockholm's marketplace for large companies (Large cap)
- On January 6, the FDA approved LEQEMBI via the accelerated approval pathway for the treatment of Alzheimer's disease
- Eisai filed for full approval for lecanemab in the US, EU, Japan and China. The submissions have all been accepted for review with the ones in the US, Japan and China being granted priority review
- The approval in the US and submissions in the EU and Japan entitled BioArctic to milestones of MEUR 35 in total
- The subsidiaries BioArctic Denmark ApS, BioArctic Finland Oy and BioArctic Norway A/S were formed
- U.S. Veterans' Health Administration decided to provide coverage for LEQEMBI for veterans with early Alzheimer's disease
- New lecanemab-data was presented at the AD/PD congress with a focus on health-related quality of life outcomes, safety and the unique binding profile of the antibody
- Eisai published three articles regarding lecanemab's phase 2b study which further strengthens previously published data

EVENTS DURING THE SECOND QUARTER 2023

- The U.S. Food and Drug Administration's (FDA) Advisory Committee voted unanimously that the data from Eisai's Phase 3 Clarity AD clinical trial confirms the clinical benefit of LEQEMBI
- BioArctic's partner Eisai submitted applications for marketing authorization for lecanemab to the pharmaceutical authorities in South Korea and Great Britain
- Health Canada initiated the review of New Drug Submission for lecanemab as treatment for early Alzheimer's disease
- A published modeling study based on Phase 3 data showed that treatment with lecanemab resulted in a 2 to 3 years delay in the average time to progress to more severe stages of Alzheimer's disease
- Anders Martin-Löf was hired as new Chief Financial Officer. Current CFO Jan Mattsson has transitioned to a newly established role as VP Finance

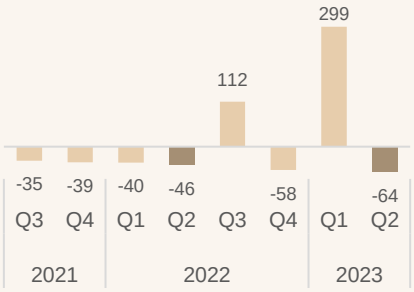
Cash and cash equivalents (SEK M)



Financial position (SEK M)

	30 Jun 2023	31 dec 2022
Non-current lease liabilities	1.5	1.2
Current lease liabilities	4.6	8.9
Cash and cash equivalents	1,042.1	805.4
Net cash position	**1,036.0**	**795.3**

Cash flow from operating activities (SEK M)



Cash position (SEK M)

1,042

Other information

EVENTS AFTER THE END OF THE SECOND QUARTER

- On July 6, the FDA granted traditional approval for LEQEMBI in the US for the treatment of Alzheimer's disease.
- In conjunction with the approval the Centers for Medicare and Medicaid Services, CMS, announced that Medicare will provide broad coverage of LEQEMBI according to the FDA approved label provided that real-world evidence is collected in an existing and easy-to-use patient registry.

PATENTS

Patents are crucial to the company's future commercial opportunities. BioArctic has therefore an active patent strategy covering all major pharmaceutical markets including the US, EU, Japan and China. At the end of June 2023, BioArctic's patent portfolio consisted of 15 patent families with more than 240 granted patents and over 70 ongoing patent applications.

PARTNERSHIPS, COLLABORATIONS AND MAJOR AGREEMENTS

Collaborations and license agreements with leading pharma and biopharma companies are an important part of BioArctic's strategy. In addition to financial compensation, BioArctic benefits from the expertise the company's partners contribute in drug development, manufacturing and commercialization. BioArctic has entered into a number of such agreements with the Japanese global pharma company Eisai and previously also with the American global biopharma company AbbVie. These strategic partnerships with leading global companies confirm that BioArctic's research is of very high quality. In the future BioArctic may enter into new agreements that can contribute further funding and research and development competence for BioArctic's product candidates in preclinical and clinical phase, manufacturing and marketing competence, geographic coverage and other resources.

BioArctic has been collaborating with Eisai in the field of Alzheimer's disease since 2005. The company has signed research and licensing agreements concerning the lecanemab and BAN2401 back-up antibodies. The total value of these agreements may amount to EUR 222 M in addition to royalties. As of 30 June 2023, up to EUR101 M in milestone payments remains from Eisai.

Collaborating with universities is also of great importance to BioArctic. The company has ongoing collaborations with academic research groups at a number of universities.

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, mitigate, measure, control and limit business risks. Significant risks are the same for the Parent Company and the Group.

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 2022 on pages 49-52.

FLUCTUATIONS IN REVENUE GENERATION

During the reported period, BioArctic had minimal sales of a drug approved under the accelerated approval pathway in the US, via its partner Eisai. BioArctic is developing a number of drug candidates for chronic neurodegenerative diseases in partnership with global pharma companies such as Eisai. The company also conducts research for proprietary projects including new potential antibody treatments as well as a blood-brain barrier technology platform. The company signs research and licensing agreements with partners and then receives remuneration for research as well as milestone payments and royalties, which the company uses to finance current and new projects. Milestone payments are normally received when the project reaches predetermined development targets – the start of clinical trials, for example – or when clinical trials move from one phase to a later phase. Milestone payments may also be paid upon submissions of applications to regulatory authorities, approvals and sales milestones. Thus, these payments arise unevenly over time.

FUTURE PROSPECTS

The company enjoys a strong financial position and has a business model in which its revenue and earnings are currently primarily based on non-recurring revenue from research and licensing agreements the company signed. With Leqembi receiving full market approval in the US, royalty income for BioArctic can be expected to increase, which changes the revenue mix and has the potential to give the company a more even revenue flow over time. The company's liquidity facilitates continued development of the projects covered by strategic partnership agreements as well as financing of the company's own projects in early phase and therefore are less costly. BioArctic's focus areas comprise unique drug candidates and an innovative blood-brain barrier technology, areas with high unmet medical need. All projects are focused on neurodegenerative disorders and have great market potential. BioArctic's ambition is to generate the medicines of the future for patients with neurodegenerative disorders.

EXPECTED DEVELOPMENT OF OPERATING EXPENSES

Operating expenses are expected to be in the range of SEK 330 – 380 M for the fiscal year January – December 2023. During 2022 operating expenses were SEK 246 M, which was in line with earlier communicated expectation. During the last three years the average annual level of the operating expenses

has been approximately SEK 188 M. The build-up of the commercial organization in the Nordics prior to the potential launch of lecanemab, and costs for the expanded in-house project portfolio, explain the expected higher cost level for 2023.

EMPLOYEES

At the end of the second quarter, the number of employees was 75 (56) of which 28 (22) are men and 47 (34) women. Around 70 percent work in R&D and of these around 85 percent are PhDs.

THE SHARE AND SHAREHOLDINGS

The share capital in BioArctic amounts to SEK 1,764,530 divided by 88,226,485 shares which is split between 14,399,996 A-shares and 73,826,489 B-shares. The number of shares increased during the second quarter by 45,810 shares as a result of the subscription of shares by participants in the employee stock option program 2019/2028. The quotient value for both A- and B-shares is SEK 0.02. The A-share has 10 votes per share and the B-share has 1 vote per share.

LARGEST SHAREHOLDERS AS OF JUNE 30, 2023[1]

	Number		Share of (%)	
	A-shares	**B-shares**	**capital,**	**votes,**
Demban AB (Lars Lannfelt)	8,639,998	20,885,052	33.5	49.3
Ackelsta AB (Pär Gellerfors)	5,759,998	13,343,201	21.7	32.6
Fourth Swedish National Pension Fund	-	3,749,397	4.2	1.7
Swedbank Robur Funds	-	3,440,164	3.9	1.6
Third Swedish National Pension Fund	-	3,297,088	3.7	1.5
RA Capital Management LP	-	3,117,736	3.5	1.4
Handelsbanken Funds	-	2,014,213	2.3	0.9
Unionen	-	1,694,600	1.9	0.8
Nordea Funds	-	1,617,753	1.8	0.7
Vanguard	-	1,201,075	1.4	0.6
Tot. 10 largest shareholders	**14,399,996**	**54,360,279**	**77.9**	**91.1**
Other	-	19,466,210	22.1	8.9
Total	**14,399,996**	**73,826,489**	**100.0**	**100.0**

1) Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and Swedish Financial Supervisory Authority (Finansinspektionen).

ANNUAL GENERAL MEETING 2023

BioArctic's Annual General Meeting was held on June 1.

- The board members Ivar Verner, Håkan Englund, Pär Gellerfors, Lars Lannfelt, Lotta Ljungqvist, Mikael Smedeby and Eugen Steiner were re-elected and Cecilia Edström was elected as new member of the board. Eugen Steiner was elected as chairperson of the board of directors and Ivar Verner was re-elected as deputy chairperson of the board of directors.
- The Annual General Meeting resolved to authorise the board of directors to resolve on issues of new shares, warrants and/or convertibles in accordance with the board of directors' proposal.
- The Annual General Meeting resolved to introduce an incentive program for the company's employees and resolved on hedging arrangements for the incentive program in accordance with the board of directors' proposal.

LONG-TERM INCENTIVE PROGRAMS

BioArctic has two ongoing long-term incentive programs that were approved at the AGM 2019 and at the AGM 2023.

A maximum of 1, 000,000 stock options may be granted within the Stock Option Program 2019/2028. To enable the company's delivery of shares under program, the Annual General Meeting approved a directed issue of a maximum of 1,000,000 warrants.

The employee stock options may be exercised three to five years after grant. As of the end of the period, a total of 915,000 options have been granted, and no further grants may occur.

The number of lapsed options amounted to 70,000 and the number of exercised options amounted to 166,500 as of June 30, which means that 678,500 employee employee stock options remain outstanding at the end of the period corresponding to a dilutive effect of up to 0.8 percent of the share capital at the end of the reporting period.

The newly established Performance Share Unit (PSU) program 2023/2026 is a three-year incentive program including a maximum of 125,000 PSUs that, provided that the share price increases by at least 30 percent during a three-year period, entitles the participants to receive shares free of charge or a cash payment. During the quarter, 107,000 PSUs were granted. If the board decides to utilize warrants to deliver the B-shares according to the terms and conditions of the program or for financing the company's costs for the program, the dilutive effect would be a maximum of 0.14 per cent of the share capital outstanding at the end of the period.

This interim report has not been subject to review by BioArctic´s auditors.

Stockholm, Sweden, July 12

Eugen Steiner	Ivar Verner
Chairperson	*Deputy Chairperson*
Håkan Englund	Cecilia Edström
Board member	*Board member*
Pär Gellerfors	Lars Lannfelt
Board member	*Board member*
Lotta Ljungqvist	Mikael Smedeby
Board member	*Board member*

Gunilla Osswald
CEO, BioArctic AB (publ)

INVITATION TO PRESENTATION OF THE FIRST QUARTER REPORT FOR APRIL – JUNE 2023

BioArctic invites investors, analysts, and media to an audiocast with teleconference (in English) today, July 12, at 9:30–10:30 a.m. CET. CEO Gunilla Osswald and CFO Anders Martin-Löf will present BioArctic, comment on the interim report and answer questions.
Webcast:
https://ir.financialhearings.com/bioarctic-q2-2023

CALENDAR 2023-2024

Quarterly Report Jan-Sep 2023	November 8, 2023, at 08:00 a.m. CET
Full Year Report Jan-Dec 2023	February 14, 2024, at 08:00 a.m. CET
Quarterly Report Jan-Mar 2023	May 17, 2024, at 08:00 a.m. CET
Half-Year Report Jan-June 2024	August 29, 2024, at 08:00 a.m. CET
Quarterly Report Jan-Sep 2024	November 14, 2024, at 08:00 a.m. CET
Full Year Report Jan-Mar 2024	February 31, 2025 at 08:00 a.m. CET

FOR FURTHER INFORMATION, PLEASE CONTACT

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The interim report is such information as BioArctic AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act.

The information was submitted for publication, through the agency of the contact persons set out on this page, at 08.00 CET on July 12, 2023.

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 applies.

Financial statements, Group

CONSOLIDATED INCOME STATEMENT

	Q2		Jan-Jun		Jan-Dec
kSEK	**2023**	**2022**	**2023**	**2022**	**2022**
Net revenues (note 4)	2,706	4,240	396,132	7,976	228,291
Other operating income (note 6)	39	224	3,338	646	334
Operating revenues	**2,746**	**4,463**	**399,470**	**8,622**	**228,625**
Operating expenses					
Project related expenses	-15,529	-14,370	-45,666	-29,297	-74,326
Other external expenses	-11,440	-8,437	-22,701	-15,889	-33,015
Personnel expenses	-71,607	-23,181	-119,407	-45,350	-115,650
Depreciations of tangible assets	-4,565	-3,658	-8,995	-7,132	-14,633
Other operating expenses (note 6)	-474	-616	-2,986	-958	-8,337
Operating expenses	**-103,614**	**-50,261**	**-199,754**	**-98,626**	**-245,961**
Operating profit/loss	**-100,869**	**-45,798**	**199,716**	**-90,004**	**-17,336**
Financial income (note 6)	7,912	151	13,360	504	8,285
Financial expenses (note 6)	568	-188	-1,533	-591	-2,117
Profit/loss before tax	**-92,390**	**-45,835**	**211,543**	**-90,091**	**-11,168**
Tax	-9,925	-2	-20,000	-2	-11
Profit/loss for the period	**-102,315**	**-45,837**	**191,542**	**-90,092**	**-11,179**
Earnings per share					
Earnings per share before dilution, SEK	-1.16	-0.52	2.17	-1.02	-0.13
Earnings per share after dilution, SEK	-1.16	-0.52	2.16	-1.02	-0.13

SOLIDATED INCOME STATEMENT
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q2		Jan-Jun		Jan-Dec
kSEK	**2023**	**2022**	**2023**	**2022**	**2022**
Profit/loss for the period	-102,315	-45,837	191,542	-90,092	-11,179
Exchange rate differences connected to foreign operations	38	-	38	-	-
Comprehensive income for the period	**-102,276**	**-45,837**	**191,581**	**-90,092**	**-11,179**

CONSOLIDATED BALANCE SHEET

kSEK	30 Jun 2023	30 Jun 2022	31 dec 2022
Assets			
Tangible fixed assets	20,810	21,445	23,531
Right-to-use assets	8,297	13,311	11,733
Deferred tax assets	568	606	596
Other financial assets	1,651	1,595	1,606
Current assets excluding cash and cash equivalents	13,123	5,879	15,454
Cash and cash equivalents	1,042,111	751,750	805,386
Total assets	**1,086,561**	**794,585**	**858,307**
Equity and liabilities			
Equity	994,005	699,951	786,241
Deferred tax liabilities	-	-	-
Non-current lease liabilities	1,529	3,440	1,182
Current lease liabilities	4,588	8,760	8,857
Other current liabilities	43,548	7,215	26,919
Accrued expenses and deferred income	42,892	75,219	35,108
Equity and liabilities	**1,086,561**	**794,585**	**858,307**

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY (CONDENSED)

kSEK	30 Jun 2023	30 Jun 2022	31 dec 2022
Opening balance at 1 January	786,241	788,676	788,676
Comprehensive income for the period	191,542	-90,092	-11,179
Share issue connected to exercised employee warrants	7,530	-	5,985
Share-based payments	8,643	1,367	2,760
Exchange rate differences	48	-	-
Closing balance	**994,005**	**699,951**	**786,241**

CONSOLIDATED STATEMENT OF CASH FLOW (CONDENSED)

	Q2		Jan-Jun		Jan-Dec
kSEK	**2023**	**2022**	**2023**	**2022**	**2022**
Operating profit	-100,869	-45,798	199,716	-90,004	-17,336
Adjustment for non-cash items (note 6)	11,396	2,092	16,440	4,489	-41,340
Interest received/paid	8,479	-365	11,827	-462	1,784
Income tax paid	28	-439	1,292	1,217	340
Cash flow from operating activities before changes in working capital	**-80,966**	**-44,509**	**229,275**	**-84,759**	**-56,552**
Change in working capital	17,143	-1,101	5,918	-510	24,914
Cash flow from operating activities after changes in working capital	**-63,823**	**-45,610**	**235,193**	**-85,269**	**-31,637**
Cash flow from investing activities	**-865**	**-1,665**	**-1,004**	**-7,685**	**-12,763**
Cash flow from financing activities	**783**	**-2,073**	**2,059**	**-4,109**	**-2,808**
Cash flow for the period	**-63,905**	**-49,348**	**236,248**	**-97,064**	**-47,209**
Cash and cash equivalents at beginning of period	1,106,000	800,846	805,386	848,405	848,405
Exchange rate differences in cash and cash equivalents (note 6)	16	252	477	408	4,190
Cash and cash equivalents at end of period	**1,042,111**	**751,750**	**1,042,111**	**751,750**	**805,386**

CONSOLIDATED QUARTERLY DATA

	2023	2023	2022	2022	2022	2022	2021	2021
SEK M	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Income statement								
Net revenues	3	393	2	218	4	4	5	4
Other operating income	0	3	-1	1	0	0	1	1
Operating expenses	-104	-96	-61	-86	-50	-48	-45	-42
Operating profit/loss	-101	301	-60	132	-46	-44	-39	-37
Operating margin, %	neg	76.4	neg	60.7	neg	neg	neg	neg
Profit/loss for the period	-102	294	-58	137	-46	-44	-19	-38
Balance sheet								
Fixed assets	31	34	37	35	37	39	36	37
Current assets	13	15	15	8	6	7	13	6
Cash and cash equivalents	1,042	1,106	805	863	752	801	848	892
Equity	994	1,085	786	837	700	745	789	807
Deferred tax liabilities	-	-	-	-	-	-	-	21
Lease liabilities	6	8	10	10	12	14	16	18
Current liabilities	86	62	62	58	82	88	93	90
Cash flow								
From operating activities	-64	299	-58	112	-46	-40	-39	-35
From investing activities	-1	-0	-4	-1	-2	-6	-2	-2
From financing activities	1	1	3	-2	-2	-2	-2	-2
Cash flow for the period	-64	300	-59	108	-49	-48	-43	-38
Key ratios								
Equity/asset ratio, %	91.5	94.0	91.6	92.5	88.1	88.0	87.9	86.3
Return on equity, %	-9.8	31.4	-7.1	17.8	-6.3	-5.8	-2.4	-4.5
Data per share								
Earnings per share before dilution, SEK	-1.16	3.33	-0.66	1.55	-0.52	-0.50	-0.22	-0.43
Earnings per share after dilution, SEK	-1.16	3.32	-0.66	1.54	-0.52	-0.50	-0.22	-0.43
Equity per share, SEK	11.27	12.31	8.92	9.51	7.95	8.46	8.96	9.17
Cash flow operating activities per share, SEK	-0.72	3.39	-0.66	1.27	-0.52	-0.45	-0.45	-0.39
Share price at the end of the period, SEK	282.00	251.40	272.00	271.60	77.45	103.20	119.20	162.60
Number of shares outstanding, thousands	88,226	88,181	88,132	88,060	88,060	88,060	88,060	88,060
Average number of shares outstanding, thousands	88,204	88,156	88,096	88,060	88,060	88,060	88,060	88,060

Financial statements, Parent company

PARENT COMPANY INCOME STATEMENT

	Q2		Jan-Jun		Jan-Dec
kSEK	**2023**	**2022**	**2023**	**2022**	**2022**
Net revenues	2,706	4,240	396,132	7,976	228,291
Other operating income (note 6)	202	224	3,501	646	334
Operating revenues	**2,908**	**4,463**	**399,633**	**8,622**	**228,625**
Operating expenses					
Project related expenses	-15,529	-14,370	-45,666	-29,297	-74,326
Other external expenses	-16,391	-10,637	-31,280	-20,252	-41,955
Personnel expenses	-69,762	-23,181	-116,875	-45,350	-115,650
Depreciations of tangible assets	-1,845	-1,685	-3,680	-3,226	-6,621
Other operating expenses (note 6)	-474	-616	-2,986	-958	-8,337
Operating expenses	**-104,001**	**-50,489**	**-200,486**	**-99,082**	**-246,890**
Operating profit/loss	**-101,092**	**-46,026**	**199,147**	**-90,460**	**-18,265**
Financial income (note 6)	7,912	151	13,360	504	8,285
Financial expenses (note 6)	648	-40	-1,340	-275	-1,557
Profit/loss after financial items	**-92,533**	**-45,915**	**211,167**	**-90,231**	**-11,537**
Change in tax allocation reserves	-	-	-	-	-
Profit/loss before tax	**-92,533**	**-45,915**	**211,167**	**-90,231**	**-11,537**
Tax	-9,896	15	-19,931	28	65
Profit/loss for the period	**-102,429**	**-45,900**	**191,236**	**-90,204**	**-11,473**

There are no items recognized as other comprehensive income in the Parent Company. Accordingly, total comprehensive income matches profit for the year.

PARENT COMPANY BALANCE SHEET (CONDENSED)

kSEK	30 Jun 2023	30 Jun 2022	31 dec 2022
Assets			
Tangible fixed assets	20,810	21,445	23,531
Deferred tax assets	494	416	453
Other financial assets	1,770	1,645	1,656
Current assets excluding cash and cash equivalents	16,500	7,913	17,842
Cash and cash equivalents	1,041,263	751,705	805,342
Total assets	**1,080,837**	**783,123**	**848,825**
Equity and liabilities			
Equity	994,207	700,689	786,798
Tax allocation reserve	-	-	-
Other current liabilities	43,192	7,215	26,919
Accrued expenses and deferred income	43,438	75,219	35,108
Equity and liabilities	**1,080,837**	**783,123**	**848,825**

Notes

NOTE 1 GENERAL INFORMATION

This interim report for the period January – June 2023 covers the Swedish Parent Company BioArctic AB (publ), Swedish Corporate Identity Number 556601-2679, and the fully owned subsidiaries LPB Sweden AB, BioArctic Denmark ApS, BioArctic Finland Oy and BioArctic Norway A/S. The Group's business operations are mainly conducted in the Parent Company. BioArctic 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.

NOTE 2 ACCOUNTING PRINCIPLES

The consolidated financial statements for BioArctic AB (publ) have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the EU, the 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 RFR 2 Accounting for Legal Entities.

The interim report for the period January – June 2023 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 interim report. The accounting principles and calculation methods applied are in accordance with those described in the Annual Report 2022. New and amended IFRS standards and interpretations applied from 2023 have not had a material impact on the financial statements.

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.

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 REVENUES

	Q2		Jan-Jun		Jan-Dec
kSEK	**2023**	**2022**	**2023**	**2022**	**2022**
Geographic breakdown of net revnues					
Europe	-	2,299	-	3,948	58,478
Asia	2,706	1,941	396,132	4,029	169,813
Total net revenues	**2,706**	**4,240**	**396,132**	**7,976**	**228,291**
Net revenues per revenue type					
Milestone payments and royalty, recognized at a given point in time	437	-	391,495	-	161,460
Income from research collaborations, recognized over time	2,269	4,240	4,637	7,976	66,831
Total net revenues	**2,706**	**4,240**	**396,132**	**7,976**	**228,291**

BioArctic's net revenues up until now mainly consist of milestone payments and income from the research collaborations within Alzheimer's disease with Eisai. No milestone payments were received during the second quarter.

Since the accelerated approval, LEQEMBI has been marketed in the US, with reimbursement limited to participants in clinical trials. The sales generate royalties for BioArctic and in total royalties amounting to SEK 0.4 M were recorded in the first half of the year. The amount is based on an estimate by BioArctic as sales figures for the period were unavailable when the report was issued.

BioArctic has a research collaboration agreement with Eisai. The revenue for research collaboration is recognized over time based on the fulfillment of the performance obligation. In the second quarter SEK 2.3 M (1.9) was recognized as revenue. For the half-year period SEK 4.6 M (4.0) was recognized.

NOTE 5 ADJUSTED COMPARATIVE FIGURES

The comparative figures for other operating income, other operating expenses, financial income and financial expenses for the second quarter of 2022 and the full year of 2022 respectively have been changed due to the reclassification of exchange rate gains and exchange rate losses between exchange rate results of an operating nature and exchange rate results of a financial nature. The reclassification also affected adjustment for non-cash items. The adjustment reduced operating profit by SEK 0.1 M and increased financial items by SEK 0.1 M for the second quarter of 2022. For the full year period of 2022 the effect of the adjustment was an

increase in operating profit by SEK 0.1 M and a decrease in financial items by SEK 0.1 M. Profit or loss after financial items was not affected either for the second quarter of 2022 or the full year period of 2022.

NOTE 6 INTRA-GROUP PURCHASES AND SALES

The parent company's income from group companies amounted to SEK 0.2 M (0.0) for the half-year period and referred to forwarded costs. The parent company's costs from group companies amounted to SEK 3.1 M (0.0) for the half-year period and related to services rendered.

Definition of key ratios

In this financial report BioArctic reports key financial ratios, some of which are not defined by IFRS. The Company's assesses that these key ratios 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 ratios should not be analyzed separately or replace key ratios that have been calculated in accordance with IFRS. Neither should they be compared to other key ratios with similar names applied by other companies, as key ratios cannot always be defined in the same way. Other companies may calculate them in a different way than BioArctic.

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

Key ratios	Definition
Other income	Other income than net revenue
Operating profit	Result before financial items
Operating margin, %	Operating profit divided by net revenues
Cash flow from operating activities per share, SEK	The cash flow from operating activities for the period divided by the weighted number of shares
Equity/asset ratio, %	Adjusted equity divided by total assets
Return on equity, %	Net income divided by equity expressed as a percentage
Equity per share	Adjusted equity divided by the number of shares at the end of the period

Glossary

Accelerated approval
An application process which gives an opportunity for an early approval of a drug candidate, where the company at a later stage is required to present additional data to verify clinical effect in order to receive full marketing approval.

Alfa-synuclein (α-synuclein)
A naturally occurring protein in the body that, in conjunction with Parkinson's disease, misfolds and forms harmful structures in brain cells.

Amyloid beta (Aβ)
A naturally occurring protein in the brain that, in conjunction with Alzheimer's disease, misfolds into harmful structures in brain cells. Amyloid beta form the plaque around brain cells visible in patients with Alzheimer's disease.

Antibody
A biological molecule originating in the immune system that binds to a target molecule with a high degree of accuracy.

ApoE (Apolipoprotein E)
ApoE transports fats in the blood. ApoE comes in three forms. Individuals expressing the ApoE4 form are at greater risk of developing Alzheimer's disease.

ARIA-E
A form of cerebral edema that occurs in some patients treated with anti-amyloid monoclonal antibodies for Alzheimer's disease.

ARIA-H
Combined cerebral microhemorrhages, cerebral macrohemorrhages, and superficial siderosis.

Binding profile
A binding profile specifies in which way and to which forms of a protein (such as amyloid beta or alpha-synuclein) an antibody binds.

Biomarker
A measurable molecule, the levels of which can indicate a change in the body and enable diagnosis of a patient or measurement of the effect of a drug.

Blood-brain barrier
A structure of tightly bound cells that surround blood vessels in the brain. This barrier regulates the exchange of nutrients and waste and protects against bacteria and viruses.

Breakthrough therapy designation
The breakthrough therapy designation is an FDA program intended to facilitate and accelerate the development and review of drugs for serious or life-threatening conditions.

CNS - Central nervous system
The part of the body's nervous system comprising the brain and spinal cord.

Clinical studies
Drug trials performed in human subjects.

CMS - Centers for Medicare and Medicaid
A federal agency in the US Department of Health and Human Services (HHS) that administers the Medicare program and works in partnership with state governments to administer Medicaid.

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

Dose dependent
Increased effect at higher dose.

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

Early Alzheimer's disease
Mild cognitive impairment due to Alzheimer's disease and mild Alzheimer's disease.

Fast Track Designation
Fast Track designation is an FDA program intended to facilitate and expedite the development and review of drugs for serious or life-threatening conditions.

FDA
The US Food and Drug Administration.

Lecanemab -irmb
Lecanemab has been given the -irmb add-on by the FDA for the approved substance. -irmb is a suffix assigned by the FDA. Suffixes are used to differentiate originator biological products, related biological products, and biosimilar products containing related drug substances

Licensing
Agreement where a company that has invented a drug gives another company the right to further develop and sell the drug for certain payments.

Milestone payment
Financial remuneration received as part of a project or collaboration agreement once a specified goal has been achieved.

Monomer
An individual molecule with the ability to bind to other similar molecules to form larger structures such as oligomers and protofibrils.

Neurodegenerative disease
A disease that entails a gradual breakdown and degeneration in brain and nervous system function.

Oligomer
Molecules consisting of a number of monomers.

Open-label extension study
Clinical study conducted after a completed randomized and placebo-controlled study in which all patients receive active substance.

Pathology
The study of diseases and how they are diagnosed, through analysis of molecules, cells, tissues and organs.

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

Phase 2 studies
Studies the safety and efficacy of a drug. Performed in a limited number of patients. Later stages of phase 2 studies can be called phase 2b and evaluate the optimal dose of the studied drug.

Phase 3 studies
Confirms the efficacy and safety of a drug. Performed in a large number of patients.

Placebo-controlled
A study design in research which means that some of the patients receive inactive compound to obtain a relevant control group.

Preclinical (asymptomatic) Alzheimer's disease
Normal cognitive function but with intermediate or elevated levels of amyloid in the brain.

Preclinical phase
Stage of development where preclinical studies of drug candidates are conducted to prepare for clinical studies.

Preclinical studies
Studies conducted in model systems in laboratories prior to conducting clinical trials in humans.

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

Protofibril
A harmful aggregation of amyloid beta formed in the brain, which gives rise to Alzheimer's disease, or a harmful aggregation of alpha-synuclein formed in the brain and gives rise to Parkinson's disease.

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

Selective binding
The affinity of a molecule for binding to a specific receptor.

Subcutaneous treatment
That the drug is given to the patient through an injection under the skin.

Titration of dose
Stepwise increase in medication dose in order to achieve a certain beneficial effect with a delay with the aim of reducing the risk of side effects.

Tolerability
The degree of side effects from a drug that can be tolerated by a patient.

Truncated amyloid beta
Shortened (truncated) forms of the amyloid beta protein.