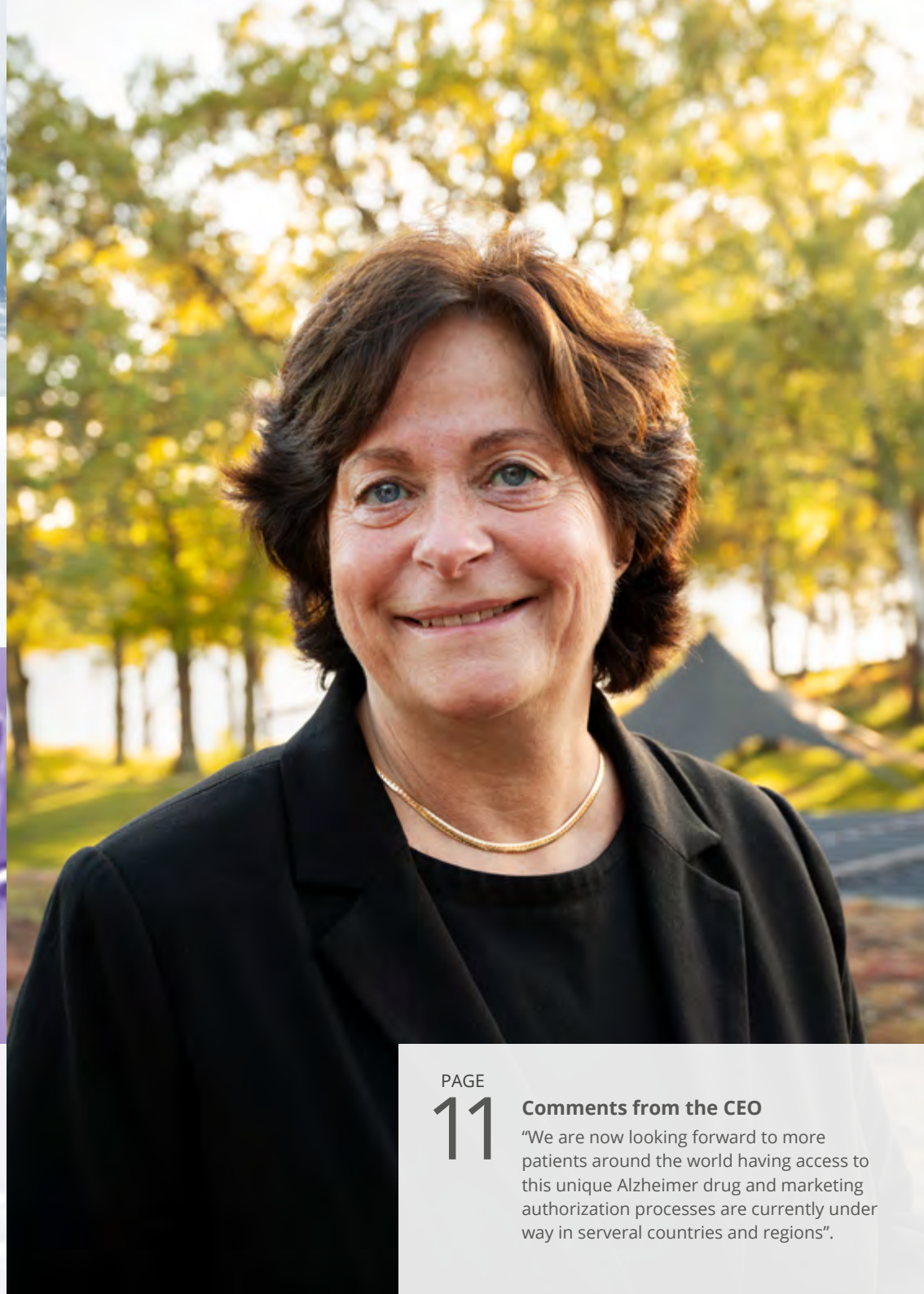
Annual Report

BIOARCTIC

2023



PAGE 42

Sustainability

Raising the bar in sustainability; BioArctic has appointed Charlotte af Klercker as Corporate Sustainability Director.

PAGE 48

"Several of our projects have the potential to reach the market by 2032"

BioArctic's new Chairman of the Board Eugen Steiner talks about the company's and Board's goal of having at least one additional drug approved when the patent for lecanemab expires.

Contents

BioArctic in brief

BioArctic in **3 minutes**

BioArctic is an innovative Swedish biopharma company focusing on neurodegenerative diseases

The objective is to develop new treatments that target the causes of neurodegenerative diseases such as Alzheimer's disease, Parkinson's disease and ALS.

Developing selective antibodies

BioArctic's research portfolio consists primarily of selective antibodies for soluble pathogenic aggregates formed by misfolded proteins in the central nervous system.

The first drug to slow Alzheimer's disease

Lecanemab is the world's first fully approved drug for early Alzheimer's disease that slows the progress of the disease and reduces cognitive degeneration. Lecanemab was invented by BioArctic, and has been outlicensed to the Japanese pharma company Eisai since 2007. BioArctic is entitled to sales' royalties based on global sales, milestone payments and co-promotion revenue in the Nordic region.

Lecanemab has been approved in the US, Japan and China under the brand name Leqembi®.

15
research projects
in BioArctic's diversified project portfolio.

Nordic organization

During the year, BioArctic established operations in Denmark, Finland and Norway to enable a future launch of lecanemab in the Nordic region.

Alzheimer's disease

Apart from lecanemab, which is an approved treatment for early Alzheimer's disease in the US, Japan and China, BioArctic is developing further antibodies against Alzheimer's disease to improve and expandthe treatment options.

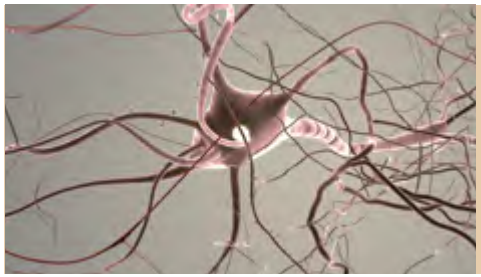
ND3014

ND-BT3814

TDP-43

ALS

In its ND3014 and ND-BT3814 projects, BioArctic is engaged in developing selective antibodies targeted at TDP-43, a protein that is misfolded in ALS patients. The antibodies make it easier for the immune system to detect and eliminate the harmful aggregations of TDP-43, which is believed to slow disease progression and achieve a disease-modifying effect.



BrainTransporter technology™

BioArctic's technology for actively transporting antibodies and other biological treatments across the blood-brain barrier has the potential to increase the efficacy of treatments that target the brain.

Parkinson's disease

BioArctic has developed a portfolio of potential disease-modifying antibodies against misfolded alpha-synuclein, which is the protein that causes Parkinson's disease. In 2023, BioArctic decided to start preparing for a Phase 2a study with its most advanced antibody, exidavnemab (formerly BAN0805). The antibodies in the Parkinson's program also have potential for the treatment for Lewy body dementia and multiple system atrophy.

88 employees

In 2023, BioArctic's operations and organization experienced significant growth. New and supplementary functions have been established, while subsidiaries for commercial operations were established in Denmark, Norway and Finland.

Financial **overview**

Net revenue, SEK M

616

BioArctic's net revenue increased 170 percent during 2023. The revenue consisted primarily of milestone payments of SEK 592.0 M (161.5). Royalty income from sale of the drug lecanemab amounted to SEK 10.2 M (-).

Operating profit, SEK M

253

Operating profit improved considerably during 2023 from a reported loss during 2022. The improved result was primarily due to the regulatory successes for lecanemab resulting in a number of significant milestone payments from Eisai.

Cash and cash equivalents and current investments, SEK M

1,112

BioArctic's cash and cash equivalents and current investments increased by SEK 307 M year-on-year. The company's strong financial position facilitates robust efforts to advance the company's broad project portfolio. The objective is to help more patients, their families and society as a whole to provide treatments for disorders of the central nervous system and to create shareholder value.

	2023	2022
Net revenue, SEK M	616.0	228.3
Operating profit/loss, SEK M	252.6	-17.3
Operating margin, %	41.0	neg
Profit/loss for the year, SEK M	229.2	-11.2
Earnings per share before dilution, SEK	2.60	-0.13
Earnings per share after dilution, SEK	2.59	-0.13
Equity per share, SEK	11.85	8.92
Cash flow from operating activities, SEK M	299.0	-31.6
Cash flow from operating activities per share, SEK	3.39	-0.36
Cash, cash equivalents and short term investments, SEK M	1,111.6	805.4
Equity/asset ratio, %	88.2	91.6
Return on equity, %	25.0	-1.4
Share price at end of period, SEK	267.80	272.00

Vision

A world in which we successfully stop the onset of neurodegenerative diseases

Mission

Together, we create, develop, and provide drugs of the future for patients with severe neurodegenerative diseases and other conditions with significant medical needs

Business concept

- Through pioneering research, BioArctic creates and develops biological drugs for patients with neurodegenerative diseases
- BioArctic shall generate revenue and increase the value of the company by out-licensing or commercializing proprietary drugs

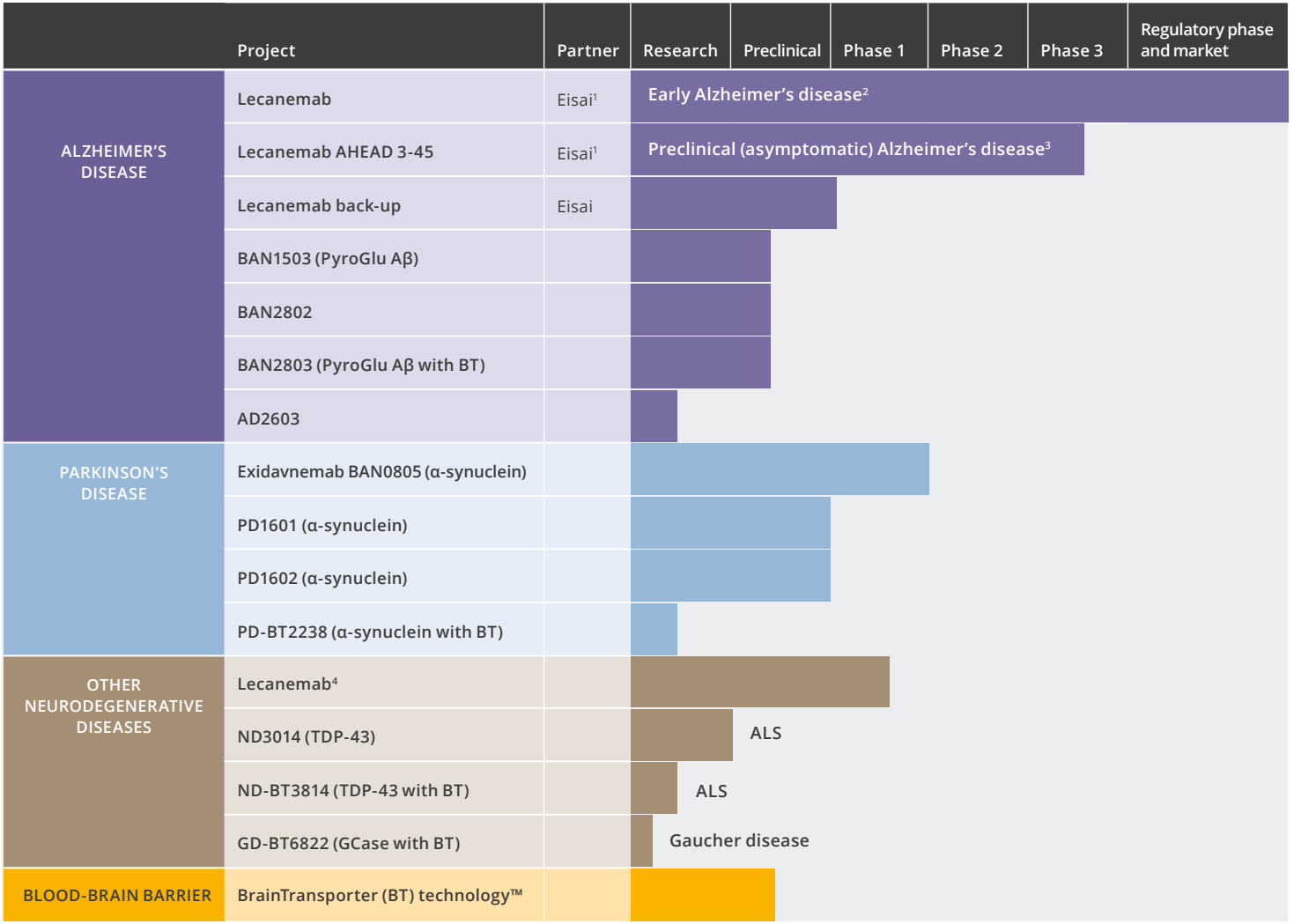
BioArctic's **project portfolio**

BioArctic's research has already sucessfully enabled a paradigm shift in the treatment of early Alzheimer's disease, and lecanemab has now been fully approved in the US, Japan and China. BioArctic is rapidly advancing its project portfolio, with the objective of providing even more patients suffering from disorders of the central nervous system with entirely new possibilities for longer, healthier lives.

In late 2023, the company decided to prepare the drug candidate exidavnemab – a potential new treatment for Parkinson's disease – for a Phase 2a clinical trial.

Two projects in Alzheimer's disease advanced during the year and resulted in the selection of candidate molecules BAN2802 and BAN2803, and the decision to initiate clinical preparations activities.

The preclinical portfolio contains several drug projects that target Alzheimer's disease and Parkinson's disease as well as potential treatments for ALS, Down's syndrome, traumatic brain injury and Gaucher disease. BioArctic is also developing the BrainTransporter technology that is a potentially groundbreaking technology for facilitating the passage of biological drugs as for example antibodies into the brain. The technology is being applied to select in-house drug projects, but in the future may also become part of future collaborations with other pharma companies.



1) Partnership since 2007 between BioArctic and Eisai regarding lecanemab for treatment of Alzheimer's disease. Eisai has partnered with Biogen since 2014.
2) Mild cognitive impairment as a consequence of Alzheimer's disease and mild Alzheimer's disease.
3) Normal cognitive function with intermediate (A3) or elevated levels (A45) of amyloid-beta in the brain.
4) Dementia and cognitive impairment associated with Down's syndrome and with traumatic brain injury.

Significant **events**

In 2023, Leqembi (lecanemab) was approved for treatment of early Alzheimer's disease in the US and Japan, and applications for market approval have been submitted in many countries around the world. New data for lecanemab was routinely presented during the year, and BioArctic as a company moved to the Nasdaq Stockholm Large Cap list.

BioArctic's share moved to Nasdaq Stockholm Large Cap

In January, BioArctic's share was moved to the Nasdaq Stockholm Large Cap list following a share price increase of 128 percent in 2022. The company had a market value of approximately SEK 24 billion in the beginning of 2023.

BioArctic's partner Eisai applies for market approval in the EU

On January 11, Eisai submitted an application for market approval of lecanemab in the EU for treatment of early Alzheimer's disease. In conjunction with the application being approved for review on January 27, BioArctic received a milestone payment of M 5 EUR (~M 56 SEK).

FDA approves Leqembi via accelerated approval pathway

On January 6, the US Food and Drug Administration (FDA) approved Leqembi as a treatment for early Alzheimer's disease via the accelerated approval pathway. The approval was based on data from the company's Phase 2b clinical trial, and meant that BioArctic had obtained the right to a milestone payment of M 25 EUR (~M 280 SEK) from Eisai. In conjunction with the approval, BioArctic's partner Eisai submitted a supplementary biologics license application for full approval based on the confirmed Clarity AD Phase 3 study.

Eisai submits application for market approval in Japan

BioArctic received a milestone payment of M 5 EUR (~M 56 SEK) in conjunction with Eisai's submission of an application for market approval of lecanemab in Japan.

Market authorization application in China granted priority review

In late February, Eisai's application for market approval of lecanemab in China was granted priority review by the Chinese National Medical Products Association. This procedure shortens the evaluation period.

Nordic subsidiaries established

During the year, BioArctic established subsidiaries in Denmark, Finland and Norway ahead of a potential launch of lecanemab in the Nordic region.

New data on lecanemab presented at the AD/PD Congress

New results related to lecanemab were presented at five oral presentations during the AD/PD Congress in Gothenburg in March.

Eisai publishes analysis of the societal value of lecanemab

In March, Eisai published an updated analysis that estimates the societal value of lecanemab, in Neurology and Therapy.

Significant events

Canada initiates review of lecanemab as a treatment for early Alzheimer's disease

In mid-May, Health Canada – the Canadian health products agency – initiated a review of Eisai's application for market approval of lecanemab.

Eisai submits application for market approval in the UK

In May, Eisai submitted a marketing authorization application in the UK for lecanemab for treatment of early Alzheimer's disease. The application was granted a review via the British agency's Innovative Licensing and Access Pathway fast track.

Application submitted in South Korea

In June, Eisai submitted an application for market approval of lecanemab to the South Korean medical products agency.

New data on lecanemab's effect on biomarkers and as subcutaneous dosage presented at AAIC

In July, during the AAIC Alzheimer's congress, Eisai presented new results from the Clarity AD study of lecanemab's effect on biomarkers, as well as modeled data relating to the safety and efficacy of the subcutaneous formulation.

FDA gives full approval for Leqembi in the US

In early July, the US Food and Drug Administration approved the supplementary biologics license application for full approval of Leqembi. The approval means that Leqembi became the first and only fully approved treatment that has been shown to slow the progress of Alzheimer's disease. In conjunction with the decision, the Centers for Medicare and Medicaid (CMS) announced that a broad subsidy of Leqembi had been granted.

BioArctic granted patents for its Parkinson's project in Japan

In late August, the Japanese Patent Authority granted new patent protection for the drug candidate exidavnemab, an antibody designed as a potential treatment of Parkinson's disease.

Leqembi approved as a treatment for Alzheimer's disease in Japan

In September, the Japanese authorities approved Leqembi as a treatment to slow the progression of mild cognitive impairment and mild dementia resulting from Alzheimer's disease. This approval gave BioArctic the right to a milestone payment of M 17 EUR (~M 200 SEK).

New data for Leqembi, as well as data on the subcutaneous formulation, presented at the CTAD Alzheimer's congress

Eisai presented new data showing that treatment with a subcutaneous formulation of Leqembi that is under development resulted in a 14 percent greater reduction of amyloid plaque as measured with PET than with intravenous after 6 months, with pharmacokinetics demonstrating 11 percent more exposure and a similar incidence of the ARIA side effect. Further data from Clarity AD was also presented at the CTAD conference.

Leqembi launched in Japan

In December, Leqembi was launched in the Japanese market.

Lecanemab recognized at the 2023 Scrip Awards

In late November, lecanemab was awarded the prize for Best New Drug and the prize for Clinical Advance of the Year at the 2023 Scrip Awards.

Lecanemab recognized as one of the world's best innovations for 2023

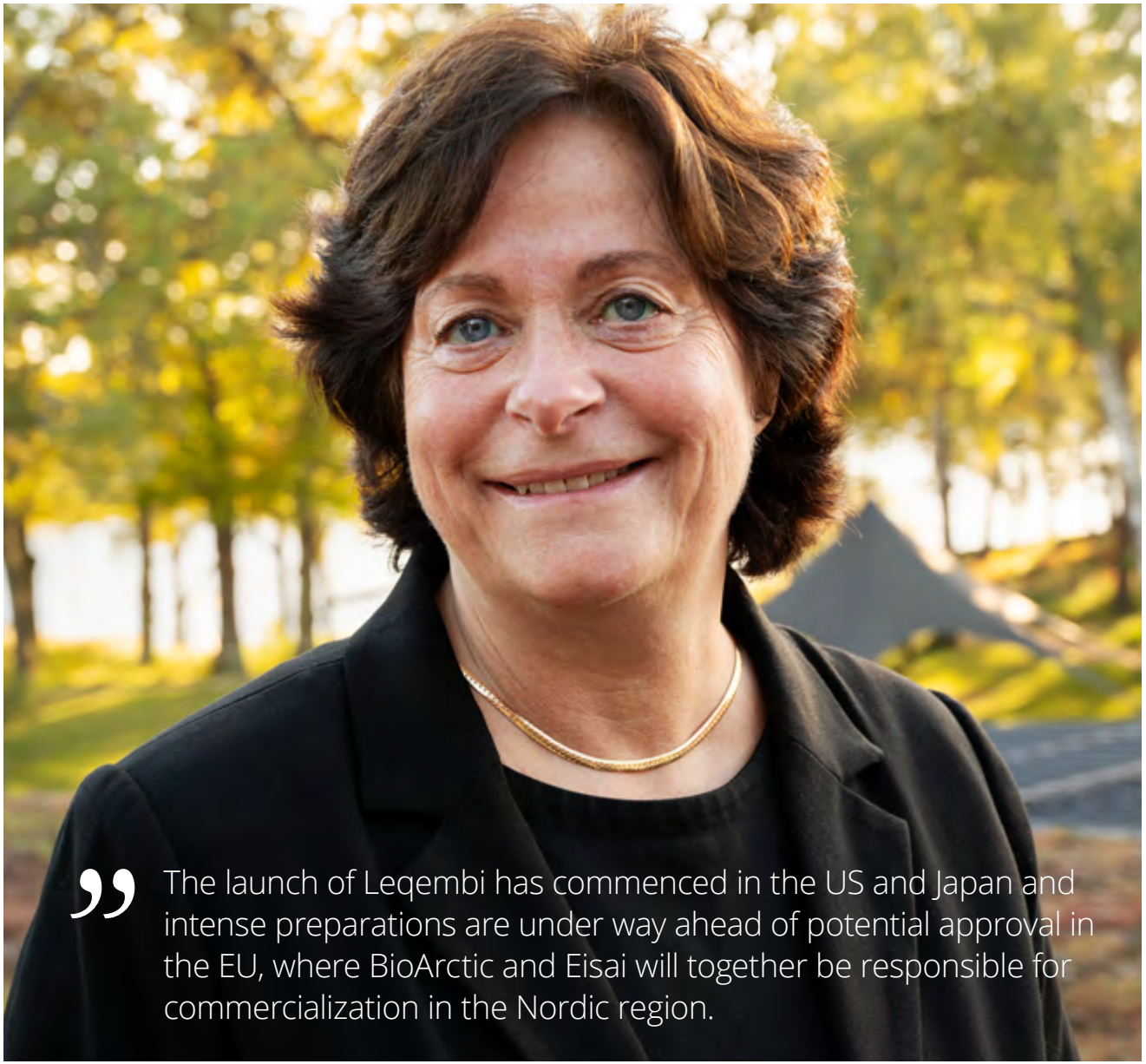
In October, TIME magazine named lecanemab one of the year's best innovations in the category of medical care.

Comments from the CEO

This was a fantastic year for BioArctic. As the first disease-modifying treatment for early Alzheimer's disease, lecanemab received full approval in the US and Japan, and immediately after the new year in China as well. We are now looking forward to more patients around the world having access to this unique antibody drug. The registration process is currently under way in several countries and regions and our partner Eisai is preparing submission's of more marketing authorization applications.

The launch of Leqembi (the brand name for lecanemab in the US, Japan and China) commenced in the US and Japan during the year – at the same time, intense preparations are under way ahead of potential approval in the EU, where BioArctic and Eisai will together be responsible for commercialization in the Nordic region. In preparation, we established subsidiaries in all Nordic countries during the year and continued the establishment of a professional organization that will support the build-up of knowledge about the treatment to the health care sector.

IT WILL REQUIRE time and resources for the healthcare providers to be able to fully offer the treatment to broad patient populations, but the launch efforts in the US and Japan indicate that we are on the right path. With the potential addition of new ways to diagnose the disease, subcutaneous administration of lecanemab and maintenance dosing, this drug will continue to grow and could, according to Eisai, serve approximately 100,000 patients as early as 2026. We are eager to give patients,



their families and society as a whole the opportunity to benefit from the paradigm shift that a disease modifying treatment of early Alzheimer's disease means. In the early stages of the disease, individuals often function well and can continue to live an active life together with family and friends. Every month that the disease can be slowed is therefore highly valuable. A modeling study published during the year shows that lecanemab could delay the development of dementia for up to three years, an enormous advance for patients and their loved ones.

THE RAPID DEVELOPMENT in the field of diagnostics and the development of a subcutaneous formulation of lecanemab administered by an autoinjector are two factors that have the potential to create even more patient benefit in the future. In October, Eisai presented data showing that the subcutaneous formulation results in a more pronounced reduction of amyloid plaque, fewer infusion reactions and no increase in the incidence of ARIA compared with intravenous treatment. During the past year we also learned of new findings indicating that patients could have even better efficacy if the treatment began earlier in the progression of the disease, as well as data showing that treatment after the 18 months covered by the Phase 3 study continued to have an effect. As recently as March 2024, data were presented at the ADPD Congress in Lisbon that further strengthen lecanemab's efficacy and safety results, not least in the population with the lowest tau accumulation in the brain, representing earlier stages of the disease, where the data indicated that early treatment may be particularly important in order to stabilize the course of the disease. Eisai also submitted a registration application in the US for intravenous maintenance treatment and a subcutaneous maintenance treatment is expected to be filed in 2024.

JANUARY 2023 marked 20 years since Lars Lannfelt and Pär Gellerfors founded BioArctic. Since then, the company has achieved major scientific successes and robust growth. We are now one of the largest biopharma companies on the Stockholm Stock Exchange, listed on Nasdaq Large Cap, with close to 100 employees and significant financial resources. Our values and leadership model has been a strong contributor to these successes, especially since they are an important platform for successful partnerships – both internally as well as with commercial partners, academia and society as a whole. I am pleased that BioArctic now formally has signed the UN Global Compact and its ten principles regarding human rights, labor law, the environment and anti-corruption. As a company, we have long held to these principles, and through the membership our commitments are clear to everyone. Our strategy to contribute to a sustainable future builds upon innovation and responsible business practices. Over the past year, together with our partner Eisai we have received a number of prestigious awards as proof of the value we create, from magazines such as TIME and Scrip's as well as the Research!Sweden Foundation and the European Lifestar Awards.

STRENGTHENED BY THE SUCCESS with lecanemab, BioArctic is continuing its efforts to improve the treatment of Alzheimer's disease and other neurodegenerative diseases. We are strategically focused on bringing our broad project portfolio forward with a high level of quality (please read the interview with our Chairman of the Board, Eugen Steiner, on page 48). The recent advancements in our project portfolio shows that we are on the right path. For example, we were recently able to nominate two new drug candidates for Alzheimer's disease, our BrainTransporter technology has been successfully integrated in projects in all the therapeutic areas where we operate, and the potential disease-modifying drug candidate exidavnemab is being prepared for a Phase 2a clinical trial in patients with Parkinson's disease. The drug candidate is patented until 2046 in both the US and Japan.

I AM INCREDIBLY PROUD of BioArctic's successes over the past year, and I look forward to working further with my colleagues and our external partners with the goal of improving life for even more patients and their families.

Gunilla Osswald
CEO, BioArctic

Research & strategy

"We have good molecules and solid hypotheses today in several serious diseases of the central nervous system. It's just a question of getting down to work, we already have ideas for at least another 20 years."

Lars Lannfelt, professor and co-founder of BioArctic

Research

BioArctic's research and development focuses on antibodies against neurodegenerative disorders. The company develops drugs with the potential to revolutionize the treatment of disorders such as Alzheimer's disease, Parkinson's disease and ALS, as well as Gaucher disease. A technology called BrainTransporter is being developed in parallel to facilitate passage of drugs across the blood-brain barrier.

Misfolded proteins cause **serious disorders in the central nervous system**

BioArctic's research and development are focused on developing innovative antibody drugs that help the body remove accumulations of misfolded protein aggregates in the central nervous system. The objective is to develop disease-modifying drugs for serious neurodegenerative diseases such as Alzheimer's disease, Parkinson's disease and ALS. The company's business model is to conduct early-phase research and development in-house and to out-license commercial rights and late-phase development to global pharmaceutical companies at the appropriate time.

In the past few decades, it has become increasingly clear that misfolded proteins are the underlying cause for many disorders of the central nervous system. Alzheimer's disease, Parkinson's disease, Huntington's disease, Creutzfeldt-Jakob's disease, and ALS are all due to various proteins, for one reason or another, beginning to misfold.

Misfolded proteins form toxic aggregates

Several things could happen when a protein begins to misfold. The protein could lose its function, which means that the cell's processes no longer work like they should. A misfolded protein can also begin affecting some other process in the cell than what it was intended for, which can lead to negative consequences. Or, as is particularly common with neurodegenerative diseases, they can begin clumping together and form larger and larger accumulations, or aggregates, of misfolded proteins. In certain diseases, such as Alzheimer's disease, these aggregates finally form such large accumulations that they are no longer soluble but harden and form visible clumps called plaque that can be shown, for example, with PET cameras. However, these aggregates cause the greatest damage while they are still soluble, since they are still biologically active and can impact various functions in the cells. These soluble aggregates are called oligomers, or protofibrils, and BioArctic's drug development focuses specifically on these forms without disrupting the basic form of the protein.

BioArctic's Research and Development Leadership Team. From left: Mikael Moge, Gunilla Osswald, Tomas Odergren, Lars Lannfelt, Johanna Fälting, Christer Möller and Per-Ola Freskgård.

Antibodies against well-defined targets

To slow or stop neurodegenerative diseases that are caused by misfolded proteins, the harmful accumulations must be cleared away and the production of new aggregates must be prevented. BioArctic is developing antibody drugs that work by binding to misfolded proteins in the brain. For an antibody treatment of this kind to be effective, it must be clear which misfolded protein causes a particular disease. Only when this is known can an antibody be developed that is selective toward that specific target and thus efficiently clear away the protein that is causing the disease without disrupting its basic physiological form.

This is a misfolded protein

A protein consists of a long chain, often of a few hundred amino acids, whose sequence is determined by our DNA. The types of amino acids and the order in which they are placed affects the specific three-dimensional form that the protein takes. In turn, this form determines what function the protein has in the body. If one amino acid is replaced, the three-dimensional form and function can change radically. The form of the protein can also be changed depending on the surrounding environment. When something happens, for example a mutation or random error, a protein could begin to fold itself improperly, which could create a protein that aggregates and become pathogenic.

15 research projects

The total number of projects in BioArctic's portfolio for neurodegenerative diseases.

New drugs for severe diseases that currently lack treatment

BioArctic's first approved drug, lecanemab for early Alzheimer's disease, is an antibody against misfolded aggregates of the protein amyloid beta. In Parkinson's disease, the hypothesis is that misfolded aggregates of the protein alpha-synuclein cause the disease, and in ALS, BioArctic's hypothesis is that the protein TDP-43 is the problem. BioArctic's researchers are continually identifying new targets where the company's capacity for developing innovative and selective antibodies can make a difference for patients with neurodegenerative diseases.

Neurodegenerative diseases

1

Nerve cells break down

In neurodegenerative diseases, nerve cells break down and they gradually lose their function. For the person affected, this means impairment or loss of either cognitive ability or mobility – or both.

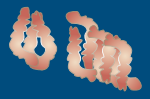
2

Accumulation of misfolded proteins damages cells

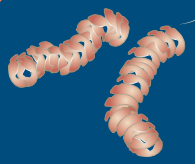
Proteins that misfold begin clumping together and form increasingly larger accumulations, or aggregates.

MONOMERS
Harmless

SOLUBLE FORMS



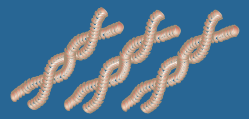
OLIGOMERS



PROTOFIBRILS

The soluble aggregates cause the greatest damage since they still float around, are biologically active, and can impact other functions in the cells.

INSOLUBLE FORMS



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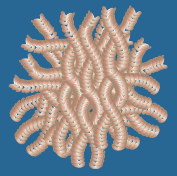
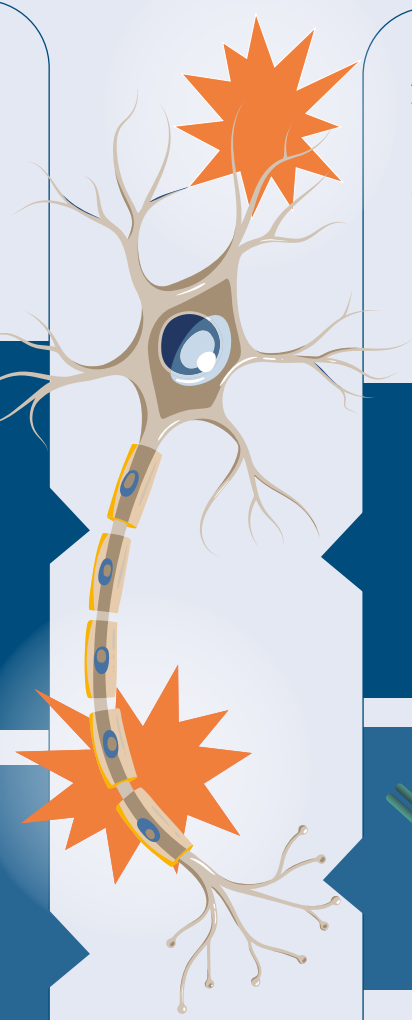


PLAQUE

Finally, accumulations are formed in the brain that are no longer soluble. They are seen, for example, as plaque in Alzheimer's disease, as Lewy bodies in Parkinson's disease, and as TDP-43 inclusions in ALS.



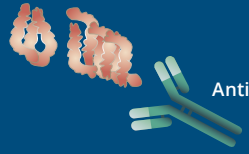
3

Antibodies clear away the harmful forms of misfolded proteins

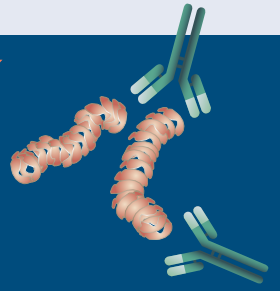
BioArctic is developing antibodies that bind to amyloid beta, and specifically identify the misfolded and harmful aggregates and clear them out.

MONOMERS
Harmless

SOLUBLE FORMS



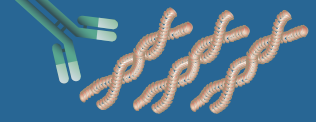
Antibody



OLIGOMERS

PROTOFIBRILS

INSOLUBLE FORMS



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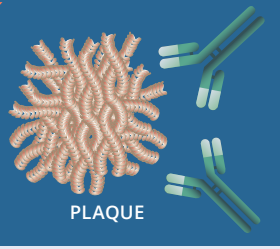


PLAQUE

BioArctic's antibodies are extremely selective toward the specific misfolded variant of the protein. This means that the healthy version of the protein, which often fulfills a function in the body, is not destroyed.

ANTIBODY

Lecanemab – the world's first disease-modifying drug against Alzheimer's disease

In 2023, lecanemab was approved in the US and Japan as a treatment for early Alzheimer's disease, and in early 2024 the drug was also approved in China. In the approved markets the drug is sold under the brand name Leqembi. Applications for market approval have been submitted in many other markets. Lecanemab is the first fully approved drug for early Alzheimer's disease that slows or stops the progress of the disease and reduces cognitive degeneration. BioArctic's researchers are now working on several preclinical projects with differentiated antibodies against Alzheimer's disease with the goal of continuing to improve the lives of patients and their relatives.

Alzheimer's disease is caused by proteins folding improperly, aggregating and forming what are known as protofibrils, which damage nerve cells. Lecanemab is a monoclonal antibody that slows or stops the progress of the disease by binding specifically to these soluble forms of protofibrils/oligomers. The body's immune system can thus detect and break them down. The high selectivity for protofibrils specifically is unique for lecanemab. For example, the antibody binds 1,000 times more strongly to these harmful protofibrils than to the harmless monomers. Lecanemab binds approximately 10 times more strongly to protofibrils than to fibrils that form plaque. The antibody also reduces plaque in the brain.

The first drug to slow or stop the progress of the disease

Today, some 30 million people around the world are living with various stages of Alzheimer's disease. Lecanemab, which originates from the antibody mab158, was developed 2005 by Professor Lars Lannfelt and his research group at Uppsala University. The drug is the first in the world to not only alleviate the symptoms but has also been shown to slow the progress of the disease and reduce the cognitive and functional deterioration in adult individuals with early Alzheimer's disease. In July 2023, lecanemab obtained full approval in the US, and the next approval came in September 2023, this time in Japan. Approval in China followed in the first quarter of

2024. In all markets where the drug has been approved lecanemab is marketed under the brand name Leqembi. Approval in the US was preceded by a meeting of the Food and Drug Administration's Advisory Committee, which scrutinized and discussed Leqembi in detail. In addition to a review of all efficacy and safety data from the large global confirmatory Phase 3 study, Clarity AD, the patient perspective was also highlighted. It was verified that patients, their families, and the physicians administering the therapy appreciate that treatment can begin at an early stage and that the progression can be slowed in the early phases of the disease.

In conjunction with approval in the US, the Centers for Medicare & Medicaid Services (CMS) announced that Medicare, which includes almost all US citizens over the age of 65, would expand coverage of Leqembi in accordance with the FDA-approved prescription information.

Applications for approval have been submitted in several countries and regions. These regulatory procedures are being managed by the global Japanese pharma company Eisai, which has held the global licensing rights to lecanemab since 2007. Eisai are, together with their partner Biogen, responsible for the sale of Leqembi worldwide, with the exception of the Nordic region where BioArctic and Eisai are jointly responsible.

Approval based on convincing Phase 3 data for lecanemab

In September 2022, Eisai reported the results from Clarity AD, the global pivotal Phase 3 study with lecanemab. The detailed findings of the study were published in the New England Journal of Medicine[1]. Clarity AD was a placebo-controlled, double blind, randomized study of 1,795 individuals with early Alzheimer's disease. The treatment group was administered 10 mg/kg of lecanemab every other week. The results showed a statistically highly significant reduction (p=0.00005) in clinical impairment measured using the Clinical Dementia Rating – Sum of Boxes (CDR-SB) cognitive measurement. Compared with the placebo, clinical impairment decreased by 27 percent for the patients treated with lecanemab for up to 18 months and there was an explicit, statistically significant difference compared with a placebo synthesis after only six months of treatment. Even all secondary endpoints – such as the reduction of amyloid levels in the brain after 18 months of treatment compared with the placebo – displayed a high degree of statistical significance. The incidence of the ARIA-E side effect, a type of edema – often symptom-free – that occurs in treatment with anti-amyloid antibodies, was 12.6 percent in the lecanemab group and 1.7 percent in the placebo group. Symptomatic ARIA-E, however, occurred in only 2.8 percent of the lecanemab group and the symptoms were serious in only 0.8 percent of the cases. This was lower than has been shown for other anti-amyloid antibodies. Lecanemab is the first drug to target the cause of the disease that, in a major clinical Phase 3 program, demonstrated significant effect on clinical degeneration in Alzheimer's disease.

A clear value for both patient and society

In March and May 2023, two different modeling studies were published in Neurology and Therapy[2,3] that investigated the potential clinical benefit of lecanemab for Alzheimer's patients in early stages. The simulation model was based on the results from Clarity AD, the clinical Phase 3 study. The first study

Alzheimer's disease in brief

Alzheimer's disease is characterized by the death of brain cells, which causes a gradual impairment of memory and cognitive skills such as intellectual capacity, language, orientation, recognition, and learning ability. The disease is caused by the misfolding and clumping together of the protein amyloid beta into increasingly larger aggregates. When amyloid beta circulates in tissues, the blood, and other bodily fluids as an individual molecule – called a monomer – the protein is harmless. But in Alzheimer's disease, the monomers begin binding to each other and forming larger aggregates. These aggregates accumulate more and more molecules, and when these accumulations – called oligomers or protofibrils – are formed, nerve cells are damaged and the disease develops. Finally, insoluble fibrils are formed that cause plaque in the brain tissue.

1) New England Journal of Medicine, November 29, 2022, doi: 10.1056/NEJMoa2212948
2) Neurology and Therapy, April 2, 2023, doi: 10.1007/s40120-023-00473-w
3) Neurology and Therapy, May 15, 2023, doi: 10.1007/s40120-023-00492-7

concluded that treatment with lecanemab resulted in a delay of two to three years in the average time until the development of more severe stages of Alzheimer's disease compared with the group of patients who received only the standard treatment. The second article studied the social value of lecanemab, with the conclusion that treatment with lecanemab would improve health and quality of life as well as reduce medical costs, the costs of public care, and the burden of care for individuals with early Alzheimer's disease and their caregivers.

Subcutaneous lecanemab under development

Lecanemab is currently administered intravenously (IV) once every two weeks, and monthly maintenance treatment is being developed. To increase user-friendliness and accessibility to the treatment, Eisai is also developing a subcutaneous formulation of lecanemab that can be easily injected under the skin. This facilitates self-treatment at home or in outpatient care. At the CTAD scientific congress in 2023, Eisai reported the six-month findings, which showed that subcutaneous doses of lecanemab resulted in higher levels of exposure, a greater reduction of amyloid plaque than IV at the dosage levels tested, a better side-effect profile as regards infusion reactions, and ARIA at similar levels as previously. Eisai also submitted a registration application in the US for intravenous maintenance treatment and a subcutaneous maintenance treatment is expected to be filed in 2024.

Lecanemab is also being evaluated in asymptomatic disease

In 2020, Eisai initiated a new global clinical Phase 3 study program (AHEAD 3-45) to evaluate the efficacy of lecanemab on individuals with preclinical asymptomatic Alzheimer's disease (i.e. who have not yet developed symptoms but have intermediate or elevated levels of amyloid in the brain). The program is conducted in partnership with the Alzheimer's Clinical Trials Consortium (ACTC), a network for clinical testing in the US that seeks to identify and treat Alzheimer's disease at an early stage. In total, AHEAD 3-45 will include approximately 1,400 people who, after joint screening, will be included in one of the program's two trials, A3 or A45, depending on amyloid levels in the brain as measured with PET. The study aims to prevent development of clear clinical indications of the disease, and thereby also dementia, in the very early stages.

In November 2021, the DIAN-TU research network decided to include lecanemab in a clinical study, Tau NextGen, as the backbone treatment for hereditary Alzheimer's disease in combination with treatment for tau. Tau is a protein that, like amyloid, appears in increased amounts in the brain in conjunction with Alzheimer's disease, but not as early on in the course of the disease.

Additional antibodies under development

BioArctic has four additional antibody projects against Alzheimer's disease in its project portfolio, all of which are in the research or the preclinical phase. These antibodies have unique mechanisms of action and the potential to be developed into new disease-modifying treatments. BAN1503 and BAN2803 are antibody projects against PyroGlu Aβ, which are truncated forms of amyloid beta that have a pronounced tendency to aggregate and create toxic forms that could cause Alzheimer's disease. The mechanism of action for BAN2802 and AD2603 has not yet been communicated. BAN2802 and BAN2803 (PyroGlu Aβ with BT) are two antibody projects against Alzheimer's disease that are being combined with BioArctic's blood-brain barrier technology – BrainTransporter, or BT – to facilitate uptake of antibodies in the brain. In 2023, the candidate antibodies for these projects were selected and are in the preclinical phase. The decision has been made to commence clinical preparatory activities. BioArctic owns rights to all four projects.

4) Alzheimers Association 2015: Changing the Trajectory of Alzheimer's Disease: How a Treatment by 2025 Saves Lives and Dollars

350 billion USD

in estimated annual costs for Alzheimer's disease in the US alone. One half of these costs comprises the cost of direct care, and the other half indirect costs.[4]

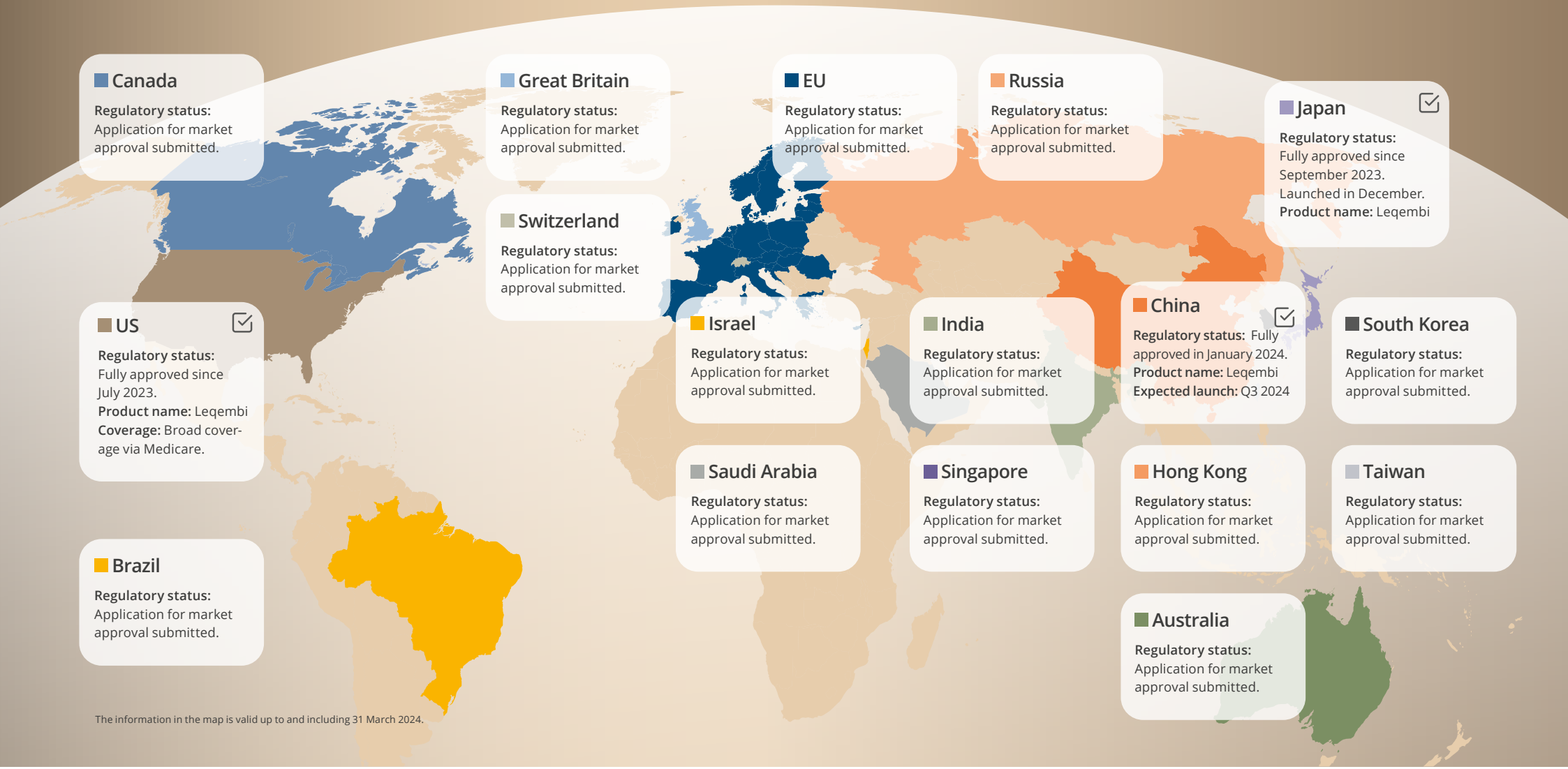
83 billion USD

in potential savings for health care in the US five years after introduction of a treatment that slows the onset of Alzheimer's disease.[4]

Licensing agreement with Eisai provides revenue to BioArctic

Eisai acquired the global rights to lecanemab for treatment of Alzheimer's disease in 2007 and the rights to lecanemab back-up in 2015. The agreements mean that BioArctic has not incurred any costs for the clinical development of lecanemab, and grant the right to a maximum of M 222 EUR (approximately 2.4 billion SEK) in milestone payments. As of December 31, 2023, up to M 84 EUR (~M 900 SEK) in milestone payments remained to be received from Eisai. BioArctic and Eisai have agreed on a joint structure for commercialization and marketing (co-promotion) of lecanemab in the Nordic countries, on the basis of a 50/50 split of costs and income. In addition to milestone payments and co-promotion income, BioArctic will receive royalties. These royalty payments, which have the potential to provide BioArctic with significant revenue, total 9 percent of the global sales of lecanemab excluding sales in the Nordic region.

Eisai has commenced the **global launch of lecanemab**



Canada
Regulatory status: Application for market approval submitted.

Great Britain
Regulatory status: Application for market approval submitted.

EU
Regulatory status: Application for market approval submitted.

Russia
Regulatory status: Application for market approval submitted.

Japan
Regulatory status: Fully approved since September 2023. Launched in December.
Product name: Leqembi

Switzerland
Regulatory status: Application for market approval submitted.

US
Regulatory status: Fully approved since July 2023.
Product name: Leqembi
Coverage: Broad coverage via Medicare.

Israel
Regulatory status: Application for market approval submitted.

India
Regulatory status: Application for market approval submitted.

China
Regulatory status: Fully approved in January 2024.
Product name: Leqembi
Expected launch: Q3 2024

South Korea
Regulatory status: Application for market approval submitted.

Saudi Arabia
Regulatory status: Application for market approval submitted.

Singapore
Regulatory status: Application for market approval submitted.

Hong Kong
Regulatory status: Application for market approval submitted.

Taiwan
Regulatory status: Application for market approval submitted.

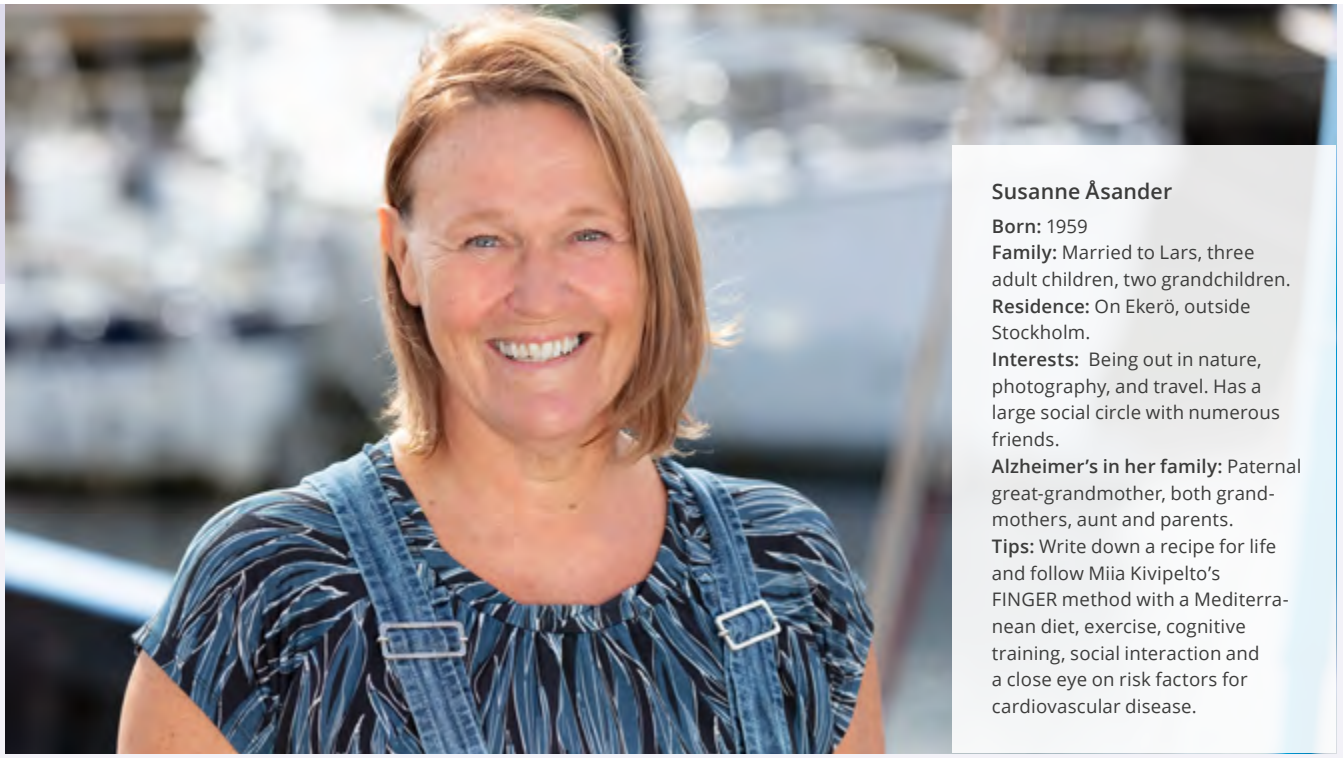
Brazil
Regulatory status: Application for market approval submitted.

Australia
Regulatory status: Application for market approval submitted.

The information in the map is valid up to and including 31 March 2024.

We make **every day count**

Susanne Åsander was convinced that her stress, depression, and poor memory were due to exhaustion and an unsustainable work situation. When she was instead diagnosed with Alzheimer's disease in 2018, it came as a shock. But five years later, she and her husband Lars have made the best of the situation, living life on their terms.



Susanne Åsander

Born: 1959
Family: Married to Lars, three adult children, two grandchildren.
Residence: On Ekerö, outside Stockholm.
Interests: Being out in nature, photography, and travel. Has a large social circle with numerous friends.
Alzheimer's in her family: Paternal great-grandmother, both grandmothers, aunt and parents.
Tips: Write down a recipe for life and follow Miia Kivipelto's FINGER method with a Mediterranean diet, exercise, cognitive training, social interaction and a close eye on risk factors for cardiovascular disease.

Susanne has had a long, high-paced career as an IT consultant, traveling the world for international companies. In the autumn of 2016 she got a new job that seemed exciting at first but, owing to nonexistent resources in the operations, did not turn out at all as she had hoped.

"I had a job that looked fun on paper, but it couldn't be done in practice."

In conjunction with the company reducing its staff in Stockholm in 2018, Susanne opted to resign. She did not at all enjoy the job, feeling stressed and absent-minded in a way she didn't recognize. Lars, who had previously gone on sick leave for exhaustion, thought that he recognized the symptoms.

"I was not surprised, considering Susanne's work situation over the past few years, with a lot of stress and a poor atmosphere at work."

Her stress and depression didn't seem to pass, despite rest and dialogue with a counselor. Given her family history, with both parents having suffered from Alzheimer's disease, Susanne decided to go to her physician to rule out her symptoms being due to the disease.

"Most of all, I wanted to be rid of the worry I had so I could let these thoughts go."

In the spring of 2018, Susanne went to her health care center for an examination. The simple tests did not show any cognitive disorder, but when she mentioned that many of her family members had been afflicted, she got a referral to the memory clinic at Karolinska University Hospital in Huddinge.

Susanne got an appointment there early in the summer of 2018 and underwent new, more extensive testing. This time, things did not go so well. A lumbar puncture was also performed to investigate whether she had elevated levels of biomarkers for Alzheimer's disease in her spinal fluid.

Susanne received a notice in November for her next appointment, and she went alone in the belief that it would confirm the symptoms were due to exhaustion. Instead, she was diagnosed with Alzheimer's.

"Afterward, Lars and I realized it was absolutely ridiculous to have gone there alone, but it didn't say anywhere in the notice that I should bring a family member."

Seven years to live

Susanne does not remember much about the visit apart from the brochure, which informed her that she likely had about seven years left to live, and being asked if she had driven there and if she had any weapons at home. Since she was there alone,

she also had a meeting with a counselor.

"I was given a death sentence, a conversation with the counselor about how I could put everything in order with sick leave and a follow-up appointment six months later. But no plan for care, nobody to call if I had questions, or any additional information on what I could expect."

After the appointment, Susanne got in her car and drove home, but does not remember anything about the trip. When Lars came home later, he found Susanne having a breakdown. After reading the brochure as well, he began Googling for more information.

"I didn't understand that Alzheimer's was that kind of a fatal disease, and the things I found on the Internet didn't put us any more at ease – it was just one horror story after another." The lack of a care plan and information from health care did not improve the matter.

Clinical study was the turning point

During her visit to the memory clinic, Susanne registered her interest in participating in clinical trials, but it was only after she brought it up again that she was invited to apply. The first study Susanne applied to deemed her too healthy, but in July 2020 she finally received an invitation to join Eisai's study with BAN2401 (lecanemab).

"The difference in how I was treated was incredible. Since I joined the study, I've met with my physician every other week in conjunction with receiving treatment. They arrange everything, from tests and follow-ups to referrals and assistance. I feel very well looked after."

For the first 18 months, Susanne was given a placebo, and she switched to the active compound only after the primary study was concluded. Despite this, Susanne is very glad to have been part of the study.

"I have gotten fantastic medical treatment that I couldn't otherwise have gotten, so now I encourage everyone in my situation to apply to clinical studies. It's incredibly important that people are willing to participate, even if there are risks. Otherwise, developing new medicines would be difficult."

Different forms of cognition are affected differently in different people. In Susanne's case, social cognition is largely unaffected except for the difficulty in remembering names and keeping track of time, which is bound up with short-term memory being markedly affected. When Susanne and Lars meet others who took part in the study, it is also clear that there are major individual differences in how quickly the disease progresses.

"We're thankful that the progress of the disease for Susanne is this slow. In 2018, we didn't think we'd be sitting here like we are today."

Lars says that he laid out his worst-case scenarios immediately, and that helped him cope with the information. That, and mathematics. He calculated that seven years is 2,555 days.

"Whether there are more or fewer of them later on, we decided that we would make the best we could of those days. 2019 was probably our best year ever. We traveled and did other things we had on our bucket list, and we were a bit lucky because then the pandemic came."

Susanne says that it may sound like empty talk, but her quality of life is in fact better today than it was before the diagnosis, largely because she has learned to be present in the moment.

"If you've been given a death sentence, you know how important it is to live, so now I try to make the most of every day."

Fighting to amplify the patient's voice

Alzheimer's disease is often mentioned as a family disease, which became apparent when Susanne received her diagnosis. There is very little information and support aimed directly at patients.

"I was really angry at the beginning – I'm the one who's sick, nobody else." Throughout most of the progression of the disease, the patient is still a fully functional human being who can take in information and make decisions.

Susanne is involved in several different projects, including being an ambassador for the Swedish Alzheimer's Fund, and

she and Lars follow the research closely.

"One important reason that I chose to take part in the study, and why we follow the research, is our three children and my family history as a homozygous carrier for the Alzheimer's marker ApoE4. Our children all have at least one set of those genes, and I want to do everything I can to avoid them suffering from this disease."

The recent advances in research give Lars hope that an even more efficacious drug will soon be available, if Susanne's disease only continues to progress as slowly as it has done so far. In the future, they hope a medicine will come that not only slows or stops the progress of Alzheimer's disease but could also heal the damage that has arisen in the nerve cells.

"Our dream, of course, is that researchers will find a way to prevent Alzheimer's disease in future generations," Susanne says.

New treatments could change views of Alzheimer's disease

Disease-modifying treatments inspire hope that more will begin to regard Alzheimer's disease as a serious but treatable disease. A welcome change in attitude, says Moa Wibom, chief physician and head of operations at the Cognitive Medicine clinic at Ängelholm Hospital who has long fought for everyone suffering from Alzheimer's disease to be treated with respect and an action-oriented approach.

What are the most important adjustments health care needs to make in order to leverage the new possibilities with disease-modifying treatments?

"Major investments in both competence development and personnel recruitment are needed. When this category of drug reaches everyday clinical practice, it will be crucial for us to ensure that the right individuals are receiving treatment. This is key for confidence over the long term. Even though there will be forms to fill out to make these assessments, ultimately it is specific individuals who will be assessed, and this requires highly competent personnel who also understand when to deviate from the form.

"We also need to expand the capacity for MR examinations in order to perform the safety follow-ups that are required. Overall, there needs to be many more of us working with this. Primarily the number of nurses needs to increase, but also physicians and other occupational categories like counselors. This will require a reallocation of resources, and it's about time for that. This is an area of therapy that has long lagged behind."

How will the new treatment possibilities affect the view of Alzheimer's disease?

"If you are suffering from Alzheimer's disease today, you are put in a patient population that is still somewhat vaguely regarded as having dementia and is scarcely offered any care – just solicitude. The inequity is enormous compared with other serious diseases such as cancer, where you are treated completely differently and the resources put into care are something else entirely. I think that with the new treatments, more people will finally begin to regard Alzheimer's disease as the well-defined and serious illness it actually is and that patients can be taken seriously. Right now is a fantastic time to be working in this field. We are facing a paradigm shift, and the efforts now being made could enable major improvements for many individuals, both today and in the future."

There is a discussion about how much the progression of the disease needs to be slowed for it to be relevant to the people suffering from it. What is your view?

"Everything that can slow down the forest fire raging in the brain of a person with Alzheimer's disease is of value. We must welcome the advances being made. Both for those who are affected and their families, every moment in the healthier stages is invaluable. I don't understand how anyone could conclude otherwise. We should remember that this is a disease that develops over 20 years, and most people are gravely ill only during the last few years.

> Everything that can slow down the forest fire raging in the brain of a person with Alzheimer's disease is of value.

"Again, the comparison with cancer: for decades we have invested in drugs that, on average, have not always extended survival dramatically but where the value for the individual is still apparent. For quality of life, the significance of having hope should not be underestimated. Moreover, by always welcoming the advances that have been made, overall survival in cancer has drastically improved over time. That is how health care should regard this field as well. We need to invest now in order to accomplish the achievements that are possible over the longer term.

With new treatments, **diagnostics are more important than ever**

Once there are disease-modifying treatments, more people with memory problems will likely look for care earlier on. This increases the pressure on health care for correct diagnoses. Kaj Blennow, chief physician and professor of neurochemistry at Sahlgrenska Academy, has been part of developing new blood tests for early identification of Alzheimer's disease. Together with BioArctic and Eisai, he is also planning a new research project that will evaluate whether blood analyses can also be used for early identification of the patients affected by the ARIA side effect.

What role does diagnostics play in the shift that is now coming in care for Alzheimer's disease?

"Diagnostics are more important than ever. Once there are disease-modifying treatments, more people will want to be examined, which in turn will lead to a larger population of patients who have other conditions with similar symptoms – memory problems due to stress, for example. It is then a matter of identifying as quickly as possible which patients are to be referred onward to specialist clinics, and which patients can have Alzheimer's disease ruled out. Today, there are two ways of showing that cerebral amyloidosis and Alzheimer's disease are actually involved – either through amyloid PET or lumbar puncture. In Sweden, lumbar puncture is the general practice and the development of blood tests will be a crucial component of this."

What remains to be done before diagnostic blood tests can begin to be used in broad clinical practice?

"We have come far enough that a blood test, together with cognitive tests in research studies can make the correct diagnosis with 90 percent certainty. What remains is to standardize which tests should be used. If everyone gets similar results, it makes things easier. But I think that blood tests will begin to be used in broader clinical practice in specialist health care already in 2024. The goal is for primary care to also use blood tests in the initial assessment, but it will be a bit longer before we see broader use there."

Will biomarkers be used to monitor side effects?

"We think so. There is significant academic interest, and plans to conduct a study in the Nordic region. Once lecanemab is available, we want to monitor patients who are put into treatment from the start in order to measure the concentration of neurofilament light (NFL) in blood samples. Elevated levels of NFL are a signal for some type of nerve damage. It is a sensitive method, but it is not specific for any particular disease. Since ARIA – which is a side effect to be avoided – leads to effects on nerve cells, our hypothesis is that early signs of ARIA could be identified through NFL. But we can only find this out by measuring NFL at every infusion and subsequently compare it with the results from the PET examinations that everyone receiving treatment will undergo. If our hypothesis is valid, it is conceivable that, in the future, patients can be monitored via blood tests instead of PET examinations. To achieve this, we have to investigate whether there is a connection and if it is predictable. The study we are planning is a first step."

> "I think that blood tests to identify Alzheimer's disease will begin to be used in broader clinical practice in specialist health care already in 2024.

What do you think the new diagnostics could bring over the longer term?

"Apart from a broad implementation of the new diagnostics, I am hoping for more studies that begin administering disease-modifying treatments earlier in the progression of the disease. We have seen even clearer effects with treatments longer than 18 months, so I believe in using the diagnostic tests that already exist to try to identify patients very early on.

Drug candidate with potential to **slow Parkinson's disease**

BioArctic's selective antibodies for misfolded alpha-synuclein have the potential to be efficacious disease-modifying treatments for synucleinopathies such as Parkinson's disease. In 2023, BioArctic decided to conduct a Phase 2a study in-house with its most advanced antibody, exidavnemab (formerly BAN0805).

Synucleinopathies are a group of rare diseases that are associated with abnormal aggregation of misfolded forms of the protein alpha-synuclein, which is the cause of several diseases such as Parkinson's, Parkinson's dementia, Lewy body dementia and multiple system atrophy (MSA). BioArctic has decided to initiate an in-house Phase 2a study of exidavnemab in patients with Parkinson's disease. The study, which is expected to commence in the second half of 2024, constitutes the basis for the possibility of continued studies in several conditions with synucleinopathy. For some of these conditions, such as Parkinson's disease dementia and Lewy body dementia, no clinical studies with antibodies that target alpha-synuclein have either been conducted nor commenced within the research field.

Parkinson's disease is the second most common neurodegenerative disease after Alzheimer's disease, and the most common disease in the group of alpha-synucleinopathies. Today, 10 million people are living with the disease and the number of patients continues to increase[1]. The affected patient population is relatively young and most are still of working age when they fall ill, which means that the costs to society are significant.

The disease is caused by misfolded alpha-synuclein.

The motor functions of the body depend on the signal substance dopamine, and Parkinson's disease emerges when the nerve cells that produce dopamine cease functioning. This in turn is due to the protein alpha-synuclein beginning to misfold and aggregate in the nerve cells. Misfolded alpha-synuclein first forms aggregates that are soluble – oligomers and protofibrils – and subsequently, insoluble aggregates that are called Lewy bodies. The soluble aggregate is believed to be the most harmful to nerve cells. These harmful forms of alpha-synuclein can also spread to both neighboring cells and other areas in the brain, which could explain how the disease develops and causes new symptoms.

1) Parkinson's Foundation - Understanding Parkinson's, Statistics 2020

Selective antibodies against alpha-synuclein protofibrils

BioArctic, in partnership with Uppsala University, has developed antibodies that selectively bind to the toxic aggregates of alpha-synuclein. Currently, the company is conducting four antibody projects aimed at synucleinopathies such as Parkinson's disease: exidavnemab, PD1601, PD1602 and PD-BT2238. The antibodies make it possible for the body's immune system to detect and eliminate the harmful accumulations of alpha-synuclein, and the progress of the disease can hopefully be slowed.

BioArctic will evaluate exidavnemab in an Phase 2a study

Preclinical data shows that BioArctic's most advanced drug candidate, exidavnemab, is highly selective against aggregates of alpha-synuclein and spares the basic physiological form of the protein. The antibody is thus expected to impact the underlying pathology for diseases that are caused by alpha-synuclein aggregates and slow the progress of these diseases. Data from studies of brain samples from patients with Parkinson's disease also shows that the antibody binds to pathological alpha-synuclein. Analyses of the Phase 1 study show a favorable pharmacokinetics and safety profile for the antibody. All together, all the data points to continued clinical development, and BioArctic is preparing for the start of a Phase 2a study in the second half of 2024, with exidavnemab being administered to patients intravenously. In parallel, the company is investigating partnership potential for further development at a later clinical stage.

Three preclinical projects

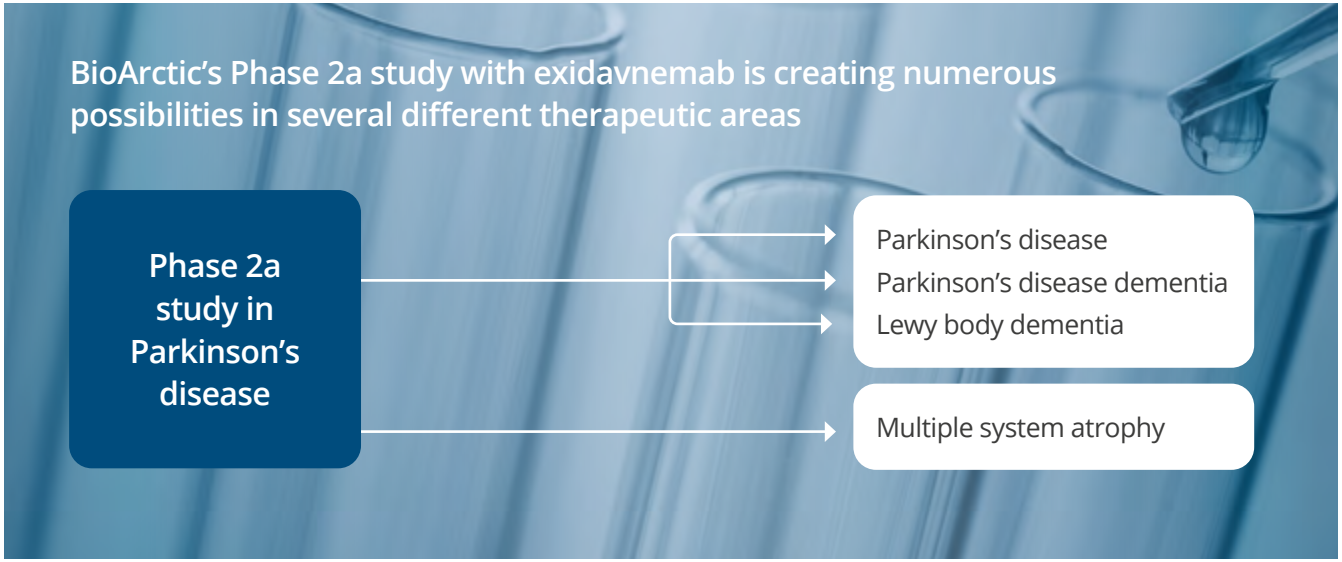
In addition to exidavnemab, BioArctic has antibodies PD1601 and PD1602, which also target aggregate forms of alpha-synuclein. Drug candidate PD-BT2238, which is also being developed for Parkinson's disease, is a combination of a highly selective alpha-synuclein antibody and BioArctic's BrainTransporter technology, which facilitates greater exposure to the antibody in the brain.

Parkinson's disease – the most common synucleinopathy

Parkinson's disease is normally detected around the age of sixty, and approximately one percent of the world's population over the age of 60 will be affected. The initial symptoms are often impaired sleep, mild tremors in one hand, or a decreased sense of smell. As the disease progresses, the tremors worsen, movements become slower and the body's muscles stiffen. Further, the risk of cognitive impact also occurs in approximately half of the patient population over an illness period of 10-15 years. Current treatments only alleviate the symptoms and are often most efficacious in the early stages of the disease. In pace with disease progression, the treatments lose their effect and the patient is gradually forced into a more limited lifestyle. In its later stages, living a normal and independent life becomes increasingly difficult.

54 billion USD

In estimated annual costs for Parkinson's disease in the US alone. One half of these costs comprises the cost of direct care, and the other half indirect costs[2].



2) Yang, W. et al. Current and projected future economic burden of Parkinson's disease in the U.S.

Antibodies to **slow ALS**

BioArctic is conducting two development projects with selective antibodies for the protein TDP-43. The goal is to produce a drug that treats the underlying cause of ALS, thereby slowing the progress of the disease.

People suffering from ALS can expect a rapid degeneration of the motor neurons, the nerve cells in the central nervous system that control the body's muscle activity. The onset age for ALS is normally around 60, but the disease can also affect younger people. Current treatments for ALS may relieve more severe symptoms such as muscle spasms and pain, and to some extent modify the progress of the disease, but there are no cures for ALS, which makes the need for new and efficacious treatments both significant and urgent.

TDP-43 aggregates in the brains of ALS patients

ALS emerges in the motor neurons of the brain, the brain stem, and the spinal cord, which control the body's movements. As with many other degenerative neurological diseases, the impact of ALS on the motor neurons is linked to an inflammation in the nerve cells. Despite many years of intensive research, the process that leads to ALS has not yet been successfully elucidated, but what is known is that aggregates of the TAR DNA-binding protein TDP-43 are a contributing factor in the progress of the disease. Inclusion bodies are found in the brains of individuals with ALS with accumulations of TDP-43 aggregates, and a growing mass of data shows a clear link between TDP-43 aggregates and degeneration of motor neurons. Not only do the protein accumulations hinder the normal function of TDP-43, but they also disrupt various cellular processes, which leads to the nerve cells rapidly dying off. TDP-43 aggregates have also been shown in many patients with other neurological diseases, including contemporaneous dementia and Alzheimer's disease.

Selective antibodies at an early stage

In its ND3014 project, BioArctic is endeavoring to develop selective antibody treatments that target TDP-43. Antibodies make it easier to eliminate the toxic aggregates of misfolded protein, which it is hoped will have a slowing effect on the progress of the disease. Similar to BioArctic's drug candidates for Alzheimer's disease and Parkinson's disease, the antibodies in the ND3014 project target aggregates of misfolded TDP-43 since these forms are regarded as the most harmful to the nerve cells. BioArctic is also pursuing the ND-BT3814 project,

in which an antibody against TDP-43 is being tested in combination with the company's BrainTransporter technology that facilitates the passage of antibodies across the blood-brain barrier. Both projects are currently in the research phase.

Developed as an orphan drug

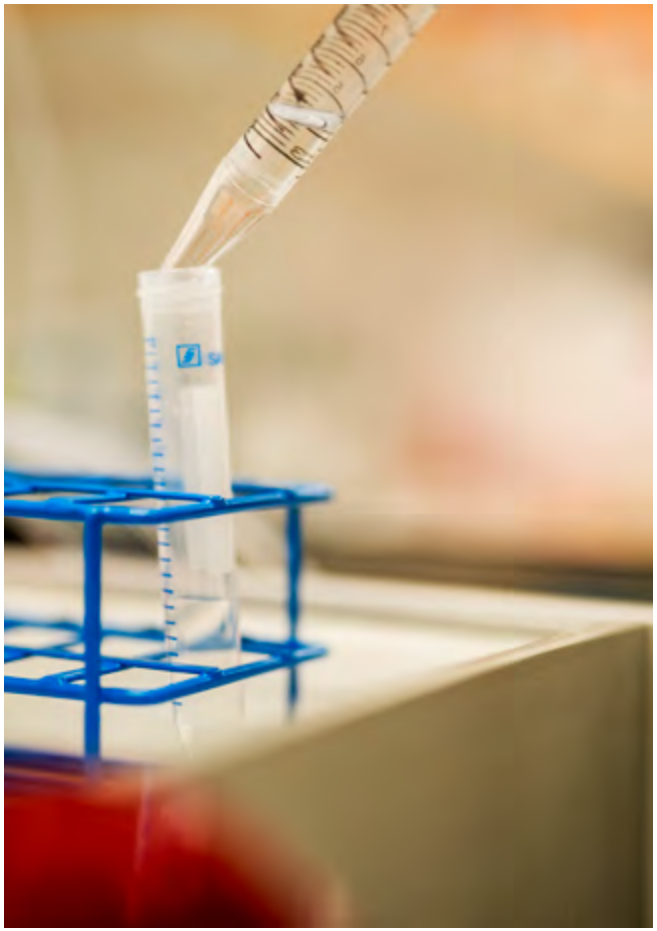
ALS is classified as a rare disease, which means that drugs against the disease are developed as orphan drugs. However, a certain increase in incidence has been observed in recent years. As a consequence of the increasing average age among the world's population, the number of individuals with ALS is expected to exceed 375,000 globally by 2040, corresponding to an increase of 69 percent compared with 2015. A number of the patients affected are in mid-life and of working age when they fall ill, which means major costs to society. In the US, the cost of ALS is estimated to total over USD 280 million per year. The costs per affected individual are higher for ALS than for other neurological diseases, which underscores the need for medical advances in the field.

ALS in brief

Amyotrophic lateral sclerosis, or ALS, is a neurodegenerative disease that often progresses rapidly. The brain loses the ability to initiate and control the muscles in the body in pace with the motor neurons dying off. When voluntary muscle movement can no longer be controlled, the ability to speak, eat, move, and breathe is affected. The most common cause of death in ALS is respiratory failure. On average, a person dies within three to five years after the initial presentation of symptoms, but certain forms of ALS develop more slowly; in these cases, the patient can live with the disease for over ten years.

150 000

fall ill with ALS every year around the world



BrainTransporter technology could **strengthen treatment efficacy**

BioArctic's BrainTransporter technology has the potential to strengthen the efficacy of biological drugs against diseases in the brain by increasing the transport of antibodies across the blood-brain barrier while decreasing the side effects. In 2023, BioArctic's technology entered into the preclinical development phase.

The blood-brain barrier controls the passage of substances between the bloodstream and the brain. It protects the brain from harmful substances, but at the same time it can make the transport of drugs into the brain more difficult. This is why researchers around the world have been attempting for some time to find solutions for the controlled introduction of drugs into the brain.

BioArctic's BrainTransporter technology uses the transferrin receptor, a carrier protein in the blood-brain barrier that normally transports iron into the brain. By binding to an existing transport receptor, antibodies and other biological drugs can enter the brain more easily and the efficacy of the treatment is thus aplified. Distribution of a drug improves with a larger amount of antibodies passing through the barrier. This results in a lower dose of the active compound required, which could potentially lead to better efficacy and decreased side effects.

In preclinical models, the BrainTransporter technology has proven able to achieve improved uptake and distribution as well as a robust increase of antibodies in the brain. The use of the transferrin receptor for the transport of biological drugs into the brains of human subjects was recently validated in another study presented at the 2023 CTAD Alzheimer's congress. After significant advances in developing the technology it is now being combined with antibodies in all of BioArctic's fields of therapy that are under development, and over the long term it could also be out licensed in order to increase the potential for other drugs that target diseases in the brain.

BrainTransporter technology combined with antibodies

Alzheimer's disease
In addition to the development of lecanemab, BioArctic has continued its dedicated and focused efforts on developing new antibody treatments for Alzheimer's disease, and two of its research projects – BAN2802 and BAN2803 – are linked to its BrainTransporter technology. These projects are in a preclinical phase.

Parkinson's disease
The latest project in the Parkinson's portfolio, PD-BT2238, is a project that combines the BrainTransporter technology with a selective antibody that targets aggregates of alpha-synuclein. The aim is to increase the amount of antibodies that reach the brain, with the objective of increasing the efficacy of a potential treatment. The project is currently in the discovery stage.

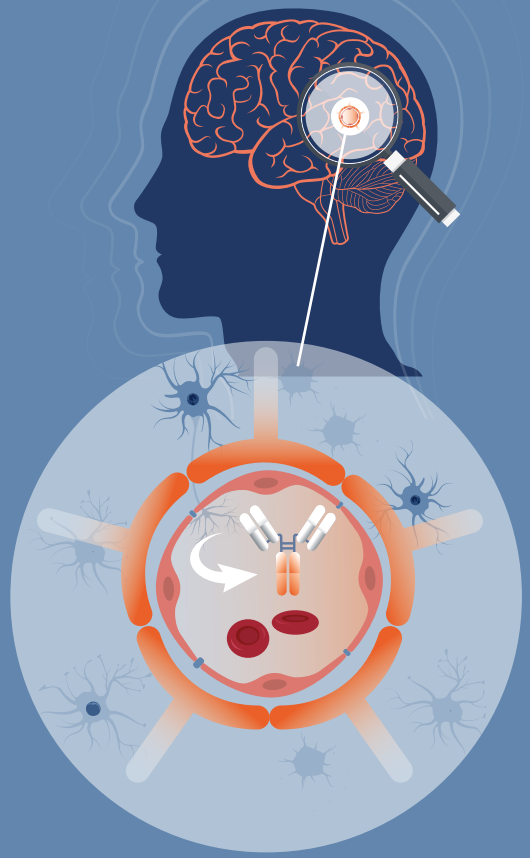
ALS
In ALS, BioArctic is pursuing two projects, one of which – ND-BT3814 – has been linked to the BrainTransporter technology. The aim is to develop an antibody drug against TDP-43, a protein that is believed to play a key role in the development of the rare neurodegenerative disease ALS. The project is in the research phase.

Gaucher disease
BioArctic has initiated a research project aimed at previously untreated CNS symptoms of Gaucher disease by further developing an enzyme replacement treatment. Gaucher disease is a rare genetic disease in which the impaired function of the enzyme glycosylceramidase leads to an accumulation of glycosylceramide in certain organs. Current treatments focus on enzyme replacement therapy, but the enzyme replacement must reach the brain in order to impact the harmful consequences of its absence in the CNS. By linking the enzyme replacement to BioArctic's BrainTransporter technology, BioArctic hopes to be able to develop a treatment that can alleviate both the CNS symptoms and the systematic manifestations of the disease.

Active transport into the brain

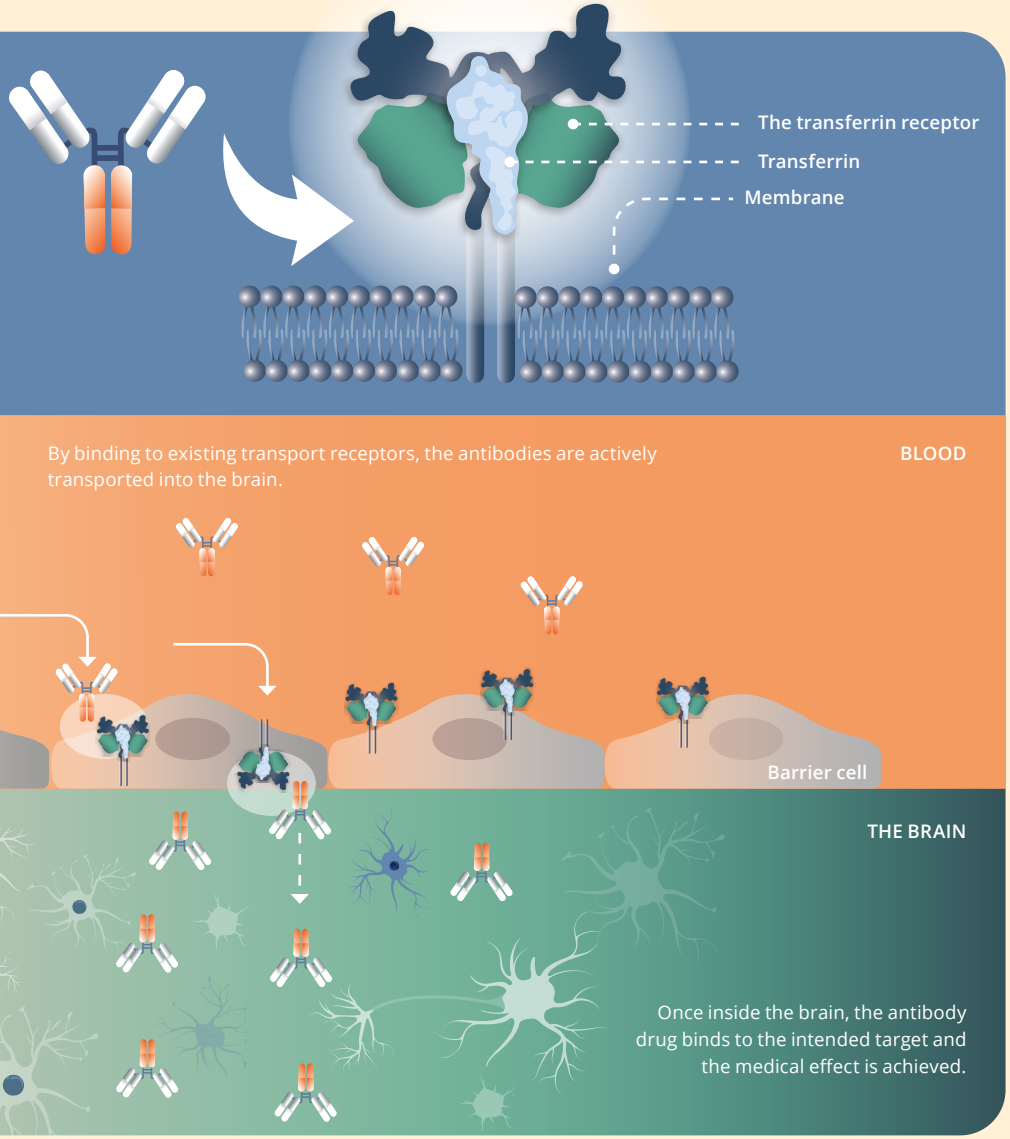
The challenge

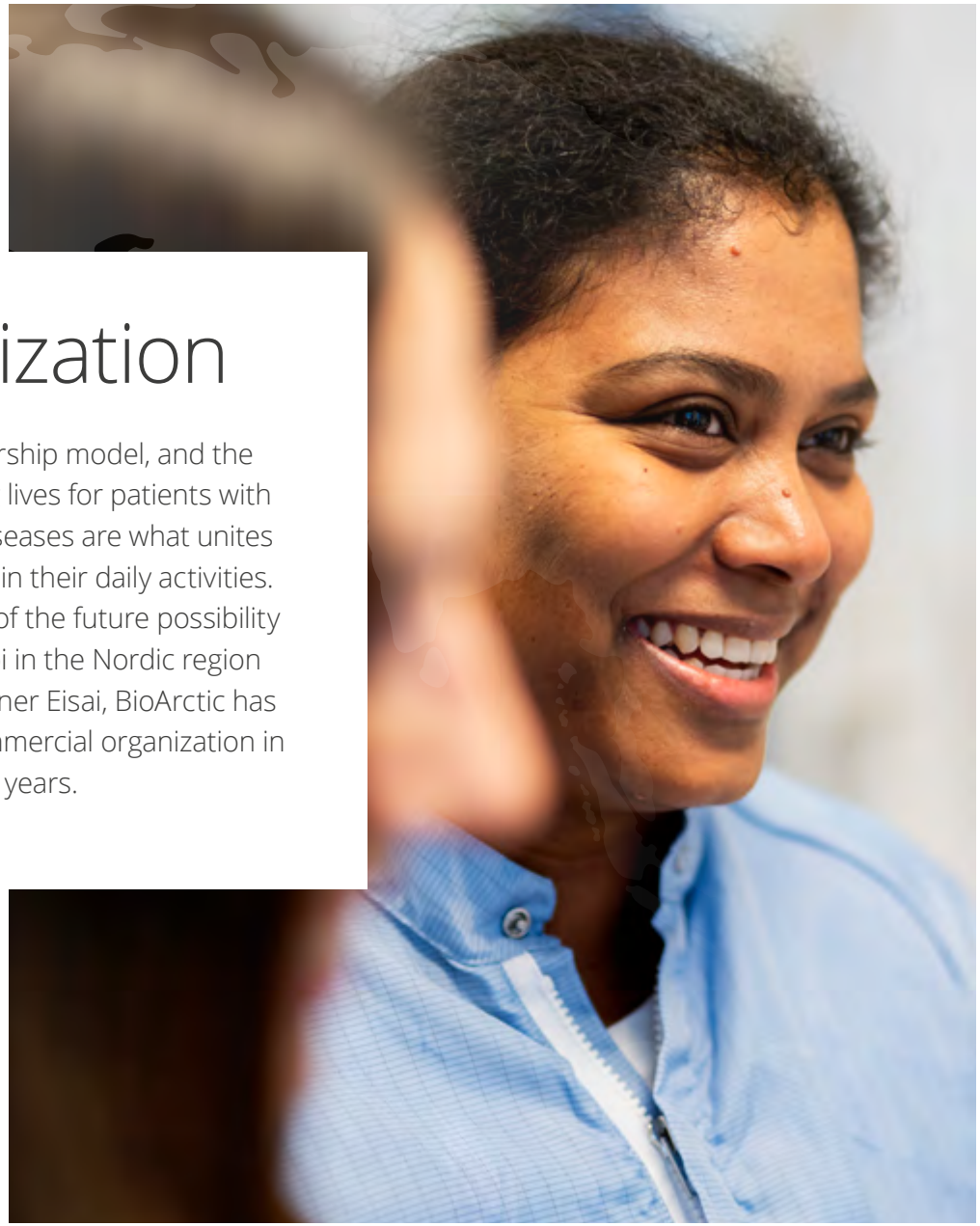
The blood-brain barrier is a 600-kilometer long network that provides energy to and protects the brain. At the same time, the barrier makes the transport of drugs to the brain more difficult. Transporting antibody drugs is especially challenging due to its size and complexity.



BioArctic's solution

The antibody is modified so that it binds to the transferrin receptor, which normally transports iron across the blood-brain barrier.





Organization

Clear values, a leadership model, and the objective of improving lives for patients with neurodegenerative diseases are what unites BioArctic's employees in their daily activities. As preparation ahead of the future possibility of marketing Leqembi in the Nordic region together with our partner Eisai, BioArctic has been building up a commercial organization in recent years.

Commercial partnership between BioArctic and Eisai in the Nordic region

BioArctic is looking forward to the potential launch of Leqembi in the Nordic region. In the autumn of 2023, the details pertaining to a local partnership with the marketing organization of our Japanese partner, Eisai, were worked out. Preparations ahead of a launch in the Nordic market are now underway, with our forces combined.

A positive response from the European Commission on approving Leqembi would mean that health care gains access to the first new treatment in the field of Alzheimer's disease in 20 years. The process from potential approval to patients gaining access to treatment goes through several steps, and in recent years BioArctic's commercial organization has been built up in order to provide a process of this kind with the best possible support in all Nordic countries. In addition to the health economics assessments and the value-based pricing done in every Nordic country, extensive efforts are also under way to support the changes in health care that are required in order to ensure that the patients who could be helped by Leqembi are also offered treatment.

Major shift for health care

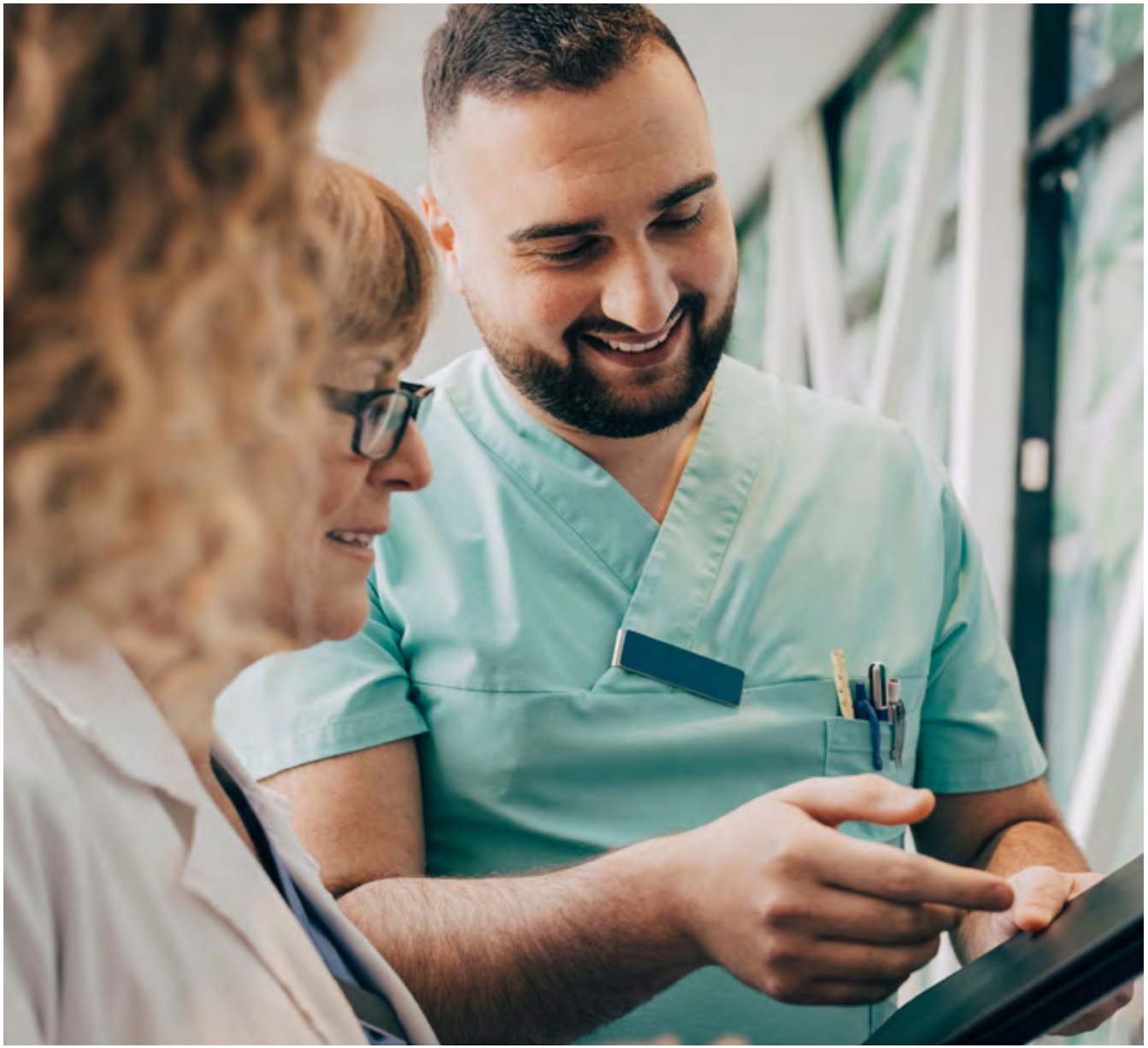
Alzheimer's care today has been allocated resources and structured in accordance with the conditions that have prevailed in recent decades – not only in the Nordic region but globally as well. The lack of disease-modifying treatments has led to a health and medical care system that focused on treatments to alleviate symptoms and nursing care. Leqembi is the first

new drug for Alzheimer's disease to be launched in several decades, and with the possibility of providing disease-modifying treatments at an early stage come also new requirements for health care to find patients in the early stages of the disease. An introduction of Leqembi therefore requires a dramatic shift, both within diagnostics and treatment and as regards monitoring patients. In the Nordic region, advances are clearly being made in diagnostics today and new diagnostic methods and tools are already being evaluated in clinical practice. BioArctic supports the development of new diagnostic methods in external research projects, both financially and using the company's competence. For example, BioArctic supports the Real AD study, which is evaluating the possibility of performing screening for Alzheimer's disease based on biomarkers and cognitive tests, as well as the Prominent project, which is a digital platform for precision medicine to improve diagnosis and treatment of neurodegenerative diseases using such tools as artificial intelligence (AI).

Commercial partnership with Eisai

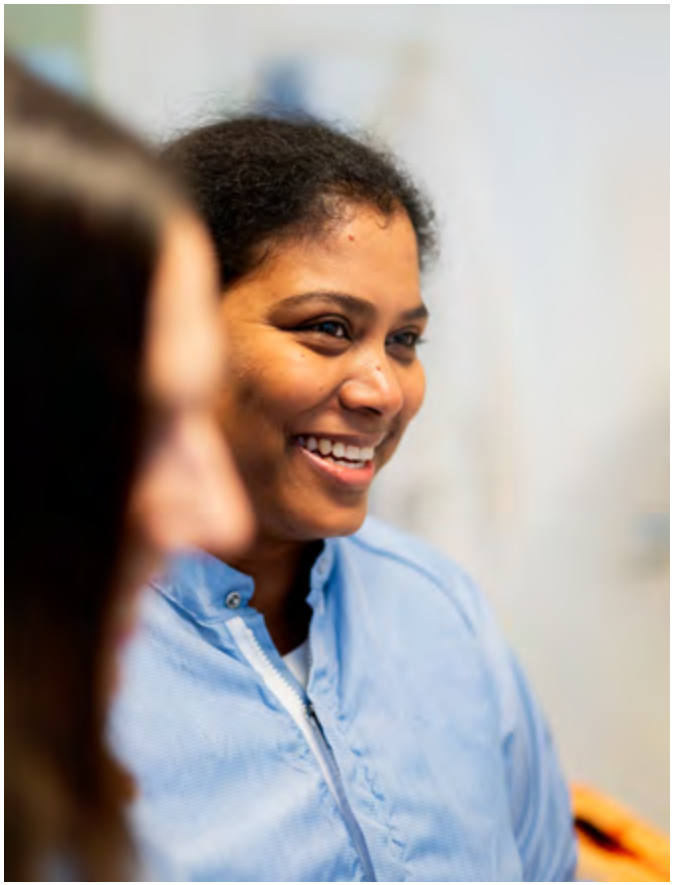
In the autumn of 2023, BioArctic and Eisai signed a co-promotion agreement on a partnership around commercializing and marketing lecanemab in the Nordic countries after potential approval. The joint commercialization plan is based largely on the lessons drawn from the launches in the US and Japan that are already under way. Eisai will be the marketing authorization holder (MAH) in Europe, and will be responsible for distribution and pricing with the intention of BioArctic becoming the local proxy after the pricing and subsidy procedures are completed. At launch, the expectation is that approximately 30 individuals will be working on commercialization, the majority of whom will be employed at BioArctic.

Through the launches already underway in the US and Japan, Eisai has drawn several lessons and produced training materials that will be translated and be made available for use in the Nordic countries. Eisai's solid experience, together with BioArctic's unique competence in the Nordic region, are creating the best conditions for a successful launch.



Satisfied employees and clear core values

In 2023, the organization was still marked by its successes in Alzheimer's disease. These advances in research have promoted a thoroughly positive mood in the company, but have also resulted in the company growing in order to adapt to the new commercial phase now facing the operations. The workforce has been expanded with new competence and functions. For the first time, BioArctic has employees outside Sweden as well.



In 2023, BioArctic's operations and organization experienced significant growth. New supplementary functions have been established, while subsidiaries with a focus on commercial operations were formed in Denmark, Norway, and Finland. The total number of employees at the end of the year was 88, compared with 61 employees on the year-earlier date.

Major investment in competence development

Value-driven management is based on self-leadership, individual-based leadership, and project leadership and has taken firm root among BioArctic's employees. Self-leadership is used by all co-workers, both employees and consultants. It is marked by independently taking responsibility for clear communication and high-quality deliveries. Individual-based leadership is applied by the company's managers and includes responsibility for allocating work and assigning the right resources and competence to projects. Successful project leadership requires project managers to deliver at the right time, with the right quality, and within budget, and to apply a solution-oriented approach.

BioArctic strives for an inclusive work environment with good competence development. The company focuses sharply on its projects, and invests significantly in supporting and developing the company's project managers. In 2022, BioArctic launched a project manager training course in several modules, with the first block being carried out in November 2022. A further two blocks of the training course were carried out in the spring and autumn of 2023 with approximately 20 employees. The project manager training course is intended to strengthen employee competence in project management and develop the company's shared structure and approach.

Apart from the investment in the project manager course, BioArctic conducted occupational health and safety training for newly appointed directors in order to ensure a good work environment, and a leadership forum for both project managers and directors. BioArctic has employees from many different countries, and since 2021 has held courses in the Swedish language for employees whose native language is not Swedish. The purpose is to facilitate the integration of individuals into society and enable them to feel included in contexts where Swedish is spoken at the company.

Core value efforts continue into 2024

During the year, BioArctic arranged company days, with employees working together on the company's values – Respect, Commitment, Collaboration and Responsibility – which form the foundation of the shared corporate culture in daily activities. The core values were developed by employees at BioArctic, but in pace with the company's growth and employees being hired in other Nordic countries, new opportunities arise to work further on core value initiatives in 2024.

Continual employee surveys

In 2023, BioArctic conducted quarterly pulse surveys to assess and monitor employee's attitudes toward their workplace, and semiannual assessments of discrimination and inclusion. The results indicate high levels of engagement among employees, and no complaints based in discrimination were submitted in 2023.

The regularly conducted Employee Net Promoter Score (eNPS), which measures employee commitment and willingness to recommend their employer to others, showed a consistent – and still very high – outcome as of the latest measurement. The average result for 2023 was 76 on a scale from -100 to 100, which rates as world-class in external comparisons. BioArctic strives to maintain the current high level even during the growth phase that the company is in.

Strong partnerships improve conditions

The good results of BioArctic's research, in combination with the company's distinct core values and leadership model, have enabled the company to successfully establish and deepen its partnerships with external research groups and global pharma companies. The company's principles of collaboration are built on the belief in the importance of unifying around a shared vision and common goals, of creating and developing a joint work structure, of building and maintaining mutual trust, and always acting as a team. This optimizes the possibilities of a relationship in which everyone involved can get the best out of the partnership.

LEADERSHIP
1. Self-leadership
2. Individual-based leadership
3. Project leadership

VALUES
1. Respect
2. Commitment
3. Collaboration
4. Responsibility

COLLABORATION PRINCIPLES
1. Unite around one vision and shared goals
2. Create and develop a shared structure
3. Cultivate and retain mutual trust
4. Act as one team
5. Always strive for "happy-happy"

Read more about BioArctic's core value initiatives and employee surveys in the new sustainability section of this report on pages 128-139.

Patient focus is a driver

Eva Nordström has worked in various roles at BioArctic for 15 years. Currently, she is Associate Principal Scientist and project manager in the company's ALS research. Since ALS is an extremely aggressive disease that currently lacks treatments, the drive to take the project further toward the

What is the status of the ALS operations today?

"Things have moved very quickly since the project started in 2020. We have produced antibodies that target TDP-43, a protein that is found in every cell but aggregates in patients with ALS. We have conducted preclinical studies and seen efficacy on reduced levels of these toxic TDP-43 aggregates that can be linked to the disease, and even seen efficacy on reduced motor symptoms. At the moment, we are selecting an antibody that we can take further into clinical experiments."

What are the greatest challenges in developing new treatments for ALS?

"ALS is a disease that develops very aggressively compared with other neurodegenerative diseases, and diagnostics presents an enormous challenge. With Börje Salming, the famous hockey player who died from ALS in 2022, we could watch its progress. Here, it is a matter of finding the patient early enough so that the treatment has a chance to have an effect before the disease is too far along. Since the progress of the disease is so rapid, many patients are already in a late stage when they receive the diagnosis, and at present there are no treatments that can stop this progress.

Biomarkers play an incredibly important role here in being able to intervene as early as possible. In the autumn of 2023, we initiated a partnership with Caroline Ingre at Karolinska Institutet and Karolinska University Hospital to find biomarkers. Not only to improve diagnostics, but also to monitor the effects of treatment.

Another challenge is that ALS, in contrast to Alzheimer's disease, has proteins that aggregate inside the cells. The antibody thus has to enter not only the brain, but also the cell. At present, we are pursuing projects that are being combined with our BrainTransporter technology to see if antibody treatments can reach the target, so perhaps this technology could also facilitate matters in this project."

What motivates you in your work?

"For me, well-being and working in good surroundings are important, but of course doing something that is good for the

world around us is also very important. When performing a large number of laboratory experiments, it is easy to forget the focus on patients, and here – for example – we can find a driver in a book collection with patient narratives that's kept at the office, and we also have lectures with invited physicians – and on some occasions, patients – who talk about their daily lives, and of course having a patient population to work for promotes engagement.

When we got the results for lecanemab, for example, there was a lecture at a conference where a physician described how families – and those suffering from the disease, as well – actually noticed the efficacy, and having things go this well gives you the chills. It spurs you on."

What does a typical work day look like for you?

"They differ greatly, depending on which phase the project is in. Early on in the project I was in the lab a lot, developing various methods and taking part in producing the antibody candidates we have today. Now it's more planning, meetings and interactions with other functions. Every part has its charms, and the bigger a project gets the more challenges there are as a project manager and the more functions become involved."

You have worked at BioArctic as a researcher for 15 years. How has your work role developed over that time?

"You could say that it has moved back and forth in a cycle, since my work role follows the development of the project. I started as a researcher, and after two years I became project manager for the Parkinson's project, which became extremely extensive, and I was just one of several project managers before it was licensed out. Now that I am the project manager for the ALS project, the development of the work role follows roughly the same process as in the Parkinson's project, and I hope to be able to follow the project all the way to the clinics, which would be extremely gratifying. But the ALS journey has gone much more quickly and the company has an entirely different budget now."

How has the company developed over this time?

"Most of all, there were fewer employees and we didn't have as clear project goals as we do today. We now have managers – which has been great – and despite our growing so drastically we still have good contact and work closely together in the company. It has always been Gunilla Osswald's goal for us not to work in silos, but for the various functions to interact with one another. When I started there were 16 employees; now we're approaching 100 but we have still managed to keep that feeling of intimacy."

Would you recommend BioArctic as an employer, and if so, why?

"I would say it depends on what ambitions a person has. BioArctic is a small company with a flat organization, but there are opportunities to climb the career ladder. Our colleagues are great, we do not have a hierarchical structure and it is easy to speak with your boss's boss. I recommend BioArctic as a good workplace, but a flat organization may not suit everyone. The best thing about BioArctic as a workplace is all the colleagues that help me feel good in my daily life and motivate me – and of course all the exciting projects we have."

Sustainability

BioArctic's clearest and most important contribution to a global sustainable future consists of developing drugs to counteract and treat diseases of the brain, with the goal of improving life for affected patients and their families.

Sustainability is a **natural part of our operations**

As part of efforts to raise its sustainability ambitions, BioArctic has appointed Charlotte af Klercker as Corporate Sustainability Director. In addition to responsibility for building the pharma company Sobi's sustainability agenda from the ground up, she also has experience from a range of different executive positions in the life science industry.

You are the Corporate Sustainability Director, an entirely new position at BioArctic. What have you been tasked to do?

"My task is to lead, guide and train the organization in the issues that have a bearing on sustainability. Working more informally with sustainability has been effective until now, but as a result of the company's growth and the increasing regulation of the field of sustainability, these efforts need to be more systematic in order to ensure that sustainability permeates the entire operations. In practice, this means that the sustainability perspective must be formalized and scaled up, and that as a result we need to create processes to match the journey of growth that BioArctic is now embarking on."

How would you define BioArctic's sustainability agenda?

"BioArctic's advantage is that our business concept is promoting better health – one of the UN Sustainable Development Goals. The population is aging, and our research is aimed at fields with significant medical need that lack efficacious remedial treatments. Innovation is an ongoing process, and we are driven not only by producing drugs with new mechanisms of action but also continuing to develop them to be even better. Our employees are our most important resource, and their well-being and work environment is in sharp focus in our daily

activities. As the new Sustainability Director, this is a favorable starting point."

Why is a structured sustainability agenda important for BioArctic?

"Our sustainability work is a natural part of our business and something that makes us competitive. Further it is a work to meet the legal requirements for sustainability reporting that enter force in 2025. According to the new European Corporate Sustainability Reporting Directive (CSRD), companies of BioArctic's size must then have an integrated sustainability report in their annual report. But sustainability is also a factor that is becoming increasingly important, both for employees, investors and for clients in health care in many countries, so it is not only a matter of legal requirements but also strengthening the company's competitiveness and creating value for society. The fact that we are structuring our sustainability work now is very good timing, considering the growth phase BioArctic is currently in. Working more clearly and in a more structured manner with sustainability is natural in this situation, so that it can grow along with the company."

You recently conducted a materiality assessment and several stakeholder dialogues that will form the foundation for sustainability activities going forward. What happens now?

"Understanding our business environment and the expectations of us as a company is key. Based on these insights, we will develop a strategy and an action plan for how we will fulfill these reporting requirements and make a difference in the world around us. To start, we will involve all the parts of our organization and collect information and data. In parallel with this, we will identify new initiatives that can support our sustainability journey."

> The fact that we are structuring our sustainability work now is very good timing, considering the growth phase BioArctic is currently in.

New strategy for a **sustainable future**

The regulations in the CSRD apply as of January 1, 2024 in EU but have not yet been incorporated into Swedish law. The regulations will gradually encompass companies of various sizes. To meet these new legal requirements while in parallel increasing the company's competitiveness, BioArctic has expanded the sustainability strategy to include both innovation and financial, social and environmentally sustainable business.

To ensure compliance with the new requirements for sustainability reporting, BioArctic conducted a stakeholder dialogue during the year and identified the sustainability areas that are material to the company. BioArctic also conducted a GAP analysis to identify which activities need to be conducted in order to ensure that the data and procedures are in place. In summary, the assessments conducted show that BioArctic is well positioned to fulfill – and over the long term even exceed – the requirements set by the CSRD in several areas, but increased transparency around the data needs to be established.

In practice, this means that BioArctic defines measurable goals and reports key ratios as part of employeeship, the work environment, ethics and performance. In the area of the environment, efforts are under way to survey which key ratios and data are relevant for the company. Absolute sustainability goals in the area of the environment will be set once the baseline values for the relevant key ratios are established.

Focus on patient safety and product quality

The company's quality work is based first and foremost on safeguarding patient safety and ensuring product quality. In its capacity as a biopharma company, BioArctic complies with the laws and regulations that apply to the pharma industry, including regulations and guidelines for good practice (GxP). BioArctic has a validated quality management system, and since the company is now in a growth phase that involves

ongoing changes, this will have an impact on how the quality management system is designed and monitored. BioArctic has also reviewed the company's policies, which resulted in the implementation of an updated Code of Conduct. This was introduced and initiated during the company's Employee Days in May 2023, and is mandatory for all employees to read and approve in the quality management system. Moreover, the whistleblower function has been updated in line with legal requirements and has been made available externally along with the company's Code of Conduct. As preparation ahead of commercial operations, the company has also initiated several new policies with a bearing on anti-corruption and compliance with commercial regulations, for example, regarding the value transfers to health and medical care personnel.

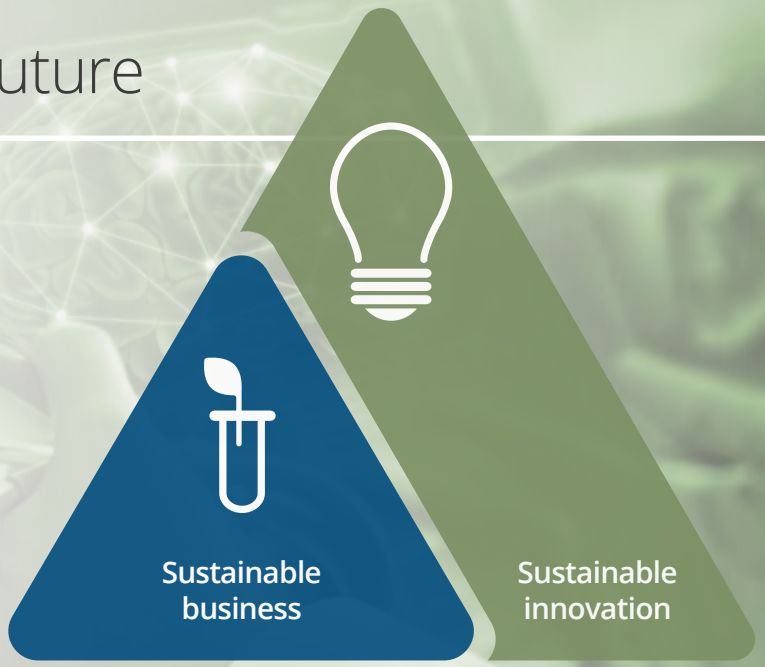
Environmental focus

During the year, a survey was initiated of the environmental impact that is generated by the company's own operations. The purpose of this initiative is to report on targets and data in accordance with the introduction of the CSRD, and to produce a more detailed sustainability report. During the year, the company took several measures to reduce its environmental emissions. These include the introduction of an updated vehicle policy that permits only electric and hybrid vehicles, and a gradual transition to LED lighting in the office as well as sorting of all waste. In the company's laboratories, equipment such as freezers are gradually being replaced by more energy-efficient models. BioArctic's main operations are located at its head office in Stockholm, where the company has signed a green lease that includes a declaration of intent to collaborate to promote environmentally sustainable rental conditions. The property is environmentally certified, and BioArctic and its landlord have undertaken to use only renewable or climate-neutral energy. The landlord provides chargers for electric vehicles, space for bicycles and dressing rooms, and coordinated waste removal for better use of resources.

BioArctic's strategy for a sustainable future

BioArctic's most important contribution to a sustainable future is innovation and development of safe and effective drugs against diseases that affect the brain. To facilitate this, the company needs to pursue responsible research of the highest quality, which in turn requires the company to be a reliable and attractive employer for its employees. The company's partnerships are a vehichle to ensure that both the value of the company's research and its innovations reach a global audience. The operations BioArctic conducts are to be characterized by transparency, creativity and respect for the equal worth of all. BioArctic summarizes these values with the term ***Sustainable innovation***.

BioArctic also endeavors to integrate economic and environmental sustainability at all levels in its operations for the purpose of meeting the requirements in the legislation that will apply to the field of sustainability in the near future. Key parts of these efforts are routine development of the company's procedures, quality management system and other aspects, as well as taking measures to prevent any environmental impact from the company's own operations. BioArctic summarizes its fulfillment of prevailing legislation and the company's commitments with the term ***Sustainable business***.



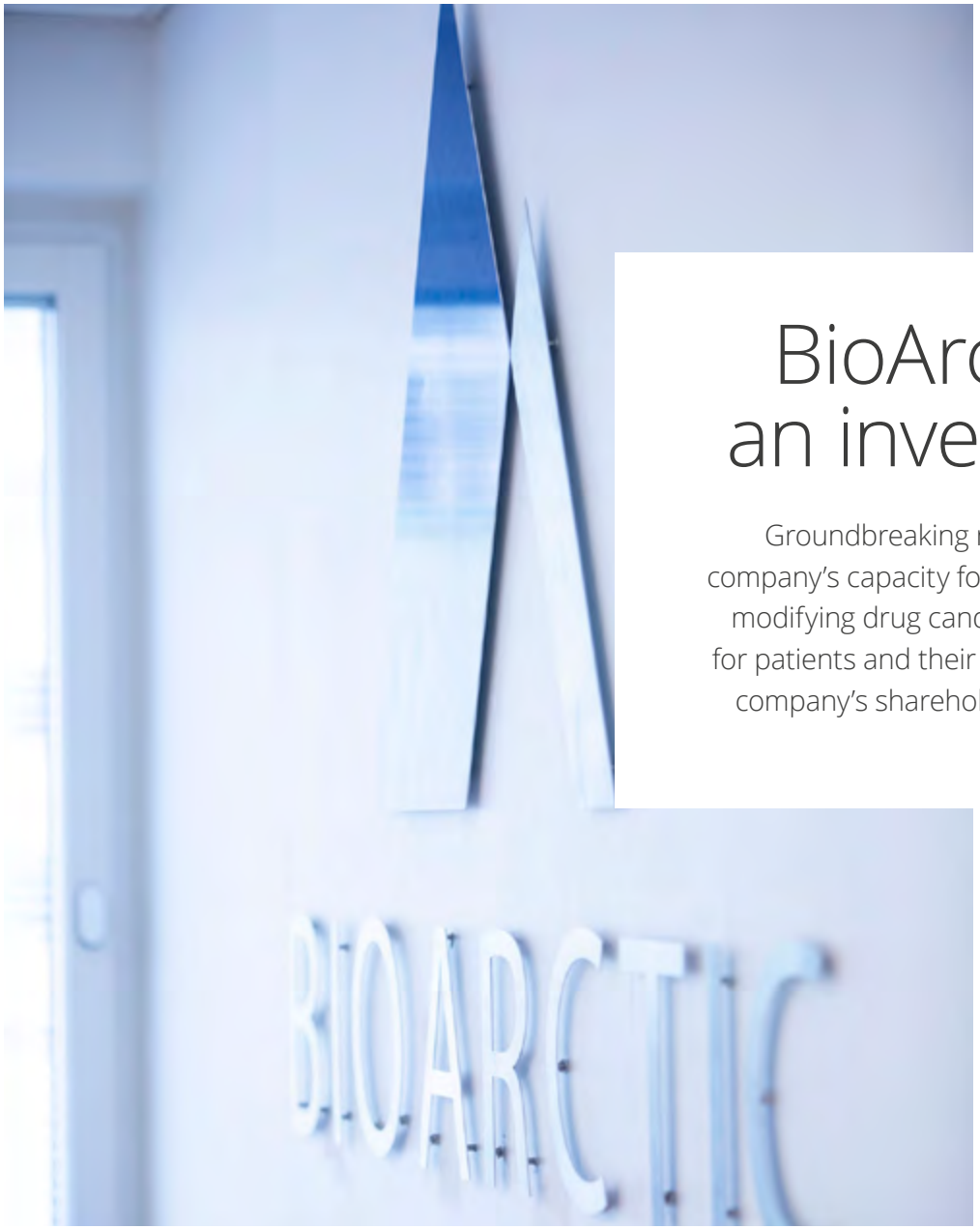
The purpose of CSRD

- Harmonize and improve the quality of sustainability-related information concerning the environment, social issues and corporate governance that the company publishes in its annual reports.
- Provide financial companies, investors and the general public with comparable, relevant and reliable sustainability information.
- Encourage investments that support the transition to a sustainable economy in line with the European Green Deal.

What does this mean for BioArctic?

- BioArctic is obligated to report in accordance with the CSRD by fiscal reporting year 2025 at the latest. The efforts to meet these requirements were initiated during the year.
- The reporting requirements are increasing as regards transparency around sustainability and comparability among companies in the pharma industry.
- BioArctic intends to use sustainability as a competitive advantage in order to attract stakeholders such as investors, partners, employees, and customers.

Read more about BioArctic's sustainability activities in this report, on pages 128-139.



BioArctic as an investment

Groundbreaking research and the company's capacity for developing disease-modifying drug candidates create value for patients and their relatives, society, the company's shareholders and partners.

"Several of our projects have the **potential to reach the market by 2032**

At the 2023 Annual General Meeting, Eugen Steiner was elected the new Chairman of the Board of BioArctic. The successes with lecanemab have triggered several strategy discussions, and during the year the Board defined a clear goal for the company: when the patent for lecanemab expires in 2032, BioArctic will have brought at least one of its other projects to market approval.

Which are the strategically most important issues for BioArctic in coming years?

"The single most important task for us on the Board is to ensure that in ten years, BioArctic has at least one new compound in the market. After having carried out a thorough strategic review, we feel that several of our current drug projects have the potential to reach the market within this time frame – even some that are currently in an early preclinical phase, since they will

likely be developed as orphan drugs, which shortens the time for development. Together with management, the Board has therefore laid out an ambitious plan for rapid and cost-efficient development of several projects with the same high level of quality that always characterizes BioArctic's drug development."

The success of lecanemab is historic in many senses. How will you nurture this?

"The most important consequence is that we can accelerate the projects in our research portfolio further at the greatest possible speed, without risk of delay owing to a deficit of capital. BioArctic's research has enabled a new era to be initiated in the treatment of neurodegenerative diseases, and it is our absolute ambition to continue leading this development in coming decades. Our top priority is to take our existing projects further. With the available forecasts for sales of lecanemab we see that in addition to these investments there are good possibilities for a healthy dividend yield for our shareholders."

Will you pursue these projects entirely on your own, or together with partners?

"BioArctic's success is built on having well-supported scientific hypotheses, good molecules and good partners, and I am convinced that we will continue to work this way. Having global pharma companies as partners in the development is good in many ways. They bring in skills, networks and capital. Our greatest asset is the intellectual property rights for the unique hypotheses and molecules that we create, and the more of them that can be taken forward in parallel the better, both for future patients and our shareholders."

Can you envision acquiring projects?

"The strategy we are working from is now focused on our own projects. Over the long term, acquisitions of market-ready products may be possible, that can be managed by our Nordic commercial organization and thus even be expanded into a European organization. But in the years ahead, our commercial organization needs to focus on the potential launch of lecanemab in the Nordic region, so any such move is several years in the future."

You are growing rapidly, and the company is changing shape a bit. What new issues will arise with this shift?

"One of the most important issues to come into focus, now that we have grown into a Large Cap company, is that we also have to clarify our activities in the field of environment, social responsibility and governance (ESG). BioArctic has always kept innovation, which is a central ESG aspect, high on the agenda. Innovation will remain important in our sustainability initiatives, but we will also clarify how we address other aspects of ESG."

What kind of company will BioArctic be in ten years?

"In ten years, at least two of BioArctic's drugs will be on the market. We will have a well-established commercial organization in the Nordic region, and perhaps also in other parts of Europe, that commercializes both our own and inlicensed products. And we will have at least two established partnerships with global pharma companies.

Took over the chairman's gavel

Eugen Steiner was elected Chairman of the Board of BioArctic in June 2023 after having been a member since 2017. He trained as a physician at Karolinska Institut, is now a doctor of clinical pharmacology, and for more than 35 years has held positions as CEO or working chairman in several life science companies in Sweden, Norway, Iceland, the UK and the US. He is a member of the Royal Swedish Academy of Engineering Sciences (IVA) and is chair of its Division X, Biotechnology. Since 1996, Eugen Steiner has been a Venture Partner in HealthCap and is currently Chairman of the Board of Empros Pharma AB and a Board member of Inbox Capital AB and the Stockholm School of Entrepreneurship.

Six reasons to invest in BioArctic

1 Increasing numbers of patients around the world are gaining access to lecanemab

After approval of lecanemab in the US in 2023, the drug has also been approved in Japan and China. Additional applications are ongoing in several markets and regions. BioArctic's royalty revenue is increasing in pace with more patients having access to the treatment. At the same time, the company is preparing a launch in the Nordic region in partnership with Eisai.

2 The potential for treatment in earlier stages of the disease and new drug formulation

An ongoing Phase 3 study is evaluating the possibilities of using lecanemab to prevent the development of Alzheimer's disease among people who have not yet manifested any clinical symptoms but have elevated levels of amyloid beta in the brain. This would mean reaching out to a new, larger patient population. In addition, a subcutaneous formulation is being developed that has the potential to simplify treatment for both patients and care providers.

3 Exidavnemab against Parkinson's disease on the way to clinical Phase 2

The inauguration of a clinical Phase 2a study of exidavnemab, BioArctic's most advanced antibody for treatment of Parkinson's disease, is expected in 2024. The antibody, which targets misfolded alpha-synuclein, demonstrated good properties in a Phase 1 study and is intended to slow the progress of the disease. There is currently no disease-modifying drug on the market.

4 World-class innovative research with focus on diseases with significant medical need

The successes with lecanemab are just the first step in BioArctic's ambition to improve the lives of patients with neurodegenerative diseases. The research portfolio includes additional drug projects for Alzheimer's disease and Parkinson's disease, as well as projects that target ALS and Gaucher disease. The company also has a proprietary technology platform, BrainTransporter, which helps improve the transport of antibodies into the brain.

5 Strong financial position and long-term revenue generation

BioArctic's successes in its partnerships with global pharma companies and the launch of lecanemab have enabled a very strong financial position. Royalty income from Eisai's global sales of lecanemab will contribute to long-term revenue generation. At the end of 2023, the company had M 1,112 SEK in cash on hand and current investments, which creates a great degree of flexibility and facilitates robust and innovative investments in both new and existing drug projects.

6 Stable values, leadership model and sustainability initiatives

Employee competence, commitment, and capacity to cooperate with both colleagues and outside partners are BioArctic's foremost assets. The company's clear values, leadership model and sustainability initiatives enable new scientific breakthroughs and successes in the development of new treatments that can improve the lives of patients with neurodegenerative diseases. BioArctic's success with lecanemab has increased the company's attractiveness as an employer.

A **strong, broad patent portfolio** protects BioArctic's scientific achievements

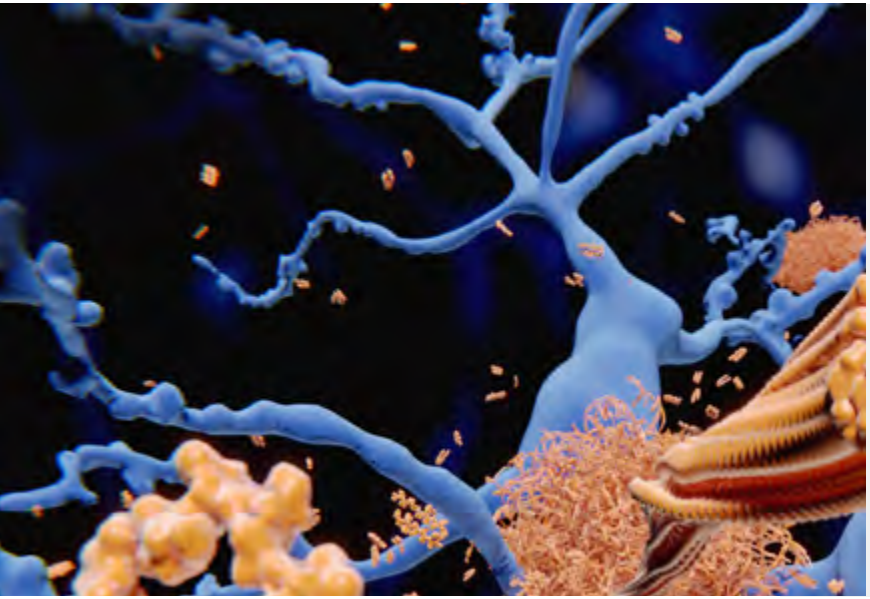
BioArctic pursues an active patent strategy that is intended to create broad intellectual property protection for use and production of the company's drug candidates in all major geographical markets including the US, the EU, Japan, and China. As of December 31, 2023, the patent portfolio encompasses 16 patent families with 250 patents granted and over 90 patent applications pending.

The patent protection for lecanemab, BioArctic's antibody drug for the treatment of early Alzheimer's disease, extends through 2032, including patent term extensions in territories where applicable. Moreover, there is the possibility of maintaining data exclusivity for lecanemab in the US for 12 years, counting from the date the drug was approved in the US (meaning through 2035) and for 10 to 11 years after approval in Europe.

The drug candidate exidavnemab, which is being developed for the treatment of Parkinson's disease, is under patent protection until 2046, including patent term extensions in territories where applicable. Alongside the patent protection for exidavnemab, there is a possibility for data exclusivity for 12 years in the US and 10 to 11 years in Europe.

BioArctic has also a number of ongoing patent applications for BrainTransporter™, a technology developed in-house with the potential to facilitate transport of drug compounds across the blood-brain barrier.

The company's most important patent families as per 2023 are shown in the table below.



Patent family	Area	Status and market	Protection until
AD II	Alzheimer's disease – concept	**Granted:** USA, Canada, Australia	June 2025
AD III	Alzheimer's disease – compound 1 Specific protection for lecanemab	**Granted:** USA, Canada, Europe, Japan, China as well as other countries	March 2027/2032[1]
AD IV	Alzheimer's disease – compound 2 Specific protection for lecanemab back-up	**Granted:** US, Europe, Japan, China as well as other countries	July 2035/2040[1]
PD V	Parkinson's disease – concept	**Granted:** USA, Europe, Japan	July 2029
PD VII	Parkinson's disease – compound Specific protection for exidavnemab	**Granted:** USA, Europe, Japan, China, Australia as well as other countries	March 2031/2036[1]
PD XXV	Specific protection for exidavnemab	**Granted:** USA, Japan, China **Pending:** Europe as well as other countries	June 2041/2046[1]

1) Assuming a five-year patent extension is granted where available.

The **journey continues**

Alzheimer's disease	1 The approvals of lecanemab in the US, Japan and China mean that more people with early Alzheimer's disease are gradually gaining access to the treatment. Applications for approval are currently being processed in several other countries and regions.	2 A comprehensive Phase 3 study is in progress to document lecanemab as a preventive treatment for Alzheimer's disease. At the same time, the development of a more user-friendly, subcutaneous form of administration for lecanemab is progressing.	3 BioArctic is working to bring additional drug candidates for Alzheimer's disease further towards the clinical phase.
Parkinson's disease	1 BioArctic is making continued progress in its dedicated effort to develop a disease-modifying treatment for Parkinson's disease.	2 Inauguration of an in-house Phase 2 study of exidavnemab, an antibody against misfolded alpha-synuclein, is expected in the second half of 2024.	3 Additional antibodies against misfolded alpha-synuclein are being evaluated in a preclinical phase, of which one is being developed in combination with BrainTransporter.
ALS	1 Two of BioArctic's preclinical drug projects target the rare neurodegenerative disease, ALS.	2 Both projects are built on antibodies against a misfolded aggregated protein that is believed to play a key role in the progression of the disease.	3 One of the projects applies the company's BrainTransporter technology to increase the exposure of antibodies in the brain.
Other neurodegenerative diseases	1 BioArctic is taking drug projects for a number of other neurodegenerative diseases further toward the clinical phase.	2 Lecanemab is being evaluated in the pre-clinical phase as a potential treatment of cognitive impairment and dementia in conjunction with, for example, Down's syndrome and of traumatic brain injuries.	3 Another project targets Gaucher disease. The ambition is to develop, using the BrainTransporter technology, a drug that can also address the CNS symptoms that the disease gives rise to.
Brain Transporter	1 BioArctic's in-house Brain Transporter technology is being applied to five of the company's in-house projects to improve the passage of antibodies into the brain.	2 Moreover, the technology can be out-licensed to other companies in order to increase their possibilities for developing new biological drugs that could improve and prolong patients' lives.	3 BioArctic is now developing a second generation of the technology, which has already proven to robustly increase and improve the exposure to antibodies in the brain.

Patient benefit

Societal benefit

Shareholder value

Risks and risk management

Risk exposure and risk management are a natural part of business operations. Risks are something that could impact BioArctic's operations negatively, but managed correctly could also add value to the company. The focus is on identifying and preventing risks, as well as preparing action plans that facilitate limiting any damage if an undesirable event should occur.

RISKS

One condition for a company's successful operation and development is a clear, well-supported strategy that is routinely monitored and evaluated. Moreover, a company's ability to achieve established goals is impacted by the routine efforts to identify and prevent risks. A risk is defined as the greater or lesser probability of the occurrence of a harmful event that could impact the company's ability to reach its established goals. Risks are a natural part of all business operations, and they must be handled effectively by the organization. Several times a year, BioArctic conducts an integrated risk assessment in which risks that could impact the company's possibility of achieving its goals are identified and assessed. This year, a specific assessment of sustainability risks was also included, based on the environmental, social and governance (ESG) aspects they entail.

RISK MANAGEMENT

Risk management is intended to prepare for, prevent and limit the effects of events that could negatively impact operations. BioArctic's management has identified possible events and scenarios that could negatively impact the company's operations, from both an internal and external perspective. These events are being evaluated and compiled into a net list of the risks deemed to be the most relevant. For each risk, measures intended to counter, limit, control and manage the risk are being identified. The risk owners are the members of management who routinely work on identifying, managing and preventing risks, both over the long term and in their daily

operations. The risks are managed and assessed annually in the management group, and thereafter in the Audit Committee, which processes Group-level risks for the Board. In 2024, BioArctic intends to conduct a double materiality assessment for the purpose of identifying external sustainability factors that could result in a negative financial risk or an opportunity in BioArctic, as well as their impact in the value chain.

Control and follow-up

BioArctic conducts routine evaluations of its operations, and reviews and updates the company's instructions and work processes. The outcome of the controls are reported, and form a part of the routine risk management process.

Insurance

BioArctic has insurance protection that is revised annually. The property insurance covers research equipment and cooling facilities, and operations. In addition there is liability insurance for companies, Board members and the Chief Executive Officer.

Crisis management

BioArctic has well-documented crisis management plans with the objective of minimizing negative impact in situations not covered by normal procedural descriptions.

OPERATIONAL AND STRATEGIC RISKS

(A) Negative outcome in the project portfolio

Research and development of drugs is associated with a high level of risk, in the sense that major financial resources are invested in a project that perhaps will never lead to a finished drug. A large portion of the total number of research projects being conducted in the field are discontinued during the process, since the drug candidates produced either do not demonstrate the intended effect or turn out to have unacceptable side effects. BioArctic works continually on planning and preparations ahead of various scenarios and possible outcomes. BioArctic strives for a well-differentiated and well-compiled project portfolio with projects in various phases of development.

(A 1) Overall portfolio strategy

BioArctic operates in a complex area of research: disorders of the central nervous system. The company's success is affected by strategic decisions regarding future project priorities, positioning and market strategy.

(A2) Outlicensed projects conducted by partners

In Alzheimer's disease, BioArctic has signed research and licensing agreements concerning its antibodies (lecanemab and lecanemab back-up) with Eisai, which is the party covering the expenses of the clinical studies. This has reduced BioArctic's financial risk exposure substantially. The agreements mean that BioArctic's sustainability risk in these project must be evaluated from a third-party perspective. The studies that have come furthest in BioArctic's research portfolio are the projects with lecanemab in Alzheimer's disease. Lecanemab has demonstrated positive results in the pivotal Clarity AD Phase 3 study and has also obtained approval in the US, Japan and China. Another Phase 3 study is also in progress: AHEAD 3-45, with lecanemab for individuals with pre-symptomatic Alzheimer's disease. A significant portion of the value in BioArctic is linked to lecanemab, ongoing applications for the drug's approval in the world, and the outcome of ongoing studies with lecanemab. The fact that lecanemab has been approved in the US, Japan, and China has resulted in a substantial reduction of risk in the outlicensed project portfolio.

(A 3) Projects conducted in-house and under own development

BioArctic has a broad research portfolio in the field of CNS. The company conducts in-house research on disorders of the central nervous system, and is developing its BrainTransporter technology. The exidavnemab project in Parkinson's disease, which BioArctic reclaimed after the partnership with AbbVie was concluded, has shown positive results from the completed Phase 1 study, and it has been decided that BioArctic will initiate an in-house Phase 2 trial with exidavnemab for individuals with Parkinson's disease. The drug projects being conducted in-house, except for exidavnemab, are in earlier phases and smaller in scope with a lower exposure to financial risk.

(B) Impact of outcomes among competitors

BioArctic operates in areas of research with significant medical need as well as large patient populations. Competition in these areas is significant, and competitors could develop, market, and sell drugs with greater efficacy that are safer and/or priced lower than BioArctic's or its partners'. For the company, assessing the risks that exist in the respective research areas and routinely monitoring and evaluating changes in the respective markets is of great importance. BioArctic is affected by how competitors in the market perform, and whether they capture market share with their products or reach the market faster than BioArctic or its partners. The development in competing pharma companies and biopharma companies conducting research in the same

therapy fields could impact BioArctic negatively as a result of study outcomes, a deteriorating competitive situation and/or an impaired view in the business environment of companies conducting operations in the same areas of research. BioArctic routinely works on monitoring competitors and developments in the industry in BioArctic's niche areas. The company generates its own data to indicate differentiation from competing product candidates, primarily by pointing out differences and more favorable efficacy and/or better side effect profiles. A clear communication strategy with various scenarios based on the outcome of competitors' studies is routinely produced to reduce the risk of a negative impact on the brand and the valuation of the company.

(C) External events outside the company's control

An uncontrollable event is something that impacts the business environment in general that BioArctic could have difficulties protecting itself against. Examples of external events that could have significant global impact – and thus on BioArctic's operations – are pandemics, war, natural catastrophes, or widespread terrorism.

(D) IT and information security risks, and cyber intrusion

Cyber intrusion could lead to unauthorized access to critical data and/or loss of sensitive data, which could have the consequence of making company secrets and/or personal and patient data available to unauthorized persons. The risks are routinely managed through reviews of IT security, clear rules and routines for how information is shared, perimeter security, controls, and training.

(E) Longer outages in operation-critical systems

An outage in operation-critical systems could result in disruptions to operating activities and impact routine reporting. To manage the risk of outages, routine checks are conducted and stringent requirements are imposed for redundancy. Clear contingency plans and supplementary security storage through offsite server rooms have been implemented.

(F) Partner-related risks

A part of BioArctic's operations and business model is entering into licensing and collaboration agreements with pharma and biopharma companies to develop and sell potential products. As part of this strategy, manufacturing and performance of clinical studies are outsourced to third parties such as contract manufacturing organizations (CMO) and contract research organizations (CRO) respectively. BioArctic is highly dependent on partners who are significantly larger than BioArctic, and there is a risk that agreements that have been signed could be canceled. Differences of opinion and conflicts could also arise among BioArctic and the company's partners or licensees as regards the conditions of signed agreements such as the interpretation of clinical data, right to milestone payments and other financial remuneration as well as ownership rights of patents and similar rights that were developed as part of these partnerships. The business model has been deemed suitable for the phase in which the company finds itself, since it decreases the need for large-scale financial investments with lock-in effects. Extensive efforts are always made in selecting a partner, with an emphasis on ability to collaborate, ethics and simplicity in performance. BioArctic's principle is to choose quality over cost, which has led to all the CMOs and CROs currently being located in Europe and the US. The business model means that BioArctic's sustainability risks must be assessed from a third-party perspective, and a supplier monitoring program will be initiated for the purpose of controlling and monitoring sustainability risks.

(G) Patents, intangible assets and government decisions

BioArctic's success depends largely on the company's ability to receive and maintain protection of the intangible assets attributable to its products. The conditions for patented discoveries in the field of drugs and biotech are generally difficult to assess and encompass complex legal and scientific issues. There is no guarantee that BioArctic can receive and maintain patents for its products or its technologies. Even if a patent is issued, it can be subject to appeal, declared invalid or circumvented, which could limit BioArctic's ability to prevent competitors from marketing similar products and reducing the period during which BioArctic has patent protection for its products or technologies. BioArctic and its partners are impacted by decisions from government agencies such as in relation to the permits necessary to conduct clinical studies and to commercialize drugs as well as changes to regulations that could take place in areas such as pricing, discounting drugs, and changes in circumstances for drug prescriptions.

(H) Product liability and insurance

BioArctic's operations result in product liability, which is unavoidable in conjunction with research and development, preclinical studies, clinical studies, production, marketing, and sales of drugs. Product responsibility is largely regulated by BioArctic's systematic quality-assurance efforts as well as good practice (GxP) regulations for pharmaceuticals. Even if BioArctic deems existing insurance protection to be sufficient, the scope and amount of compensation under the insurance protection is limited. There is therefore no guarantee that

Risks and risk management

BioArctic will be fully compensated for any damage under its existing insurance protection. Nor can it be guaranteed what impact the requirements of product liability or other requirements will have on BioArctic's operations and financial position.

(I) Employee risks

BioArctic is dependent to a great extent on key persons to facilitate high-quality research and drug development and to build an attractive future project portfolio. The ability to recruit and retain qualified employees is of extreme importance to ensure the level of competence in the company. BioArctic therefore has a focus on leadership, collaboration policies, and core values as well as issues of diversity and equality, and strives to offer an attractive and sustainable workplace where good health and a proper work environment are fundamental. The company's goal is to offer competitive remuneration and other conditions in order to attract and retain competence.

(J) Climate and environmental risks

BioArctic strives to be a responsible business partner and employer that complies with environmental legislation, applies precautionary principles and works actively with sustainability topics. BioArctic will strive to identify environmental risks in the company's operations, and the company's value chain in areas that are considered material or of great importance. An analysis of climate risks as part of the Task Force on Climate-related Financial Disclosures (TFCD) will be conducted in coming years. Environmental risks pertaining to handling of chemicals and biological material, as well as hazadous waste, are continually assessed. The operations are conducted in compliance with the permits issued to BioArctic by the government agencies concerned. The company's sustainability policy describes how the operations are to be carried out in order to reduce environmental impact.

(K) Internal and external regulatory risks

For BioArctic, compliance with applicable laws and other regulations is of great importance, as is conducting operations that are compatible with sound business ethics. Violations or neglect concerning issues in these areas could damage the company's reputation and result in both sanctions and fines. For preventive purposes, BioArctic has prepared and implemented a number of policies that have been integrated into operations. Additionally, a procedure for internal controls and a quality assurance organization that works for clear procedures and documentation to ensure compliance with operation-specific regulations have both been established. For BioArctic, ethical and moral positions are central to its daily operations. The company's actions as regards to ethics, morals, security, and integrity are crucial to shaping its corporate culture, thereby impacting how the company conducts its operations. The company's Code of Conduct has been further developed, with associated training that is mandatory for all employees.

(L) Risk of corruption

The company's Code of Conduct repudiates corruption and bribes. In conjunction with the upcoming commercialization of the company's products, the risk for corruption and market manipulation will increase.

(M) Risk of errors in financial reporting

BioArctic routinely updates its risk analysis to ensure correct financial reporting. Management and the Board of Directors make decisions annually on which risks are essential to monitor in order to ensure proper internal control in financial reporting. A more detailed description of BioArctic's efforts at internal control can be found in the Corporate Governance Report on pages 120-121.

Risks and risk management

RISK	DESCRIPTION OF RISK	MANAGEMENT
A	Negative outcome in the project portfolio divided into:	
A 1	Overall portfolio strategy*	The risk is managed using a well-differentiated and well-balanced project portfolio focused on central nervous system disorders. The company routinely evaluates various business opportunities to strengthen the potential of its project portfolio.
A 2	Outlicensed projects conducted by partners*	Broad data collection, continual review of the projects and routine contact with external partners.
A 3	Projects conducted in-house and under own development*	Broad data collection, continual review of the projects. Scenario analyses and routine evaluation in pace with the progress of the projects.
B	Impact of outcomes among competitors	Business intelligence. Generation of own data to demonstrate differentiation from competitors. Market analysis. Communication management.
C	External events outside the company's control*	Business intelligence, crisis plans, a clearly defined crisis organization and crisis management exercises as well as clear communication, both internally and externally.
D	IT and information security risks, and risks of cyber intrusion*	Preventive work and controls. High level of awareness concerning security issues.
E	Longer outages in operation-critical systems	Routine checks, high level as regards redundancy. Contingency plans and safety stockpiling.
F	Partner-related risks*	Clear documentation of agreements and close dialogue. Routine evaluation and monitoring.
G	Patents, intangible assets and government decisions	Well-documented patent strategy, internal competence and committed patent counsel. Routine monitoring of developments in the intellectual property field.
H	Product liability and insurance*	Routine reviews of the company's insurance protection and systematic quality-assurance efforts to ensure that the company complies with existing regulations and documentation requirements as regards product liability.
I	Employee risks*	Actively engaged in leadership and maintaining a positive corporate culture. Succession plans prepared and critical roles/functions identified. Strives to remain an attractive employer and to maintain a safe work environment.
J	Climate and environmental risks*	The company works to identify environmental risks in its operations and value chain in areas that are considered material or of great importance. The precautionary principle is applied in managing all environmental risks, and circular thinking in utilizing resources is desirable.
K	Internal and external regulatory risks*	BioArctic has a structure for internal controls and has an external audit function of the internal controls.
L	Risk of corruption*	BioArctic has policy documentations in place that are mandatory for all employees to read, and an internal training course in anti-corruption is taking shape. The company applies the EFPIA Disclosure Code and discloses public transfers of value to healthcare personnel and health and medical care organizations. The company has a Code of Conduct that repudiates corruption and bribes and is accepted and signed by all employees.
M	Risk of errors in financial reporting	Checks have been implemented to ensure correct reporting. Routine checks of identified areas, and monitoring.

Risks marked with * are encompassed by BioArctic's sustainability initiatives.

Board of Directors' report

Board of Directors' report

The Board of Directors and the Chief Executive Officer of BioArctic AB (publ), corporate registration number 556601-2679, hereby submit the Annual Report and consolidated financial statements for the 2023 financial year.

OPERATIONS AND STRATEGY

BioArctic AB (publ), based in Stockholm, Sweden, is as of December 31, 2023 the Parent Company in the BioArctic Group, which includes the wholly owned subsidiaries BioArctic Denmark ApS, BioArctic Norway A/S and BioArctic Finland Oy as well as the dormant subsidiary LPB Sweden AB. The company was founded in 2003 based on research from Uppsala University, Sweden, and Karolinska Institutet, Sweden.

BioArctic AB (publ) is a Swedish research-based biopharma company focusing on drugs that can stop or delay the progress of neurodegenerative diseases. It is the company behind Leqembi (lecanemab), the world's first drug that has been proven to slow the progress of this disease and to reduce cognitive degeneration in early Alzheimer's disease. Leqembi was developed in collaboration with BioArctic's partner Eisai, who is responsible for commercialization and regulatory procedures globally. In addition to Leqembi, BioArctic has a broad research portfolio with antibodies against Parkinson's disease and ALS, as well as additional projects against Alzheimer's disease. Several of these projects utilize the company's BrainTransporter technology platform, developed in-house, that improves the transport of antibodies into the brain. BioArctic's Class B share (BIOA B) is listed on Nasdaq Stockholm Large Cap.

BioArctic's vision is to create drugs through research that improve the lives of patients with serious diseases, and to become an world leading, innovative biopharma company in neurodegenerative diseases. Our work is based on groundbreaking scientific discoveries, and the company's researchers collaborate with strategic partners such as research groups at universities, contracting organizations and global pharma companies.

The company has scientific excellence and extensive experience in developing drugs from idea to market. Under BioArctic's business model, the company pursues research and project development at an early stage in-house and then, at an appropriate juncture, licenses commercial rights and late stage development to global pharma companies.

Alzheimer's disease

In the field of treatments for Alzheimer's disease, BioArctic has been collaborating since 2005 with Eisai, who has signed a research and collaboration agreement and a licensing agreement regarding the antibodies lecanemab and lecanemab backup, as well as a co-promotion agreement regarding lecanemab. Eisai conducts and funds the clinical trials, which means BioArctic incurs no costs for them and thereby assumes no financial risk. In the autumn of 2022, Eisai communicated positive results from Clarity AD, the global confirmatory Phase 3 study of lecanemab in patients with early Alzheimer's disease, and the study achieved both the primary and all secondary endpoints with high statistical significance. In 2023, Eisai received full approval in the US and Japan. Applications for approval have been submitted in the EU, Canada, the UK, Australia, Switzerland, South Korea, Israel, Singapore, Taiwan, Brazil and Hong Kong. Two open-label extension studies with lecanemab are in progress: one linked to a Phase 2b study and one linked to the Clarity AD Phase 3 study. Furthermore, one project with lecanemab is being conducted with patients receiving subcutaneous formulation as an alternative to the initial intravenous administration. Eisai is also conducting a Phase 3 study (AHEAD 3-45) for persons who have not yet developed symptoms of Alzheimer's disease but have elevated amyloid levels in the brain.

BioArctic is also conducting research into generating new antibodies intended for treatment of Alzheimer's disease with the goal of slowing or stopping disease progression with innovative molecules that have different mechanisms of action. In addition to the projects being carried out as part of the partnership with Eisai, BioArctic has four additional antibody projects against Alzheimer's disease in its project portfolio, two of which have been combined with the company's BrainTransporter (BT) technology. All of these projects are in either the research or preclinical phase. BioArctic is also working to develop new methods that could improve diagnostics and the evaluation of treatments for the company's projects in Alzheimer's disease and Parkinson's disease. BioArctic is pursuing a number of projects in partnership with external commercial and academic partners.

Parkinson's disease

BioArctic is pursuing the Parkinson's disease projects in-house. The objective of the project portfolio is to develop disease-modifying treatments for Parkinson's disease, Lewy body dementia and multiple system atrophy. One of the projects in BioArctic's research into Parkinson's disease is linked with BioArctic's BrainTransporter technology.

Amyotrophic lateral sclerosis (ALS)

The drug projects in ALS research are oriented on developing antibody drugs against TDP-43, a protein that is believed to play a key role in the development of this rare neurodegenerative disease. One of the projects in BioArctic's research into ALS is linked with BioArctic's BrainTransporter technology. The projects are in research phase.

Other indications

BioArctic's goal is to improve the treatments of a number of neurodegenerative diseases. The company's scientists are working systematically on solving the major challenges around the diseases of the brain. BioArctic's knowledge of how to develop antibodies against misfolded proteins can be used against several diseases, and the company is pursuing a number of early research projects to evaluate the possibility of producing new treatments for various neurodegenerative disorders. The area of application for drug candidate exidavnemab could be expanded to include diseases such as Lewy body dementia and multiple system atrophy. BioArctic also has a project that focuses on enzyme replacement treatment for Gaucher disease in combination with the company's BrainTransporter technology.

BrainTransporter technology

The blood-brain barrier controls the passage of substances between the blood stream and the brain. It protects the brain from harmful substances, but at the same time it can make introducing drugs into the brain more difficult. BioArctic is now developing a second generation of this technology, which

has proven to robustly increase and improve the exposure to antibodies in the brain. The technology is being used in five early projects and has significant potential for many different treatments of various diseases of the brain.

PROJECT PORTFOLIO

BioArctic has a broad and competitive portfolio consisting of unique product candidates and a technology for facilitating the passage of drugs across the blood-brain barrier. All projects in the portfolio are focused on disorders of the central nervous system. BioArctic's project portfolio is in various stages – from the early research phase to the late clinical phase, the regulatory phase and the marketing launch phase.

PARTNERSHIPS, COLLABORATION AND MAJOR AGREEMENTS

An important part of BioArctic's strategy is partnership and licensing agreements with leading pharma and biopharma companies. In addition to financial compensation, BioArctic benefits from the companies' competence in developing, manufacturing and commercializing drugs.

BioArctic has signed and has ongoing agreements with the global Japanese pharma company Eisai. Strategic partnerships with leading global companies are confirmation of the high degree of standard in BioArctic's research. BioArctic's objective is to sign more agreements that could contribute further competence in funding, research and development for product candidates in the preclinical and clinical phase, competence in manufacturing and marketing, geographical breadth and other resources.

Collaborations with universities and contracting organizations are of great importance to BioArctic as well. The company currently collaborates with leading researchers at a number of universities and reputable contracting organizations.

Eisai

In 2005, BioArctic inaugurated its first research collaboration with Eisai. BioArctic has granted the use of a global and exclusive license to Eisai for research, development and commercialization of drugs that use the antibodies lecanemab and lecanemab backup for the treatment of Alzheimer's disease. Eisai is responsible on a global basis for the clinical development, applications for market approval and commercialization of lecanemab.

The remuneration that BioArctic receives from Eisai from sales of lecanemab is divided into two parts: royalties of 9 percent to BioArctic on global sales excluding the Nordic region, and remuneration of 1 percent in the US and 1.5 percent of sales in Rest of World that BioArctic pays onward to LifeArc for the royalty commitments BioArctic has toward the latter company.

In late 2023, BioArctic and Eisai agreed on a structure for joint commercialization and marketing (co-promotion) in the Nordic countries, on the basis of a 50/50 split of costs and revenue without royalties. Under this agreement, Eisai is responsible for price, insurance coverage and distribution, and BioArctic will have a larger share of the customer-oriented organization. Eisai is the holder of the marketing authorization application in Europe, and the intent is for BioArctic to be the local proxy in conjunction with a launch. The partnership will be governed by a joint Nordic commercialization committee.

The value of the milestone payments could amount to MEUR 222 (SEK ~2.4 Bn) in addition to royalty payments. As of December 31, 2023, up to MEUR 84 (MSEK ~900) in milestone payments remained to be received from Eisai. In 2023, MSEK 592.0 (161.5) in milestone payments, MSEK 10.2 (—)

in royalty income, MSEK 5.5 in compensation from Eisai for costs in the Nordic region and MSEK 8.3 (4.3) from collaboration agreements with Eisai was recognized in revenue.

REVENUE AND OPERATING PROFIT

This revenue consists of milestone payments, royalties, co-promotion income and remuneration from research agreements and research grants. Owing to the character of the operations, major fluctuations may arise in revenue between different periods, since revenue from milestone payments are recognized at the point in time when performance obligations have been fulfilled.

Net revenue for the 2023 financial year totaled MSEK 616.0 (228.3). The increase is attributable primarily to four milestone payments totaling MSEK 592.0, corresponding to MEUR 52. Royalty revenue from sales of Leqembi in the US totaled MSEK 10.2 (—). Other operating income pertaining to operational currency exchange gains, costs that were invoiced onward and research grants totaled MSEK 4.1 (0.3). Total revenue during the financial year thus increased to MSEK 620.1 (228.6).

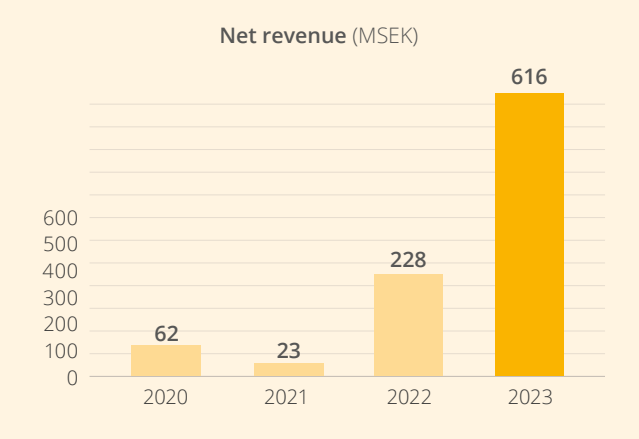
Total operating costs were MSEK 367.4 (246.0). The project costs for in-house projects increased during the year, which was the result of several projects being in a later phase and an increase in the pace of development of the projects. External project costs totaled MSEK 89.6 (74.3). Other external costs increased slightly during the year to MSEK 50.9 (33.0). Personnel costs increased to MSEK 200.3 (115.7). The main reasons for the increase are non-recurring effects from variable remuneration to personnel linked to the milestones that the company has reached, the repurchase of employee stock options from the CEO and increased costs for the incentive programs, as well as an increase in the number of employees. Depreciation of assets totaled MSEK 18.4 (14.6). Other operating costs totaled MSEK 8.1 (8.3) and consisted primarily of operational currency exchange losses.

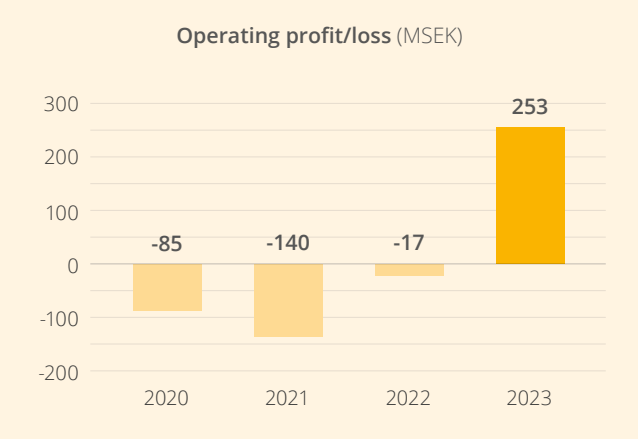
Operating profit during the year totaled MSEK 252.6 (-17.4). The improvement year-on-year is due primarily to the milestone payment received from Eisai.

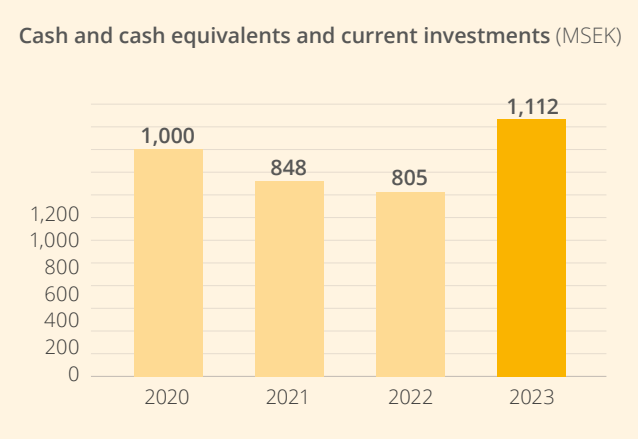
The Group's net financial items for 2023 totaled MSEK 23.8 (6.2). The increase is attributable to higher interest rate levels. Financial revenue consisted of interest income, and financial costs consisted of currency exchange losses and interest on lease liabilities. Profit before tax was MSEK 276.5 (-11.2). Tax costs for the year totaled MSEK 47.2 (0), which corresponds to an effective tax rate of 17.1 per cent (0.1). Profit for the year totaled MSEK 229.2 (-11.2), corresponding to SEK 2.60 (-0.13) per share before dilution and SEK 2.59 (-0.13) per share after dilution in 2023.

EXCHANGE RATE FLUCTUATIONS

BioArctic is a Swedish company and reports financial position and earnings in Swedish kronor (SEK). BioArctic's revenue currently consists essentially of remuneration from partnership, licensing and co-promotion agreements with Eisai as well as royalties on actual sales, with payments being received in EUR. BioArctic purchases continuous services in currencies other than SEK, primarily EUR, USD and GBP. The flows of currencies other than SEK in conjunction with the purchase and sale of goods and services are subject to transaction exposure. BioArctic also reconciles the company's currency exports during the year in order to balance the company's commitments.





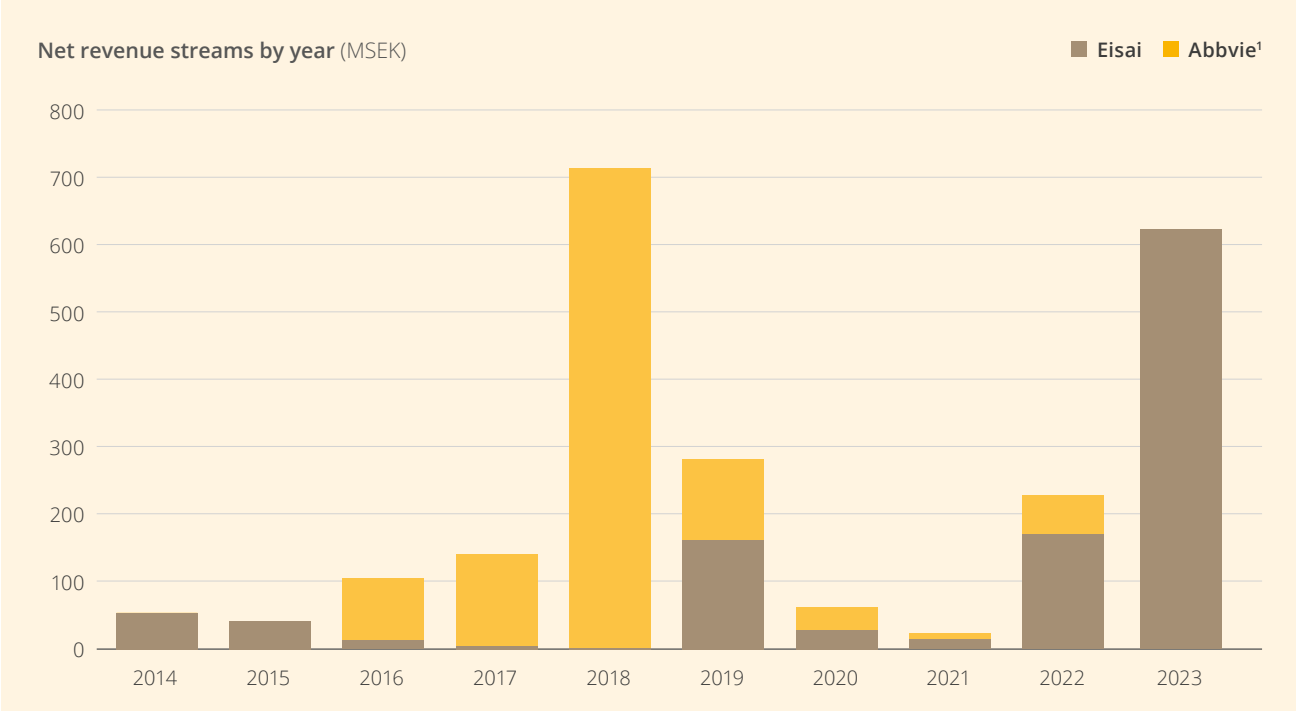


FLUCTUATIONS CONCERNING REVENUE GENERATION

The company signs research, licensing and co-promotion agreements with partners and then receives remuneration for research as well as milestone payments and royalties, which the company uses to fund 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 submission of applications to regulatory authorities, approval and sales milestones. Owing to the character of BioArctic's revenue, these revenue streams arise unevenly over time throughout the financial year and between quarters, since revenue is governed by the advances made in the projects.

Remuneration from royalties is received on a quarterly basis and totals 9 percent of global sales except the Nordic region, with BioArctic having its own income from sales instead of receiving royalties. See the diagram below for a visualization of how the revenue stream has historically been divided by financial year.

BALANCE SHEET AND FINANCIAL POSITION



1) BioArctic previously had a collaboration with AbbVie on Parkinson's disease that was terminated in 2022.

BioArctic's balance sheet total at 31 December 2023 was MSEK 1,186.1 (858.3).

Non-current assets

BioArctic's non-current assets totaled MSEK 23.5 (23.5). These assets consisted primarily of laboratory equipment and improvement fees on other parties' property.

BioArctic's right-of-use assets totaled MSEK 7.6 (11.7). The decrease compared with the preceding year is attributable primarily to depreciations related to the lease for the head office. The company's financial assets totaled MSEK 1.6 (1.6) and consisted primarily of deposits on leases. The company has no intangible fixed assets.

Since BioArctic's own projects are in the early development phase, they do not meet all the conditions for capitalizing R&D expenses. These costs have therefore been expensed in their entirety.

Current assets

Current assets in BioArctic consist of current receivables, cash and cash equivalents and current investments. The Group's cash and cash equivalents and current investments comprise bank balances of MSEK 611.6 (805.4) as well as current investments totaling MSEK 500.0 (—), thus totaling MSEK 1,111.6 on December 31, 2023 compared with MSEK 805.4 on December 31, 2022. The increase is attributable to milestone payments received. In order to neutralize currency exposure, a certain amount of liquidity is placed in foreign currencies. This leads to effects in the report in connection with revaluation of currencies at the current exchange rate, which is recognized among finance income and costs.

Investments

Investments for the year totaled MSEK 506.8 (12.8) and pertained to current investments totaling MSEK 500 as well as investments in scientific instruments.

Equity and liabilities

Equity as of December 31, 2023 totaled MSEK 1,046.6 (786.2). Equity per share outstanding totaled SEK 11.85 (8.92). The equity/asset ratio at December 31 was 88.2 percent (91.6). Lease liabilities of MSEK 5.0 (10.0) are related to right-of-use assets. No loans had been taken out as of December 31, 2023, and the Group has no other credit or facilities, which means the Group had a positive net cash balance of MSEK 1,106.6 (795.3) at year-end.

CASH FLOW

The Group's cash flow from operating activities before changes in working capital increased during the year, totaling MSEK 296.5 (-56.6). The increase is attributable to larger milestone payments from Eisai totaling MSEK 592.0 (161.5). Cash flow from operating activities after changes in working capital totaled MSEK 309.7 (-31.6).

Cash flow from investing activities during the year totaled MSEK -507.5 (-12.8) and pertained to current investments and scientific instruments. Cash flow from financing activities during the year totaled MSEK 14.1 (-2.8) and pertained to amortization of lease liabilities as well as a new share issue supported by employee stock options.

Cash flow for the year totaled MSEK -183.7 (-47.2). The improvement year-on-year is attributable to better operating profit, but was offset by financial investments.

PARENT COMPANY

BioArctic AB (publ), based in Stockholm, Sweden, is the Parent Company in the BioArctic Group. The majority of Group operations are conducted in the Parent Company. The Parent Company's profit for financial year 2023 totaled MSEK 180.3 (-11.5).

GROUP

BioArctic AB (publ) is the Parent Company in the BioArctic Group, which includes the wholly owned subsidiaries BioArctic Denmark ApS, BioArctic Norway A/S and BioArctic Finland Oy as well as the dormant subsidiary LPB Sweden AB.

EMPLOYEES

As of December 31, 2023, BioArctic had 88 employees (61). The average number of employees at BioArctic during the year was 81 (55). Gender equality is part of BioArctic's diversity efforts. In 2023, 55 employees (37) – 63 percent (61) – were women and 33 employees (24) – 37 percent (39) – were men. Of the total number of employees, 68 percent (79) worked in research and development.

BioArctic strives to offer competitive salaries and benefits, and applies an individually adjusted wage structure adapted to the local market. BioArctic's ambition is to offer a work environment that promotes health and well-being and a sound balance between work and private life.

RISKS AND UNCERTAINTIES

BioArctic's operation, like all business operations, is associated with risks. Risks are something that could impact BioArctic's operations negatively, but managed correctly could also add value to the company. The goal of the Group's risk management is to identify, prevent, measure, control, and limit the risks in its operation.

BioArctic's operational and business environment risks consist primarily of risks related to research and development, clinical trials, and dependence on key individuals. A detailed description of risk exposure and risk management is provided on pages 53-57. The financial risks are described in Note 3.

Impact of macroeconomic changes on the Group

2023 was impacted by high levels of inflation and rising interest rates. BioArctic does not have any loans raised and the impact from the macroeconomic factors listed above is limited as a result of the orientation of its operations.

Events during financial year 2023

- Lecanemab became the world's first fully approved drug for early Alzheimer's disease when it was approved in the US and Japan during the year
- For the first time in the company's history, BioArctic received income in the form of royalties and co-promotion revenue for the approved Alzheimer's drug Leqembi
- The Centers for Medicare and Medicaid Services (CMS) announced that Leqembi would be covered in accordance with the prescription information
- Applications for approval, apart from the previously approved markets in the US and Japan, were submitted in the EU, Canada, the UK, Australia, Switzerland, South Korea, Israel, Singapore, Taiwan, Brazil and Hong Kong.
- BioArctic decided to initiate an in-house Phase 2a study of exidavnemab for synucleinopathies such as Parkinson's disease. Commencement of the study is planned for the second half of 2024
- BioArctic and Eisai agreed on joint commercialization and marketing (co-promotion) in the Nordic countries
- Data presented at the CTAD congress provided further support for Leqembi and showed good results for subcutaneous treatment with lecanemab. At the same time, positive data was presented in the blood-brain barrier field, with the use of the transferrin receptor for the transport of biological drugs into the brains of humans being validated in a Phase 1 study
- A published modeling study based on the Phase 3 data showed that treatment with lecanemab resulted in a delay of two to three years in the average time of progression to the more severe stages of Alzheimer's disease
- The internal project portfolio made further advances and two Alzheimer's projects entered the preclinical phase
- On January 2, 2023, BioArctic was moved to Nasdaq Large Cap
- BioArctic established subsidiaries in Denmark, Finland and Norway
- Anders Martin-Löf took office as the new Chief Financial Officer.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

For a detailed description of applicable guidelines regarding remuneration and other terms of employment for the CEO and other senior executives, refer to pages 117-118 and to Note 7.

Prior to the 2024 Annual General Meeting (AGM), the Board of Directors reviewed the guidelines adopted at the 2022 AGM, and the Board does not propose any changes regarding the policies for remuneration and other terms of employment for Group Management.

LONG-TERM INCENTIVE PROGRAM

BioArctic has two ongoing long-term incentive programs that were resolved on at the AGMs in 2019 and 2023. These incentive programs are intended for the company's senior executives, researchers and other staff, for more information see page 142. The purpose of these incentive programs is to encourage broad share ownership among BioArctic's employees, facilitate recruitment, retain skilled employees and increase employee motivation and fulfillment of targets.

REWARDS PROGRAMS

BioArctic had two rewards programs in 2023 that were linked to the company's Alzheimer's project. The rewards programs cover all permanent employees excluding the founders. Variable remuneration is paid when the company achieves certain goals linked to the clinical research study and regulatory milestones. Refer also to Note 7.

SUSTAINABILITY AND SOCIAL RESPONSIBILITY

BioArctic's clearest and most important contribution to a globally sustainable future lies in innovation and development of safe and effective drugs against disorders of the central nervous system. To facilitate successful innovation, BioArctic

realizes the importance being a good employer and pursuing responsible research of the highest caliber. The company's work with external partners will enable the value of the company's research to reach an even greater number of patients, thereby spreading access to the company's innovations around the world. The operations BioArctic conducts are characterized by transparency, creativity and respect for the equal worth of all. BioArctic encapsulates these values with the concept Sustainable innovation.

BioArctic endeavors to integrate economic and social sustainability at all levels of its operations, to continually improve the company's procedures, quality assurance systems and work environment, and to take action to prevent the environmental impact of its own operations. The forthcoming legislation in the area of sustainability, the company's growth and the ongoing preparations for being able to sell lecanemab in the Nordic region – and thereby realizing the strategy of being able to market products in the Nordic region in the future – have created a need to review and develop BioArctic's sustainability program. BioArctic's compliance with prevailing legislation and demonstrating responsibility is encapsulated in the concept Sustainable business.

During the year, BioArctic prepared for the forthcoming implementation of the Corporate Sustainability Reporting Directive (CSRD) which for BioArctic will become relevant for the 2025 reporting year. BioArctic's efforts included a stakeholder dialogue to identify key areas of sustainability and a gap analysis to identify which activities need to be in place. A Corporate Sustainability Director has been hired to manage this strategy and the efforts together with the employees, the Management Group and the Board of Directors.

The company's sustainability goals have been implemented based on the Sustainable business and Sustainable innovation strategy. BioArctic presents key ratios and has implemented measurable targets as part of employeeship, the work environment, ethics and development, all of which are presented in the Sustainability Report (see pages 128-139). Since the work on identifying key ratios and data of relevance to the company is in progress, absolute sustainability goals will be introduced once a base value has been established.

SHARE CAPITAL AND OWNERSHIP

BioArctic's Class B share (BIOA B) is listed on Nasdaq Stockholm Large Cap. The market value at year-end totaled SEK 23.6 Bn (24). BioArctic's B share fell 1.5 percent in value during the year. The share capital at year-end totaled SEK 1,766,300 spread over 88,314,985 shares, of which 14,399,996 were unlisted A shares and 73,914,989 were listed B shares. The number of Class B shares in the company increased by 183,414 as a result of subscription of shares by participants in the 2019/2028 employee stock option program. The Class A share has ten votes per share while the Class B share has one vote per share. The quotient value per share is SEK 0.02. At the end of 2023, BioArctic had 20,697 shareholders (14,840). BioArctic's ten largest shareholders owned shares corresponding to 78.4 percent (75.7) of the capital and

91.3 percent (90.2) of the votes. The Board members in the company owned a total of 48,870,948 Class A shares and Class B shares (48,794,523) in BioArctic, while company management owned 145,056 B shares (233,118) excluding those owned by Lars Lannfelt, which are counted among Board member shares. In total, the holdings of the Board and management correspond to 55.5 percent (55.6) of shares outstanding. BioArctic's Class A shares are owned by Demban AB and Ackelsta AB, which are in turn owned by the founders of BioArctic. Demban AB (Lars Lannfelt) owned 49.2 percent of the votes and 33.4 percent of the capital, and Ackelsta AB (Pär Gellerfors) owned 32.6 percent of the votes and 21.6 percent of the capital.

EVENTS AFTER THE BALANCE SHEET DATE

For key events after the balance sheet date, refer to Note 30.

FUTURE PROSPECTS

We are of the opinion that, as a result of the approval of the drug lecanemab, the company's future income generation is very good. The global launch of the drug has commenced and, it is felt, will enable gradually increasing revenue over the long term. Operating expenses for financial year 2024 are expected to increase as a result of the build-up of the commercial organization ahead of the potential launch of lecanemab in the Nordic region and costs for the expanded and more advanced in-house project portfolio. BioArctic has a business model in which its revenue and earnings are primarily based on milestone payments, royalty income and revenue from co-promotion agreements that the company has signed. All of BioArctic's therapeutic areas, such as Alzheimer's disease, Parkinson's disease, ALS and other neurodegenerative diseases are areas with significant medical need for effective treatments. The company's ambition is to generate the drugs of the future that improve life for people with disorders of the central nervous system. The company's financial position remains strong, which creates possibilities for the continued exciting development of BioArctic.

DIVIDEND POLICY AND DIVIDEND

The goal of the Board of Directors is to provide shareholders with a dividend that produces a healthy dividend yield and good dividend growth over time. When determining the dividend, the company's earnings performance, cash flow, investment requirements and financial position in general will be taken into account. The dividend will be judged carefully, taking into account the goals, scope and risks of the operations.

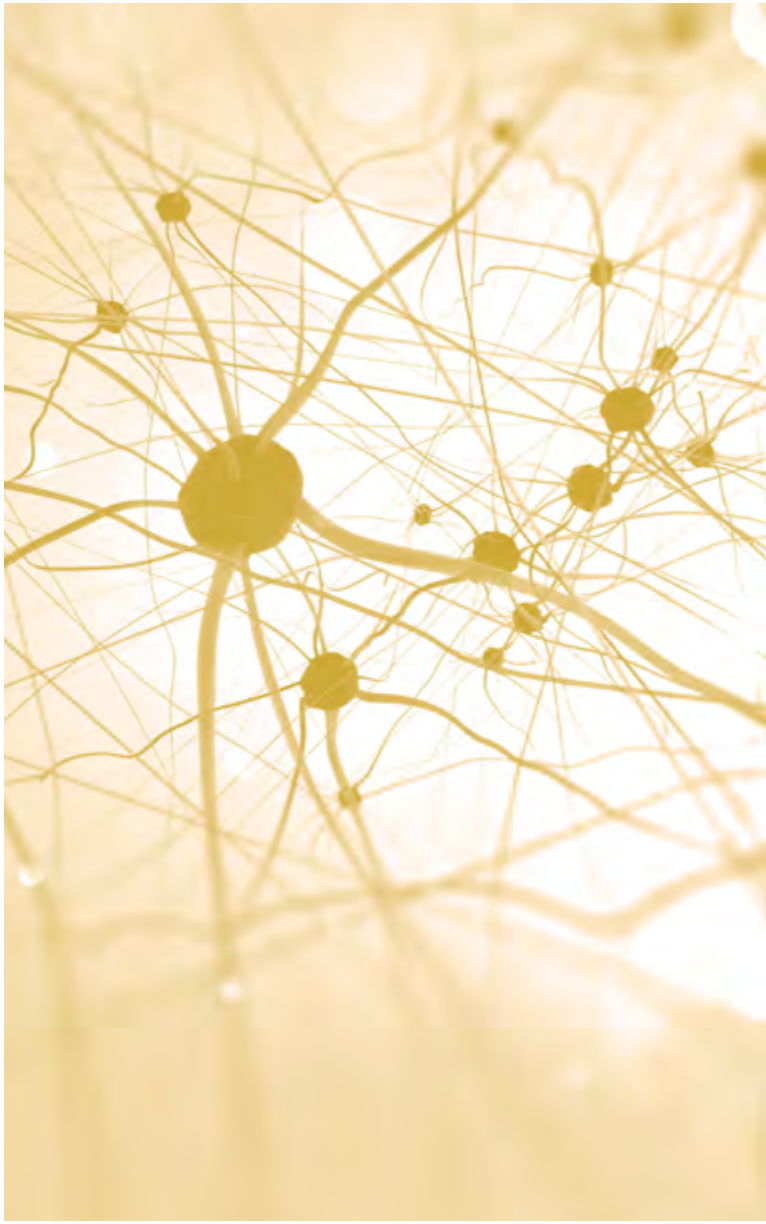
In the 2023 financial year, BioArctic reported limited royalty revenue from sales of drugs, which means that the company's revenue and earnings primarily consisted of non-recurring revenue from the research, licensing and co-promotion agreements the company had signed. In light of this, the Board proposes that no dividend be paid for the 2023 financial year.

APPROPRIATION OF PROFITS

The Board proposes that the consolidated income statement and balance sheet be presented to the AGM on May 22, 2024 for adoption and that the profit for the year as well as the retained profits in the Parent Company be carried forward.

At the disposal of the AGM:

Amounts in SEK	Dec. 31, 2023
Share premium reserve	580,979,064
Retained earnings	233,606,981
Profit for the year	180,331,999
Total	**994,918,044**



Five-year summary

Amounts in MSEK	2023	2022	2021	2020	2019
Income statement					
Net revenue	616.0	228.3	23.1	62.3	281.8
Other operating income	4.1	0.3	3.5	3.6	14.8
Expenses	-367.4	-246.0	-166.4	-151.0	-184.1
Operating profit/loss	252.6	-17.3	-139.7	-85.0	112.5
Profit/loss for the year	229.2	-11.2	-119.8	-68.5	88.5
Operating margin, %	41.0	neg	neg	neg	39.9
Balance sheet					
Non-current assets	33.3	37.5	35.9	42.0	38.9
Current assets excluding cash and cash equivalents	541.2	15.5	13.4	8.4	31.6
Cash and cash equivalents	611.6	805.4	848.4	999.9	1,112.8
Equity	1,046.6	786.2	788.7	907.3	974.5
Deferred tax liabilities	12.4	—	—	20.7	38.7
Current liabilities	125.0	70.9	101.3	108.7	149.2
Cash flow					
From operating activities[1]	309.7	-31.6	-140.5	-92.3	327.2
From investing activities[1]	-507.5	-12.8	-4.4	-12.5	-3.3
From financing activities	14.1	-2.8	-7.4	-6.6	-138.5
Cash flow for the year[1]	-183.7	-47.2	-152.3	-111.5	185.4
Key ratios					
Equity/asset ratio, %	88.2	91.6	87.9	86.4	82.4
Return on equity, %	25.0	-1.4	-14.1	-7.3	8.9
Data per share, SEK					
Earnings per share, before and after dilution	2.60	-0.13	-1.36	-0.78	1.00
Equity per share	11.85	8.92	8.96	10.29	11.07
Cash flow from operating activities per share[1]	3.51	-0.36	-1.60	-1.05	3.72
Share price at December 31	267.80	272.00	119.20	95.40	94.90

1) A reclassification of unrealized exchange rate losses has been made since the Full Year Report. Since the Full Year Report, an addition regarding disposed inventories has also been made on adjustment for non-cash items as well as on investments in tangible fixed assets.

Financial statements

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FINANCIAL STATEMENTS

NOTES

Consolidated income statement

Amounts in kSEK	Note	2023	2022
Operating income			
Net revenue	5	615,995	228,291
Other operating income[1]	6	4,082	334
Total operating income		**620,077**	**228,625**
Operating expenses			
Project expenses		-89,627	-74,326
Other external expenses	8.9	-50,931	-33,015
Personnel expenses	7	-200,320	-115,650
Depreciations of tangible assets	14	-18,428	-14,633
Other operating expenses[1]	10	-8,132	-8,337
Total operating expenses		**-367,437**	**-245,961**
Operating profit/loss		**252,640**	**-17,336**
Profit/loss from financial items			
Interest income and similar items[1]	11	34,228	8,285
Interest expenses and similar items[1]	11	-10,382	-2,117
Profit/loss after financial items		**276,486**	**-11,168**
Tax	12	-47,237	-11
Profit/loss for the year		**229,249**	**-11,179**
Profit/loss for the year attributable to owners of the Parent Company		229,249	-11,179
Earnings per share			
Earnings per share before dilution, SEK	13	2.60	-0.13
Earnings per share after dilution, SEK	13	2.59	-0.13

1) The comparative figures for Other operating income, Other operating expenses, Interest income and similar items and Interest expenses and similar items for 2022 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. This adjustment increased operating profit by MSEK 0.1 and decreased financial items by MSEK 0.1. Profit/loss after financial items for 2022 remained unchanged.

Consolidated statement of comprehensive income

Amounts in kSEK	Note	2023	2022
Profit/loss for the year		229,249	-11,179
Exchange rate differences from restatement of foreign operations		-26	-
Comprehensive income for the year attributable to owners of the Parent Company		**229,223**	**-11,179**

Consolidated balance sheet

Amounts in kSEK	Note	Dec. 31, 2023	Dec. 31, 2022
ASSETS			
Tangible assets	14	23,536	23,531
Right-of-use assets	14	7,590	11,733
Deferred tax assets	12	566	596
Other non-current financial assets	16	1,647	1,606
Total non-current assets		**33,340**	**37,466**
Trade receivables	17	223	-
Current tax assets	12	-	1,216
Other current receivables	17.18	6,884	6,740
Prepaid expenses and accrued income	19	34,065	7,498
Current investments	17	500,000	-
Cash and cash equivalents	17.20	611,567	805,386
Total current assets		**1,152,738**	**820,841**
TOTAL ASSETS		**1,186,078**	**858,307**
EQUITY AND LIABILITIES			
Share capital	21	1,766	1,763
Reserves		958	958
Other contributed capital		580,979	566,001
Retained earnings		462,872	217,520
Total equity		**1,046,575**	**786,241**
Deferred tax liabilities	12	12,385	-
Non-current lease liabilities	24	2,152	1,182
Total non-current liabilities		**14,537**	**1,182**
Current lease liabilities	24	2,827	8,857
Trade payables	17	29,867	21,491
Current tax liabilities	12	33,758	-
Other current liabilities		9,665	5,427
Accrued expenses and prepaid income	17.26	48,849	35,108
Total current liabilities		**124,966**	**70,883**
TOTAL EQUITY AND LIABILITIES		**1,186,078**	**858,307**

Consolidated statement of change in equity

Amounts in kSEK	Note	Share capital	Reserves	Other contributed capital	Retained earnings incl. profit for the year	Total equity
Opening balance at January 1, 2022		**1,761**	**958**	**560,018**	**225,939**	**788,676**
Profit/loss for the year		-	-	-	-11,179	-11,179
Other comprehensive income		-	-	-	-	-
Consolidated comprehensive income		**-**	**-**	**-**	**-11,179**	**-11,179**
New share issue through exercise of employee stock options		1	-	5,983	-	5,985
Share-based remuneration	7	-	-	-	2,760	2,760
Closing balance at December 31, 2022		**1,763**	**958**	**566,001**	**217,520**	**786,241**
Opening balance at January 1, 2023		**1,763**	**958**	**566,001**	**217,520**	**786,241**
Profit/loss for the year		-	-	-	229,249	229,249
Other comprehensive income		-	-	-	-29	-29
Consolidated comprehensive income		**-**	**-**	**-**	**229,220**	**229,220**
New share issue through exercise of employee stock options		4	-	14,978	-	14,982
Share-based remuneration	7	-	-	-	16,132	16,132
Closing balance at December 31, 2023		**1,766**	**958**	**580,979**	**462,872**	**1,046,575**

Consolidated cash flow statement

Amounts in kSEK	Note	2023	2022
Operating profit/loss[1]		252,640	-17,336
Adjustment for non-cash items[1,2]	28	9,895	-41,340
Interest received		34,228	2,535
Interest paid[2]		-379	-751
Income tax paid		156	340
Cash flow from operating activities before change in working capital		**296,540**	**-56,552**
Increase (-) / Decrease (+) in operating receivables		-11,979	-2,414
Increase (+) / Decrease (-) in operating liabilities		25,132	27,328
Cash flow from operating activities		**309,694**	**-31,637**
Investments in tangible assets[2]	14	-7,443	-12,746
Change in non-current financial assets		-500,042	-18
Cash flow from investing activities		**-507,485**	**-12,763**
Amortization of liability	25	-917	-8,793
New share issue through exercise of employee stock options		14,982	5,985
Cash flow from financing activities		**14,064**	**-2,808**
Cash flow for the year		**-183,727**	**-47,209**
Cash and cash equivalents at January 1		805,386	848,405
Exchange rate differences in cash and cash equivalents[2]		-10,093	4,190
Cash and cash equivalents at December 31	20	**611,567**	**805,386**

1) The comparative figures for Other operating income, Other operating expenses, Interest income and similar items and Interest expenses and similar items for 2022 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. This adjustment increased operating profit by MSEK 0.1 and decreased non-cash items by MSEK 0.1 for 2022.

2) Unrealized exchange rate losses have been reclassified since the year-end report. There has also been an addition regarding disposal of assets to the adjustment for non-cash items as well as investments in tangible assets since the year-end report.

Parent Company income statement

Amounts in kSEK	Note	2023	2022
Operating income, etc.			
Net revenue	5	615,995	228,291
Other operating income[1]	6	4,124	334
Operating income		**620,119**	**228,625**
Operating expenses			
Project expenses		-89,627	-74,326
Other external expenses	8.9	-73,049	-41,956
Personnel expenses	7	-191,095	-115,650
Depreciations of tangible assets	14	-7,439	-6,621
Other operating expenses[1]	10	-8,132	-8,337
Total operating expenses		**-369,342**	**-246,890**
Operating profit/loss		**250,777**	**-18,265**
Profit/loss from financial items			
Interest income and similar items[1]	11	34,225	8,285
Interest expenses and similar items[1]	11	-10,011	-1,557
Profit/loss after financial items		**274,992**	**-11,537**
Appropriations			
Change in tax allocation reserve		-55,900	-
Change in accelerated depreciation		-4,222	-
Profit/loss before tax		**214,870**	**-11,537**
Tax	12	-34,538	65
Profit/loss for the year		**180,332**	**-11,472**

1) The comparative figures for Other operating income, Other operating expenses, Interest income and similar items and Interest expenses and similar items for 2022 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. This adjustment increased operating profit by MSEK 0.1 and decreased financial items by MSEK 0.1. Profit/loss after financial items for 2022 remained unchanged.

There are no items in the Parent Company recognized as other comprehensive income, thus comprehensive income conforms to profit for the year.

Parent Company balance sheet

Amounts in kSEK	Note	Dec. 31, 2023	Dec. 31, 2022
ASSETS			
Non-current assets			
Tangible assets			
Leasehold improvements	14	2,439	3,153
Equipment	14	21,037	20,379
		23,476	**23,531**
Financial assets			
Shares in subsidiaries	15	140	50
Other non-current financial assets	16	1,627	1,606
Deferred tax assets	12	533	453
		2,301	**2,109**
Total non-current assets		**25,777**	**25,641**
Current assets			
Short-term receivables			
Trade receivables		315	-
Current tax assets	12	-	1,216
Other current receivables	18	8,164	6,740
Current investments	17	500,000	
Prepaid expenses and accrued income	19	36,770	9,886
		545,250	**17,842**
Cash and bank balances	17.20	**609,417**	**805,342**
Total current assets		**1,154,667**	**823,184**
TOTAL ASSETS		**1,180,444**	**848,825**

Parent Company balance sheet *cont.*

Amounts in kSEK	Note	Dec. 31, 2023	Dec. 31, 2022
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	21	1,766	1,763
Statutory reserve		958	958
		2,724	**2,721**
Non-restricted equity			
Share premium reserve	22	580,979	566,001
Retained earnings	22	233,607	229,548
Profit/loss for the year	22	180,332	-11,472
		994,918	**784,078**
Total equity		**997,642**	**786,798**
Untaxed reserves	23	**60,122**	-
Current liabilities			
Trade payables		32,262	21,491
Current tax liabilities	12	33,597	-
Other current liabilities		9,071	5,427
Accrued expenses and prepaid income	26	**47,750**	**35,108**
Total current liabilities		122,680	62,026
TOTAL EQUITY AND LIABILITIES		**1,180,444**	**848,825**

Parent Company statement of change in equity

		Restricted equity		*Non-restricted equity*		
Amounts in kSEK	Note	Share capital	Statutory reserve	Share premium reserve	Other non-restricted equity	Total equity
Opening balance at January 1, 2022		**1,761**	**958**	**560,018**	**226,789**	**789,526**
Comprehensive income						
Profit/loss for the year		-	-	-	-11,472	-11,472
Total comprehensive income		**-**	**-**	**-**	**-11,472**	**-11,472**
Transactions with shareholders						
New share issue through exercise of employee stock options		1	-	5,983	-	5,985
Share-based remuneration	7	-	-	-	2,760	2,760
Total transactions with shareholders		**1**	**-**	**5,983**	**2,760**	**8,744**
Closing balance at December 31, 2022		**1,763**	**958**	**566,001**	**218,077**	**786,798**
Opening balance at January 1, 2023		**1,763**	**958**	**566,001**	**218,077**	**786,798**
Comprehensive income						
Profit/loss for the year		-	-	-	180,332	180,332
Total comprehensive income		**-**	**-**	**-**	**180,332**	**180,332**
Transactions with shareholders						
New share issue through exercise of employee stock options		4	-	14,978	-	14,982
Share-based remuneration	7	-	-	-	15,530	15,530
Total transactions with shareholders		**4**	**-**	**14,978**	**15,530**	**30,512**
Closing balance at December 31, 2023		**1,766**	**958**	**580,979**	**413,939**	**997,642**

Parent Company cash flow statement

Amounts in kSEK	Note	2023	2022
Operating profit/loss[1]		250,777	-18,265
Adjustment for non-cash items[1]	28	9,146	-49,347
Interest received		34,225	2,535
Interest paid		-9	-191
Income tax paid		338	340
Cash flow from operating activities before change in working capital		**294,478**	**-64,928**
Increase (-) / Decrease (+) in operating receivables		-13,682	-2,829
Increase (+) / Decrease (-) in operating liabilities		25,796	27,328
Cash flow from operating activities		**306,591**	**-40,429**
Investments in tangible assets	14	-7,384	-12,746
Change in non-current financial assets		-500,112	-18
Cash flow from investing activities		**-507,495**	**-12,763**
New share issue through exercise of employee stock options		14,982	5,985
Cash flow from financing activities		**14,982**	**5,985**
Cash flow for the year		-185,923	-47,207
Cash and cash equivalents at January 1		805,342	848,359
Exchange rate differences in cash and cash equivalents		-10,002	4,190
Cash and cash equivalents at December 31	20	**609,417**	**805,342**

1) The comparative figures for Other operating income, Other operating expenses, Interest income and similar items and Interest expenses and similar items for 2022 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. This adjustment increased operating profit by MSEK 0.1 and decreased non-cash items by MSEK 0.1 for 2022.

Notes

NOTE 1 General information

BioArctic AB (publ), corporate identity number 556601-2679, is the Parent Company in a Group focused on neurodegenerative disorders. The company has leading competence in research and development of innovative biological drugs, such as antibodies, that address high unmet medical needs.

The shares of BioArctic AB have been listed on Nasdaq Large Cap since January 2, 2023.

The Group's business is conducted in the Parent Company. BioArctic is a limited liability company with its registered office at Warfvinges väg 35, SE-112 51 Stockholm, Sweden.

The annual accounts and consolidated financial statements were approved by the Board of Directors on April 17, 2024 and have been submitted for ratification at the Annual General Meeting on May 22, 2024.

NOTE 2 Summary of material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary accounting rules for groups, the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The income statement is classified according to nature of expenses. The Group's financial statements have been prepared based on historical costs, which means that assets and liabilities are recognized at these values and, where appropriate, certain financial instruments are measured at fair value. The financial statements have been prepared on the assumption that the Group pursues its operation in accordance with the going concern principle, which entails the premise that the Group will be able to settle its debts as they mature. To confirm the assumption of a going concern in preparing the financial reports, the Group has taken the following specific factors into account:

- The Group's liquidity is deemed to remain stable
- The Group does not have any external loan financing
- The Group's financial position is good, with a high debt/equity ratio of 88.2 percent
- As of December 31, 2023, up to MEUR 84 in milestone payments remained to be received from Eisai. Apart from the milestone payments, royalty payments are due to BioArctic based on the global sales of lecanemab, which have the potential to provide significant revenue.
- Management prepares an annual budget and long-term strategy plans, including an assessment of the Group's cash-flow needs, and continues to monitor actual outcome against budget and strategy plans throughout the reporting period.

Based on these factors, management is of the opinion that the Group has and will continue to have adequate resources to continue its operations for the foreseeable future. The financial statements have also been prepared with the application of the accrual basis of accounting.

The functional currency of the Parent Company, including all its subsidiaries, and the reporting currency of the Group is the Swedish krona (SEK). All amounts are indicated in thousands of Swedish kronor (kSEK) unless otherwise indicated. Amounts in parentheses refer to the previous year. Negative figures are either expenses or payments (cash flow).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Furthermore, the Board of Directors and company management are required to make certain assessments in applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

CLIMATE-RELATED ISSUES

The material assumptions, assessments, and estimations that form the basis of preparation for the report are deemed not to have been substantially impacted by climate-related issues.

As of the balance-sheet date, management has not identified any material risks to the Group that originate from climate change and could adversely affect the Group's financial reports. Going forward, the company will prepare for measuring significant parts that are impacted by the new European Corporate Sustainability Reporting Directive (CSRD) such as suppliers, employee travel, and so on.

NEW AND AMENDED STANDARDS FROM 2022

A number of new standards, amendments and interpretations of existing standards entered force during the financial year. These have had no material effect on the Group's financial statements.

NEW AND AMENDED STANDARDS FROM 2023 ONWARD

Changes to IAS 1 Presentation of Financial Statements. This change means that the requirement in IAS 1 for disclosure of significant accounting policies has been replaced with a requirement for material accounting policies. The Group has analyzed and adapted its accounting policies based on the materiality criteria in IASB's Practice Statement 2. A number of new standards and changes to interpretations of existing standards will enter force for financial years beginning after January 1, 2024, that were not applied in advance in preparing the Group's financial statements. New and amended standards with future application are deemed to have no material effect on the Group's financial statements.

Note 2, cont.

CONSOLIDATION

Subsidiaries are all companies over which the Group has a controlling interest. The Group controls a company when the Group is exposed to, or has rights to, variable returns from its holdings in the company and has the ability to influence those returns through its power in the company. Subsidiaries are included in the consolidated financial statements as of the date controlling interest was transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Gains and losses resulting from inter-company transactions and which are recognized among assets are also eliminated. The accounting policies for subsidiaries have been changed where necessary to ensure consistent application of Group policies.

SEGMENT REPORTING

An operating segment is a part of the Group that conducts operations from which revenue can be generated and incurs costs, and for which independent financial information is available.

The highest executive decision-maker in the Group monitors operations at the aggregate level, which means the operations constitute the same segment and no separate segment information is therefore presented. The Board of Directors has been identified as the highest executive decision-maker in the Group.

FOREIGN CURRENCY TRANSLATION

Functional and reporting currency

Items included in the financial statements for the different units in the Group are measured in the currency used in the financial environment where the respective companies primarily operate (functional currency). The consolidated financial statements use Swedish kronor (SEK), which is the Parent Company's functional and reporting currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss.

REVENUE

The Group's revenue consists primarily of revenue from licensing and collaboration agreements, with the revenue streams coming primarily from milestone payments, royalties and remuneration from collaboration agreements regarding cost coverage for own research and for own commercial operations.

Licensing and collaboration agreements

Revenue from licensing and collaboration agreements comprises remuneration from research agreements, milestone payments, non-recurring and licensing remuneration and royalties. In addition, BioArctic may have contractual rights to remuneration for costs incurred.

The transaction price is established based on what the Group expects to receive from each agreement in exchange for transfer of the goods or services agreed on. The revenue is recognized either at a given point in time or over time when (or if) the Group fulfills its performance obligations by transferring the goods or services promised to the customer.

The Group recognizes a contract liability when it has received the payment obtained regarding its unfulfilled performance obligations and recognizes these amounts as deferred income in the balance sheet. In the same way, if the Group fulfills a performance obligation before compensation is received, it recognizes either accrued income or a receivable in the balance sheet, depending on if any aspect other than time determines when remuneration falls due.

Research collaborations (remuneration from research agreements)

Revenue recognition reflects earnings under the specific terms of the agreement and is applied individually to each transaction. The revenue is recognized over time based on fulfillment of the performance obligations. The Group measures the course of events toward complete fulfillment by continually evaluating the degree of completion based on costs incurred in the research collaborations.

Milestone payments

The performance obligations for milestones achieved are recognized as revenue at a given point in time. Revenue for milestone payments consists of a transaction price agreed on in advance.

Non-recurring and licensing remuneration

Non-recurring remuneration upon signing of an agreement is normally without a repayment obligation and is recognized at a given point in time. It normally pertains to the right to develop, register, market and sell BioArctic's patented products within a given geographical area and within a given indication. Non-recurring remuneration can also consist of remuneration for technology or transfer of knowledge to the partner, or consist of remuneration for the right to acquire a license in the future.

Royalty income

Royalty income normally arises continually when distributors recognize sales. This recognition occurs in the same period as the sales.

Note 2, cont.

Remuneration for costs incurred and sale of products
Remuneration for costs incurred (i.e. costs invoiced onward to the customer) is recognized in the period when it arises. Revenue from sales of products is recognized at the point in time when control transfers to the customer.

Other operating income

In addition to government grants, the Group also has other operating income in the form of currency exchange gains of an operational nature and gains from the divestment of tangible assets.

GOVERNMENT GRANTS

The Group's government grants are recognized as other operating income.

Government grants
Revenue from government grants is recognized as revenue when it is reasonably certain that the Group will fulfill the conditions associated with the grant, and the government grant will be received. Grants received before the terms for recognizing it as revenue are fulfilled are recognized as liabilities.

EXPENSES, FINANCIAL ITEMS AND TAXES

Project expenses

Project costs pertain to direct external costs for BioArctic's research and drug development in preclinical and clinical studies as well as regulatory operations.

Development costs that have been expensed cannot be recognized as an asset in subsequent periods. BioArctic has no expenditures that fulfill all the criteria, and all research and development costs have therefore been expensed. The external projects are owned by our partners, and BioArctic has no costs for the clinical programs.

Other external expenses

Operating expenses that do not belong to project expenses and pertain primarily to costs for consultants, offices and other services are recognized as other external expenses.

Remuneration to employees

Contractual remuneration
BioArctic had two rewards programs during 2022 (for 2023 one program remains) that covered all permanent employees, which means there is a variable remuneration component that can be paid out, in addition to the fixed remuneration, in conjunction with the fulfillment of targets linked to the clinical research programs. Refer to the information provided in Note 7. The variable remuneration is not pensionable. BioArctic has no agreements covering post-employment benefits.

Defined-contribution pension plans
The Group's pension plans are defined-contribution, and pertain to the fees the company pays to the plan or to the insurance company and the return on capital the fees generate. Consequently, the employee bears the actual risk (that the payment will be lower than expected) and the investment risk (that the assets invested will be insufficient to generate the expected payments). The Group has no defined-benefit pension plans.

Share-based remuneration
BioArctic has a share-based remuneration program, settled in the form of equity instruments, for its employees. The program runs over 5.5 years and requires the employee to remain in their employment for the term of the program. When the employee receives share-based remuneration, the fair value of the employees' services is determined at the fair value of the equity instrument allotted. The fair value is calculated at the time of allotment using the Black & Scholes model. The fair value of the warrants allotted is recognized as a personnel expense with a corresponding increase in retained earnings, and spread over the vesting period based on the best possible estimate of the number of share warrants expected to be vested. The effect of amended estimates for the number of share warrants vested is recognized in the period in question.

Social security contributions attributable to share-based instruments for employees as remuneration for services purchased are expensed across the vesting period. The provision is based on fair value of the warrants and remeasured at every reporting date based on an estimate of the fees that could be paid when the instruments are redeemed.

Other operating expenses

Currency exchange losses of an operational nature and losses in connection with divestment of tangible assets are recognized as other operating costs.

Financial income

Financial income pertains to interest income on bank funds and receivables, as well as dividend income where applicable and positive foreign exchange differences on financial items. Financial income is recognized in the period to which it pertains.

Financial expenses

Financial expenses pertain to interest and other costs arising in conjunction with borrowing, and are recognized in profit or loss in the period to which they pertain. Negative foreign exchange differences on financial items and negative interest on cash and cash equivalents are also included in financial expenses.

Taxes

Tax for the period consists of current tax and deferred tax. Taxes are recognized in profit or loss, except when the underlying transaction is recognized in other comprehensive income or directly against equity, when the associated tax effect is also reported on this line.

Note 2, cont.

Current tax is the estimated tax on the taxable earnings for the period. Taxable earnings differ from recognized earnings by having been adjusted for non-taxable and non-deductible items. Current tax is tax to be paid or received as regards the current year, adjusted for any current tax attributable to earlier periods. Foreign tax held is recognized in the balance sheet to the extent it is deemed it can be settled against Swedish corporate tax.

Deferred income tax is recognized using the balance sheet method, which means that deferred tax liabilities are recognized in the balance sheet for all temporary differences arising between the carrying amount and taxable value of assets and liabilities. If the temporary difference arose upon the initial recognition of assets and liabilities constituting an asset acquisition, on the other hand, the deferred tax is not recognized.

Deferred tax assets regarding deductible temporary differences and loss carry forwards are only recognized to the extent it is likely that the amount can be utilized against future taxable surplus. Deferred tax is determined in accordance with statutory tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

RESEARCH AND DEVELOPMENT / INTANGIBLE ASSETS

Expenditures regarding development are capitalized and recognized in the balance sheet as intangible assets if the criteria for recognition in the balance sheet under IAS 38 Intangible assets are met. There are no expenditures in the Group that meet the criteria for being recognized as an asset, since the current projects are in an early stage and thus associated with the risk that they cannot be completed. This may change in the future, and costs attributable to development projects are recognized as intangible assets when all the following criteria are met:

1. It is technically feasible for the company to complete the intangible asset so that it will be available for use or sale.
2. The company intends to complete the intangible asset and use or sell it.
3. The company has the potential to use or sell the intangible asset.
4. The company can demonstrate how the intangible asset will generate probable economic benefits.
5. There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
6. The company can reliably estimate the expenditures attributable to the intangible asset during its development.

TANGIBLE ASSETS

Tangible assets are recognized at cost less accumulated depreciation and write-downs. The cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is likely that future economic benefits associated with the item will fall to the Group and the cost of the item can be measured reliably. The useful life for inventory and equipment is deemed to be five years. Leasehold improvements are written-off based on the estimated useful life.

Right-of-use assets (leases) reported separately in the balance sheet are described in Note 14.

LEASED ASSETS

The Group as lessee

An agreement is assessed as to whether or not it is a lease. A lease is defined as "an agreement that transfers the right of use of the underlying asset for a given period in exchange for remuneration." The agreements are assessed as to whether they fulfill the three criteria below in order to be considered as meeting the definition of a lease:

1. The agreement contains an identified asset
2. The Group has the right to all the material economic advantages arising through use of the identified asset throughout the entire lease period
3. The Group has the right to control the use of the identified asset throughout the entire lease period

Right-of-use assets and lease liabilities are recognized separately in the balance sheet.

FINANCIAL INSTRUMENTS

A financial instrument is any form of agreement that gives rise to a financial asset or financial liability. Financial assets in the balance sheet pertain to trade receivables and other receivables as well as cash and cash equivalents. In 2023, the Group chose to lock parts of its cash and cash equivalents into fixed interest-rate accounts for up to 12 months, and these are thus recognized under Current assets excl. cash and cash equivalents. Financial liabilities pertain to trade payables, lease liabilities and contractual accrued expenses. The Group holds no derivatives.

TRADE RECEIVABLES

Trade receivables are reported net after reserves for expected credit losses. The expected duration of trade receivables is short, which is why the value is recognized at a nominal amount without discounts using the amortized cost method. The Group uses a simplified method for recognizing trade and other receivables as well as contract assets, and recognizes expected credit losses for the remaining duration. In this calculation, the Group uses its historical experience, external indicators and forward-looking information to estimate the expected credit losses. The amount reserved is recognized over profit or loss.

Note 2, cont.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, bank balances and, where appropriate, other current investments with a due date within three months. Cash and cash equivalents are recognized at the nominal amount.

TRADE PAYABLES

These amounts represent liabilities for goods and services provided to the Group that are unpaid prior to the end of financial year. Trade payables are categorized as other financial liabilities. Since trade payables have a short expected duration, the value is recognized at the nominal amount.

EQUITY

Share capital represents the nominal value of shares issued. Transaction costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds. Retained earnings comprise profit carried forward and share-based remuneration to employees for the current and previous financial years.

Share premium reserve is recognized as other contributed capital and statutory reserves are recognized as reserves.

CASH FLOW STATEMENT

Cash flow from operating activities is prepared using the indirect method, whereby profit or loss is adjusted with transactions of a non-cash nature and items of income or expense associated with investing and/or financing cash flows.

ALTERNATIVE PERFORMANCE MEASURES

The Group applies ESMA guidelines for alternative performance measures. In accordance with these guidelines, the Group's alternative performance measures are defined in Note 32. The Group applies alternative performance measures since the company believes they provide valuable supplementary information to management and investors, as they are central to understanding and evaluating the Group's operations.

PARENT COMPANY ACCOUNTING POLICIES

The Parent Company complies with the Swedish Annual Accounts Act and the recommendation of the Financial Reporting Council, RFR 2 Accounting for legal entities. The application of RFR 2 means that in the annual report for the legal entity, the Parent Company applies all IFRS and opinions approved by the EU to the extent possible as part of the Annual Accounts Act and the Pension Obligations Vesting Act, and taking into account the connection between reporting and taxation. The recommendation indicates which exceptions from and additions to IFRS can be made.

Consequently, the Parent Company applies the principles presented in Note 2 of the consolidated financial statements, with the exceptions indicated below. The principles have been consistently applied to all the years presented, unless otherwise stated. Assets, provisions and liabilities have been measured at cost unless otherwise stated.

Presentation formats

The income statement and balance sheet follow the presentation format indicated in the Annual Accounts Act. This entails certain differences compared with the consolidated financial statements – for example, sub-items under equity have different designations.

Shares and participations in subsidiaries

Shares and participations in subsidiaries are recognized at cost, less any impairments.

Deferred income tax

Amounts allocated to untaxed reserves constitute taxable temporary differences. Owing to the connection between reporting and taxation, however, the deferred tax liability on untaxed reserves in a legal entity is reported as part of the untaxed reserves. Appropriations of profits in profit or loss are also reported including deferred tax.

Leases

Lease fees are expensed on a linear basis over the term of the lease. No right of use or lease liability is recognized in the balance sheet.

NOTE 3 Financial risk management

FINANCIAL RISK FACTORS

Through its operations, the Group is exposed to various financial risks. The overall goal of financial risk management is to minimize the risks of negative impact on the Group's earnings.

Foreign exchange risk

Foreign exchange risk pertains to the risk of impact on the Group's earnings and financial position as a consequence of changes in exchange rates. The Group has no loans in foreign currencies, and is therefore not exposed to any foreign exchange risk in connection with borrowing. Purchases and revenue in foreign currencies give rise to transaction exposure. Purchases in foreign currencies are primarily in EUR, USD, GBP, NOK, DKK and CHF. Purchases for 2023 totaled kEUR 3,793 (1,833), kUSD 1,516 (1,572), kGBP 492 (501), kNOK 4,276 (-), kDKK 4,584 (-) and kCHF 363 (194). Revenue in foreign currencies for 2023 totaled kEUR 52,789 (15,793). The table below shows the material balance sheet items in foreign currencies that the Group had as of December 31, 2023 and what impact a 10-percent change in the net amount in EUR, GBP, USD, DKK, NOK and CHF would have on earnings.

Amounts in kSEK per Dec. 31, 2023

					+/- 10%	
Currency	Trade receivables	Cash and cash equivalents	Accounts payable	Net per currency	Before tax	After tax
EUR	0	145,818	-8,931	136,887	13,689	10,869
GBP	0	1,403	-489	914	91	73
USD	0	396	-2,195	-1,800	-180	-143
DKK	0	2,218	-424	1,794	179	141
NOK	0	255	-22	233	23	18
CHF	0	1,238	-1,223	15	2	1
Total	**0**	**151,328**	**-13,285**	**138,043**	**13,804**	**10,959**

Amounts in kSEK per Dec. 31, 2022

					+/- 10%	
Currency	Trade receivables	Cash and cash equivalents	Accounts payable	Net per currency	Before tax	After tax
EUR	0	14,974	-908	14,066	1,407	1,117
GBP	0	5,800	-286	5,514	551	438
USD	0	12,429	-2,967	9,462	946	751
DKK	0	0	0	0	0	0
NOK	0	0	0	0	0	0
CHF	0	1,850	0	1,850	185	147
Total	**0**	**35,053**	**-4,161**	**30,892**	**3,089**	**2,453**

Interest rate risk

The Group has significant holdings in banks that are impacted by interest rate levels, which means that the Group is exposed to interest rate risk on its cash and cash equivalents and its current investments. At December 31, 2023, the Group had cash and cash equivalents of kSEK 611,567 (805,386) and current investments of kSEK 500,000 (-). A change of 0.5 percentage points in the interest rate would entail an annual impact on earnings of kSEK 5,558 (4,027) before tax and kSEK 4,413 (3,197) after tax. As of December 31, 2023 the Group had no external loan financing, and thus has no interest rate risk for such commitments.

Financing risk

BioArctic's financial position is strong, since the company has no external loan financing and has a positive net cash balance. The access to capital is impacted by several different factors, including the performance of current research and development projects as well as partnership and licensing agreements. The point in time and scope of further financing needs depend not only on how milestone payments fall due, but also on whether the Group succeeds in signing new collaboration agreements and on market reception of potential future products. It is vital that the Group's partners continue to collaborate with BioArctic, since future revenue is currently dependent on these partnerships. General access to credit and BioArctic's creditworthiness also impact the financing risk.

Liquidity risk

Liquidity risk (i.e. the risk that the Group does not have sufficient cash funds to meet the needs of operating activities) is deemed to be low over the short and medium term, since the

Note 3, cont.

Group has a positive net cash balance and thereby good access to cash and cash equivalents. Group Management actively monitors the liquidity situation to call attention to liquidity risks in a timely manner. The Group has no financial investments apart from bank balances.

Credit risk

Credit risk is the risk that a counterparty does not fulfill an obligation toward the company. BioArctic's credit risk is low, since the Group does not have any external loan financing and thereby does not run any credit risk for bank loans it has signed. The Group also has limited credit exposure in relation to customers, including outstanding receivables. The Group has a significant amount of cash and cash equivalents with the Group's banks, but the counterparty risk is deemed to be very low.

OPERATIONAL AND STRATEGIC RISKS

Refer to the "Risks and risk management" section in the Board of Directors' Report for a description of the most important operational and strategic risks. The risks that the Group has identified are related to outcomes in outlicensed projects being conducted by the company's partners, and projects being conducted in-house. In addition, there are risks in the overall portfolio strategy, risks related to the company's partners, impact from competitors, events beyond the company's control such as pandemics, government decisions, IT and information security risks, product responsibility and insurances, patent protection and employee risks as well as climate, sustainability and environmental risks.

SENSITIVITY ANALYSIS

Sensitivity analyses have been prepared concerning foreign exchange risk and interest rate risk as described above.

CAPITAL MANAGEMENT

The Group's objective as regards capital management is to safeguard its ability to continue as a going concern, so that it can continue to generate returns for shareholders and benefits for other stakeholders. An optimal capital structure promotes keeping the costs of capital down. To maintain or adjust the capital structure, the Group can issue new shares, or alternately pay a dividend to its shareholders.

NOTE 4 Significant accounting estimates and judgments

To prepare financial statements in accordance with IFRS, Group Management and the Board of Directors must make assessments and assumptions. These impact recognized asset and liability items, and revenue and expense items as well as other information submitted. The assessments are based on experiences and assumptions that Group Management and the Board deem to be reasonable under the prevailing circumstances. Actual outcome may then differ from these assessments if other conditions emerge. The assessments that are most material to the preparation of the consolidated and Parent Company financial statements are described below.

Royalties

Assessments that impact the reporting of royalty revenue are carried out as part of the existing agreements between the parties. Revenue pertaining to royalties is recognized based on actual sales, and in the period when the sales occurred. Currency translations are carried out in accordance with agreements, and impact the revenue that is recognized in local currency.

Revenue from co-promotion

The agreement with Eisai that forms the basis for co-promotion regulates how resources are to be added jointly from the companies in order to sell lecanemab in the Nordic countries. The earnings from this partnership are divided equally between the parties. Recognition of revenue from co-promotion is built on costs incurred for personnel and other external expenses. Assessments that impact the reporting of co-promotion revenue are carried out as part of the existing agreements between the parties.

Revenue from research collaborations

Recognition of revenue from research collaborations is based on the degree of completion as regards fulfillment of performance obligations. These performance obligations may change as a result of certain sub-operations being terminated while others may need to be added or reworked. This could lead to changes in the amount assessed against complete fulfillment of the performance obligation, which could entail an adjustment of revenue. The Group reviews all projects on a quarterly basis to ensure that revenue is based on a course of events toward a complete fulfillment of the performance obligations.

For further information on revenue recognition, refer to Note 5.

Research expenditure

Internal development expenditure is capitalized only if it meets the reporting criteria in IAS 38 Intangible Assets. Where the uncertainty in legislation and other circumstances are such that the criteria are not met, the expenditure is charged to earnings; this is almost without exception the case before the drug has been approved by the relevant supervisory authority. When the reporting criteria are met, intangible assets are capitalized and amortized on a straight-line basis over their economic life starting from the launch of the product. As of December 31, 2023 no amounts have met the reporting criteria.

NOTE 5 Net revenue

The table shows the distribution of revenue by geographic market and revenue type.

	Group		*Parent Company*	
Amounts in kSEK	**2023**	**2022**	**2023**	**2022**
Net revenue by geographic market				
Europe (Ireland)	-	58,478	-	58,478
Asia (Japan)	615,995	169,813	615,995	169,813
Total net revenue	**615,995**	**228,291**	**615,995**	**228,291**
Net revenue by type				
Royalties, recognized over time	10,203		10,203	
Co-promotion, recognized over time	5,472		5,472	
Milestone payments, recognized at a given point in time	592,017	161,460	592,017	161,460
Income from research agreements, recognized over time	8,303	66,831	8,303	66,831
Total net revenue	**615,995**	**228,291**	**615,995**	**228,291**

For the 2023 financial year, one individual customer accounted for more than 10 percent of sales. For the 2022 financial year, two individual customers accounted for more than 10 percent of sales.

Essentially, BioArctic's net revenue consists of revenue from milestone payments and research collaborations with Eisai on Alzheimer's disease. Starting in 2023, BioArctic will also received co-promotion and royalty revenue based on sales of lecanemab.

For milestone payments, fixed payments can be received at an amount determined in advance based on contractual milestones. Net sales in financial year 2023 amounted to MSEK 616.0 (228.3), and the increase is attributable primarily to four milestone payments totaling MSEK 592.0, corresponding to MEUR 52. The royalties that are received from Eisai are divided into two parts: royalties of 9 percent to BioArctic on global sales excluding the Nordic region, and remuneration of 1 percent of sales in the US and 1.5 percent of sales in Rest of World, which BioArctic pays onward to LifeArc for the royalty commitments BioArctic has toward the latter company. Royalty revenue from sales of Leqembi in the US totaled MSEK 10.2 (-). BioArctic has a co-promotion agreement with Eisai pertaining to commercialization of lecanemab in the Nordic countries, with the companies jointly adding resources for the purpose of selling lecanemab in the Nordic countries. The earnings from this partnership are divided equally between the parties. For full-year 2023, revenue from the co-promotion agreement totaled MSEK 5.5 (-) pertaining to remuneration for costs expended for preparations for launch.

For previous financial years, remuneration from the partnership with AbbVie also formed part of net sales, corresponding to MSEK 58.5 for 2022 and MSEK 701.6 over time. The partnership with AbbVie concluded in 2022. The Group did not have any prepaid income as of December 31, 2023.

NOTE 6 Other operating income

	Group		*Parent Company*	
Amounts in kSEK	**2023**	**2022**	**2023**	**2022**
Operational foreign exchange gains	3,812	175	3,527	175
Vinnova grants	-	1,141	-	1,141
Costs invoiced onward and other remuneration	270	254	597	254
Foreign exchange losses[1]	-	-1,236	-	-1,236
Total other operating income	**4,082**	**334**	**4,124**	**334**

1) The comparison figures for Other operating income for full-year 2022 have been amended owing to reclassification of foreign exchange gains and losses between exchange rate results of an operating nature and exchange rate results of a financial nature. The adjustment decreased other operating profit by MSEK 1.2. Profit/loss after financial items for full-year 2022 remained unchanged.

NOTE 7 Employees

Remuneration to CEO and senior executives

CEO Gunilla Osswald received remuneration of kSEK 4,422 as fixed annual salary in 2023, which included benefits and amendments pertaining to annual leave owed. Over and beyond that, there is an additional pension provision of 35 percent. The CEO is covered by the rewards program covering all employees; see below. In 2023, the CEO had variable remuneration of up to 35 percent of annual salary. Between the company and the CEO, there is a notice period of 12 months by the company and 6 months by the CEO. Upon termination by the Company, the company has the right to relieve the employee during the notice period.

Group management comprises nine senior executives. Senior executives except the CEO receive normal market remuneration and individually negotiated premiums for service pension or alternately premiums under the terms of the company's pension plan. All other employees receive market salaries, and premiums are allocated to the occupational pension in accordance with the terms of the company's pension plan. All employees have a contractual mutual notice period of three months or alternately in accordance with the Employment Protection Act.

Severance pay is not applied. For non-executive Board members, fees have been paid pursuant to the resolutions of the Annual General Meeting.

BioArctic has one rewards program covering all permanent employees. One condition for receiving variable remuneration is that the employee has been employed for more than six months at the time when the goal that forms the basis for payment of variable remuneration is reached. The goals are linked to milestones achieved under the research program for Alzheimer's disease. The potential variable remuneration to the employee amounts to one month's salary per milestone. The variable remuneration is not pensionable.

Share-based remuneration to employees

BioArctic has two ongoing long-term incentive programs that were resolved on at the Annual General Meetings in 2019 and 2023.

The 2019/2028 employee stock option program covers at most 1,000,000 employee stock options. To facilitate the company's delivery of shares under the 2019/2028 employee stock option program, the AGM resolved on a private placement of 1,000,000 warrants.

The maximum dilution effect of the 2019/2028 employee stock option program is estimated to be 1.1 percent of share capital and 0.5 percent of the voting rights in the company (calculated based on the number of existing shares in the company), provided that all employee stock options are fully exercised. The employee stock options can be exercised for subscription of shares between three and five years after allocation. The program extends over five years and six months from the point in time of allocation for the respective employees. The warrants grant participants the right to acquire 60 percent of the allotted share rights after three years, a further 20 percent after four years and the remaining 20 percent after five years, provided that the participant remains employed in the Group.

On the balance sheet date (December 31, 2023), 915,000 employee stock options had been allotted, and no further allocation will take place. Of these, 70,000 employee stock options were allotted in 2023. The total number of warrants forfeited on December 31, 2023 was 10,000, and the number of warrants redeemed was 255,000, which means that 590,000 employee stock options were outstanding at the end of the year, corresponding to a maximum dilution effect of 0.7 percent of the shares at the end of the year.

The 2023/2026 share rights program is a three-year incentive program covering at most 125,000 performance share rights which, provided that the share price increases at least 30 percent over a three-year period, grants participants the right to receive shares, free of charge or cash payment. A total of 117,500 performance share rights were allotted in 2023, and no further allocation will take place. If the Board of Directors chooses to exercise all of the warrants for delivery of B shares or financing the company's costs for the incentive program, the dilution effect could total a maximum of 0.1 percent of the number of shares at the end of the period.

Guidelines for remuneration to senior executives

The guidelines cover the Chief Executive Officer, the Executive Vice President (if applicable) and the individuals who are members of Group management at any given time. To the extent that the Board members of the company perform work for BioArctic alongside their Board assignments, these guidelines will also apply to any remuneration paid to the Board member for such work. The guidelines adopted at the 2022 Annual General Meeting are applicable to remuneration that is contracted, and to changes that are made to previously contracted remuneration. The guidelines also cover remuneration that is paid out under the company's existing milestone-based incentive plan. Transfer of securities and granting of rights to the future acquisition of securities from BioArctic are equally considered remuneration.

The guidelines do not cover remuneration resolved on by the General Meeting (e.g. share-based incentive programs). The General Meeting can decide, outside and independently of these guidelines, on share-based and similar remuneration. BioArctic has two ongoing long-term incentive programs that were resolved on at the Annual General Meetings in 2019 and 2023. Executives who hold posts as members or deputy members of the board of directors of the Group company will not receive separate Board fees for this.

Note 7, cont.

Overview of previously adopted guidelines
Ahead of the 2022 Annual General Meeting, the Board of Directors reviewed the guidelines for remuneration to senior executives that were adopted by the 2020 Annual General Meeting.

The Board found that the guidelines needed to be adapted to BioArctic's existing and future milestone-based rewards program.

In brief, the changes to the guidelines mean that remuneration in accordance with existing and future milestone-related rewards programs will not be included in the guidelines on the share of variable remuneration in relation to fixed salary. The guidelines adopted will remain in force until the 2026 Annual General Meeting at the longest.

How the guidelines promote BioArctic's business strategy, long-term interests and sustainability
BioArctic AB is a Swedish research-based biopharma company focusing on disease-modifying treatments for neurodegenerative disorders such as Alzheimer's disease, Parkinson's disease, and ALS. BioArctic focuses on innovative treatments in areas with high unmet medical needs. BioArctic has a balanced, competitive portfolio consisting of unique product candidates, as well as advanced technology for facilitating the passage of drugs across the blood-brain barrier. The project portfolio is a combination of fully funded projects pursued in partnership with global pharma companies and innovative in-house projects with significant market and outlicensing potential.

BioArctic's vision is to generate innovative drugs that improve the life for patients with disorders of the central nervous system. Our work is based on groundbreaking scientific discoveries, and the company's researchers collaborate with strategic partners such as research groups at universities and major pharma companies. BioArctic has a great deal of scientific competence and years of experience in developing drugs from idea to market. BioArctic's business model involves initially pursuing project development in-house and, once the project has reached a phase of development requiring more resources or competence, entering research collaborations and signing collaboration agreements or outlicensing certain commercial rights to global pharma companies.

Successful implementation of BioArctic's strategy and safeguarding of the company's long-term interests presupposes that BioArctic can recruit and retain management with the competence and capacity to achieve the goals that have been set. This requires BioArctic to be able to offer competitive remuneration. These guidelines promote the BioArctic's business strategy, long-term interests and sustainability by providing the company with the possibility of offering competitive remuneration to senior executives.

Forms of remuneration
BioArctic's remuneration system must be market-based and competitive. Remuneration can be paid out in the form of fixed salary, variable remuneration, pensions and other benefits.

Fixed salary
Fixed salary will be individual for each executive and based on the roll of the executive, responsibility, competence, experience and performance. The senior executive can be offered the possibility of a salary exchange between fixed salary and pension and other benefits, respectively, on condition that it is cost-neutral for the company.

Variable remuneration
Variable remuneration will be related to the outcome of BioArctic's goals and strategies and based on predefined and measurable criteria designed to promote long-term value creation. The share of total remuneration that comprises variable remuneration may vary depending on position. At most, however, variable remuneration – except for remuneration under the company's milestone-based rewards program – can correspond to 50 percent of the senior executive's annual fixed salary. Variable remuneration must be non-pensionable to the extent it does not otherwise follow from compulsory provisions in collective bargaining agreements. The Board of Directors must have the opportunity in accordance with either law or agreement and the limitations that follow therefrom to recall variable remuneration that was erroneously paid out. For 2023, the CEO and the other senior executives had the right to variable remuneration between 20 and 35 percent of their annual salaries.

BioArctic has a milestone-based rewards program in Alzheimer's disease that is linked to regulatory milestones, and to milestones that are based on future potential sales. A previously determined amount will be disbursed if and when BioArctic achieves certain pre-defined regulatory milestones, and milestones that are based on future potential sales. The achievement of such milestones is typically associated with significant uncertainty. Variable remuneration under the milestone-based rewards program is disbursed – to the extent it is paid – on an irregular basis in pace with the milestones being achieved. Moreover, remuneration of this kind can be expected to display highly significant variation from one year to another. The design of and uncertainty around the milestone-based rewards programs justify the fact that existing and future programs of a similar design are not covered by the guidelines on the proportion of the variable remuneration in relation to fixed salary.

Criteria for payment of variable remuneration
The criteria that form the basis for payment of variable remuneration, with the exception of the company's milestone-based rewards program, are to be established yearly by the Board of Directors for the purpose of ensuring that the criteria are in line with BioArctic's current business strategy and earnings targets. The criteria may be individual or

Note 7, cont.

shared, financial or non-financial, and must be designed to promote BioArctic's business strategy, sustainability strategy and long-term interests. The criteria can, for example, be linked to: BioArctic achieving certain goals as part of its clinical tests, BioArctic initiating or concluding a certain step or achieving a certain research result as part of its drug development, BioArctic initiating research collaboration with a certain partner, or BioArctic signing a certain agreement. The criteria can also be linked to the employee themselves, for example, the person needing to have worked for BioArctic for a certain period of time. Variable remuneration under milestone-based rewards programs must be linked to pre-defined milestones in BioArctic's development projects or achieving the commercialization of the company's drug candidates.

The period that forms the basis for assessing whether or not the criteria have been met must total at least one year, with the exception of the milestone-based rewards program where payments are based on the achievement of pre-defined milestones. The extent to which the criteria have been met will be assessed once the measurement period has concluded.

Assessment of whether financial criteria have been met will be based on the release of the latest financial information by BioArctic. The Board will decide on payment of any variable remuneration after preparation in the Remuneration Committee.

Pension benefits

Pension benefits must be defined-contribution to the extent the executive is not covered by defined-benefit pension under compulsory provisions in collective bargaining agreements. At most, pension premiums for defined-contribution pensions can correspond to 40 percent of the senior executive's annual fixed salary.

Other benefits

Other benefits can include a company car, occupational health services, life and health insurance and other similar benefits. Other benefits will comprise a smaller share of total remuneration and at most can correspond to 10 percent of the senior executive's annual fixed salary.

Consultancy fees

Consultancy fees must be market-based. To the extent consulting service are performed by a Board member of BioArctic, the Board member concerned does not have the right to take part in the preparation by the Board (or the Remuneration Committee) of questions concerning remuneration for the consulting services in question.

Salary and conditions of employment for employees

In order to assess the reasonableness of the guidelines, the Board of Directors took salaries and conditions of employment for BioArctic's employees into consideration when preparing the proposal for these guidelines. With that, the Board studied information pertaining to the employees' total remuneration, the forms this remuneration took, how remuneration levels have changed over time and the rate at which they changed.

Notice period and severance pay

As regards the CEO, the notice period upon termination by BioArctic will be a maximum of twelve months, while the notice period upon resignation by the CEO will be a maximum of six months.

As regards senior executives other than the CEO, the notice period upon termination by BioArctic will be a minimum of three months and a maximum of twelve months, while the notice period upon resignation by the senior executive will be a minimum of three months and a maximum of six months, if not otherwise prescribed by law.

Severance pay can be paid to senior executives upon termination by BioArctic. Total fixed salary during the notice period and severance pay will not exceed an amount corresponding to two years of the fixed salary.

Remuneration may be paid for a commitment to restriction of competition. Remuneration of this type will compensate for any potential loss of income and will only be paid to the extent that the former senior executive does not have the right to severance pay. At most, the remuneration can total 60 percent of the senior executive's fixed salary upon termination, if nothing else follows from compulsory provisions in collective bargaining agreements.

Remuneration of this type can be paid out during the period the commitment to restriction of competition is in effect, which can be a maximum of 12 months after the termination of employment, with the possibility of deduction against other income from services or in accordance with consultancy agreements.

The decision-making process for establishing, reviewing and implementing the guidelines

The Board of Directors has established a Remuneration Committee, which has been tasked with preparing the Board's decisions on issues concerning remuneration policies, remuneration and other conditions of employment for company management; monitoring and evaluating programs both ongoing and concluded during the year for variable remuneration to company management; and monitoring and evaluating application of the guidelines for remuneration to senior executives that the General Meeting is to resolve on, as well as remuneration structures and remuneration levels in effect at BioArctic. The tasks of the Committee also include preparing Board decisions on proposals for guidelines for remuneration to senior executives.

The Board of Directors will draw up proposals for new guidelines in the event substantial changes to the guidelines

Note 7, cont.

are needed, though at least once every four years. The Board of Directors will present the proposal for resolution at the AGM. The guidelines will remain in effect until new guidelines have been adopted by the General Meeting.

In order to avoid conflicts of interest, senior executives will not be present at the Board of Directors' handling of and decisions on issues related to remuneration to the extent they are impacted by these issues.

Departures from the guidelines

The Board of Directors may decide to temporarily depart from the guidelines if in an individual case there are particular reasons to do so and a departure is necessary in order to serve BioArctic's long-term interests and sustainability or to ensure the company's financial stability.

Particular reasons could, for example, consist of a departure being deemed necessary in order to recruit or retain key persons, or in connection with extraordinary circumstances such as BioArctic achieving a certain desired result in a shorter time than planned, BioArctic successfully signing a certain agreement in a shorter time and on better terms than predicted, or BioArctic increasing in value or increasing its sales or profits to a greater extent than forecast.

AVERAGE NUMBER OF EMPLOYEES

	Group		*Parent Company*	
Number of	2023	2022	2023	2022
Women [1]	50	34	48	34
Men [2]	30	21	28	21
Total	**80**	**55**	**76**	**55**

1) Of which, two women in Denmark

2) Of which, an average of 1.5 men in Finland and 0.5 in Norway

BOARD MEMBERS AND SENIOR EXECUTIVES

	2023		*2022*	
Number of	Balance sheet date	Of whom women	Balance sheet date	Of whom women
BioArctic AB				
Board members	8	2	8	2
CEO and other senior executives	9	4	9	4

SALARIES, REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

	Group		*Parent Company*	
Amounts in kSEK	2023	2022	2023	2022
Salaries and remuneration				
Board of Directors, CEO and other senior executives [1, 2]	58,777	30,246	58,777	30,246
(of which, variable)	(9,437)	(6,470)	(9,437)	(6,470)
Other employees	73,120	42,184	65,318	42,184
Total salaries and remuneration	**131,897**	**72,429**	**124,095**	**72,429**
Social security contributions	44,857	29,352	44,663	29,352
Pension costs	16,631	11,313	15,684	11,313
(of which Board of Directors, CEO and other senior executives)	(5,468)	(5,222)	(5,468)	(5,222)
Total salaries, remuneration and social security contributions	**193,385**	**113,094**	**184,442**	**113,094**

1) This amount for 2023 includes invoiced fees of kSEK 91 (64).

2) For 2022, share-based remuneration to other senior executives increased by kSEK 1,730

The company has no outstanding pension obligations.

Note 7, cont.

REMUNERATION AND OTHER BENEFITS, 2023

Amounts in kSEK	Fixed salary/ Fees	Variable remunera-tion	Pension	Share-based remu-neration	Total
Board of Directors					
Wenche Rolfsen (chairman until June 2023)	308	—	—	—	308
Lars Lannfelt[2]	2,115	—	429	—	2,544
Pär Gellerfors	390	—	—	—	390
Eugen Steiner (chairman as of June 2023)	621	—	—	—	621
Ivar Verner	406	—	—	—	406
Mikael Smedeby	316	—	—	—	316
Håkan Englund	256	—	—	—	256
Lotta Ljungqvist	318	—	—	—	318
Cecilia Edström, as of June 1	187	—	—	—	187
Senior executives					
CEO Gunilla Osswald	4,422	2,764	1,564	13,628	22,378
Other senior executives (8 persons)[2]	12,883	6,673	3,475	13,490	36,522
Total remuneration and other benefits	**22,221**	**9,437**	**5,468**	**27,119**	**64,245**

REMUNERATION AND OTHER BENEFITS, 2022

Amounts in kSEK	Fixed salary/ Fees	Variable remunera-tion	Pension	Share-based remu-neration	Total
Board of Directors					
Wenche Rolfsen (chairman)	696	—	—	—	696
Lars Lannfelt[2]	2,015	—	435	—	2,450
Pär Gellerfors	321	—	—	—	321
Eugen Steiner	350	—	—	—	350
Ivar Verner	400	—	—	—	400
Mikael Smedeby	310	—	—	—	310
Håkan Englund	250	—	—	—	250
Lotta Ljungqvist	293	—	—	—	293
Senior executives					
CEO Gunilla Osswald[3]	4,672	2,092	1,434	531	8,730
Other senior executives (8 persons)[2, 3, 4]	11,605	4,378	3,352	2,332	21,667
Total remuneration and other benefits	**20,912**	**6,470**	**5,222**	**2,863**	**35,467**

2) Lars Lannfelt is active in the company and is employed at 100% of full-time service. Lars was part of the management group until August 31, 2023 but was reported in the Board of Directors only in the table above so as not to be double-counted.

3) For 2022, kSEK 674 pertaining to variable remuneration to the CEO was reclassified from fixed salary to variable remuneration. For 2022, kSEK 1,947 pertaining to variable remuneration to other senior executives was reclassified from fixed salary to variable remuneration in order to tally with the classification for 2023

4) For 2022, share-based remuneration to other senior executives increased by kSEK 1,730

Note 7, cont.

2019/2028 STOCK WARRANT PROGRAM	Number of shares
Outstanding as of January 1, 2022	580,000
Allotted	260,000
Forfeited	-5,000
Redeemed	-71,586
Due	—
Outstanding as of December 31, 2022	**763,414**
Outstanding as of January 1, 2023	763,414
Allotted	70,000
Forfeited	-
Redeemed	-243,414
Due	-
Outstanding as of December 31, 2023	**590,000**
Redeemable as of December 31, 2022	0
Redeemable as of December 31, 2023	**107,000**

2023/2026 SHARE RIGHTS PROGRAM	Number of shares
Outstanding as of January 1, 2023	-
Allotted	117,500
Forfeited/ Redeemed/ Due	-
Outstanding as of December 31, 2023	**117,500**
Redeemable as of December 31, 2022	0
Redeemable as of December 31, 2023	**0**

2019/2028 stock warrant program

The Black & Scholes model was used to calculate the value of the warrants. The volatility used in calculating the value of the warrants was established based on a comparison with similar companies, and has been set at 40 per cent. During the period, an interest rate corresponding to a five-year government bond was used, and no dividend has been assumed. Apart from the above, no other assumptions have been taken into account when calculating the fair value.

2023/2026 share rights program

The value of the warrants was calculated through a Monte Carlo simulation. The volatility used in calculating the value of the share rights was established based on expected future volatility derived from observed historical volatility for the BioArctic share, and has been set at 55 per cent. During the period, an estimated three-year interest rate was used based on observed interest rates for two- and five-year government bonds, and no dividend has been assumed. Apart from the above, no other assumptions have been taken into account when calculating the fair value.

2019/2028 STOCK WARRANT PROGRAM

Allocation	Allotment date	Vesting period concludes	Weighted average remaining contract period	Number of warrants alloted	Share price at allotment date, SEK	Fair value per warrant at allotment-date, SEK	Exercise price, SEK
Allotment 1	Sep. 11, 2019	Sep. 11, 2024	1.2 years	435,000	62.90	17.20	83.60
Allotment 2	Sep. 11, 2019	Sep. 11, 2024	1.2 years	25,000	62.90	17.46	82.46
Allotment 3	Dec. 1, 2019	Dec. 1, 2024	1.4 years	20,000	98.00	47.14	67.75
Allotment 4	Feb. 3, 2020	Feb. 3, 2025	1.6 years	5,000	86.90	26.14	105.37
Allotment 5	May 4, 2020	May 4, 2025	1.8 years	25,000	67.15	26.62	60.19
Allotment 6	Dec. 7, 2020	Dec. 7, 2025	2.4 years	35,000	94.20	34.01	94.19
Allotment 7	Jan. 15, 2021	Jan. 15, 2026	2.5 years	10,000	100.30	35.74	101.76
Allotment 8	Aug. 15, 2021	Aug. 15, 2026	3.1 years	30,000	135.80	52.74	124.80
Allotment 9	Jan. 10, 2022	Jan. 10, 2027	3.5 years	170,000	109.20	33.50	129.82
Allotment 10	Apr. 25, 2022	Apr. 25, 2027	3.8 years	20,000	80.80	19.73	113.34
Allotment 11	Nov. 1, 2022	Nov. 1, 2027	4.3 years	70,000	232.60	99.57	161.71
Allotment 12	Feb. 28, 2023	Feb. 28, 2028	4.7 years	70,000	311.40	97.00	314.77
Total allotment as of December 31, 2023				**915,000**			

2023/2026 SHARE RIGHTS PROGRAM

Allotment	Allotment date	Maturity date	Fair value per warrant at allotment date, SEK	Number of shares the program corresponds to	Vesting rate
Allotment 1	June 1, 2023	May 31, 2026	217.41	107,000	19 %
Allotment 2	Aug. 31, 2023	Aug. 31, 2026	203.40	10,500	11 %
Total number of share rights that the program corresponds to at December 31, 2023				**117,500**	

NOTE 8 Remuneration to the auditors

	Group		*Parent Company*	
Amounts in kSEK	**2023**	**2022**	**2023**	**2022**
Grant Thornton				
Audit engagement	759	550	680	550
Audit services in addition to audit engagement	226	110	226	110
Tax advisory service	160	104	160	104
Other services	105	152	105	152
Total remuneration to Grant Thornton	**1,250**	**916**	**1,171**	**916**

Audit assignment refers to the review of the Annual Report and the accounts, as well as of the administration by the Board of Directors and the CEO, and to other work tasks that it is the business of the company's auditor to perform as well as consultancy or other assistance occasioned by observations in conjunction with such reviews or the performance of other such work tasks.

Audit services in addition to audit engagement pertain primarily to a general audit of interim financial statements.

Tax advisory service includes consultancy on income tax and VAT.

Other services pertain to consultancy not attributable to any of the categories of service named above.

NOTE 9 Commitments

LEASE COMMITMENTS

The Group applies IFRS 16 Leases, which means that leases are recognized in the balance sheet as a right-of-use asset and a lease liability. Both expensed and future lease commitments belong to the Parent Company and pertain to rent for office premises under non-cancelable leases as well as lease payments for company cars where the remaining term of the lease is between 1 and 3 years. For more information on leases, refer to Note 24.

EXPENSED MINIMUM LEASE PAYMENTS

	Parent Company	
Amounts in kSEK	**2023**	**2022**
Lease fees, premises	11,285	10,211
Lease fees, vehicles	990	1,297
Total	**12,275**	**11,509**

FUTURE MINIMUM LEASE PAYMENTS FOR NON-CANCELABLE LEASES

	Parent Company	
Amounts in kSEK	**2023**	**2022**
Within one year	17,276	10,433
Later than one year but not later than five years	60,618	413
Later than five years	**4,968**	-
Total	**82,862**	**10,846**

At December 31, 2023 the Parent Company had signed leases with a lease period that starts in 2024. The total future cash flow for leases that had not yet commenced totaled kSEK 74,521.

OTHER COMMITMENTS

BioArctic has undertaken to conduct research operations to reach predefined milestones. The Group does not have any prepaid income as of December 31, 2023.

NOTE 10 Other operating expenses

	Group		Parent Company	
Amounts in kSEK	2023	2022	2023	2022
Operational foreign exchange losses[1]	8,132	8,337	8,132	8,337
Total other operating costs	**8,132**	**8,337**	**8,132**	**8,337**

1) The comparative figures for Other operating income, Other operating expenses, Interest income and similar items and Interest expenses and similar items for 2022 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. This adjustment increased operating profit by MSEK 0.1 and decreased financial items by MSEK 0.1. Profit/loss after financial items for 2022 remained unchanged.

NOTE 11 Finance income and expenses

	Group		Parent Company	
Amounts in kSEK	2023	2022	2023	2022
Interest charged	34,228	2,535	34,225	2,535
Foreign exchange gains[1]	-	5,750	-	5,750
Total financial income	**34,228**	**8,285**	**34,225**	**8,285**
Non-current lease liabilities	-328	-559	-	-
Foreign exchange losses[1]	-10,003	-1,366	-10,002	-1,366
Financial expenses	-51	-191	-9	-191
Total financial expenses	**-10,382**	**-2,117**	**-10,011**	**-1,557**
Total financial income and expenses	**23,846**	**6,168**	**24,215**	**6,728**

1) The comparative figures for Other operating income, Other operating expenses, Interest income and similar items and Interest expenses and similar items for 2022 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. This adjustment increased financial income by MSEK 1.3 and reduced financial expenses by MSEK 1.4. Profit/loss after financial items for 2022 remained unchanged.

NOTE 12 Tax

	Group		Parent Company	
Amounts in kSEK	2023	2022	2023	2022
Current tax	-34,822	-	-34,618	-
Deferred tax	-12,415	-11	80	65
Total tax on profit for the year	**-47,237**	**-11**	**-34,538**	**65**

RECONCILIATION OF EFFECTIVE TAX

In the table below, reported tax is reconciled against tax based on the Swedish tax rate of 20.6% (20.6%).

RECONCILIATION OF EFFECTIVE TAX

	Group		Parent Company	
Amounts in kSEK	2023	2022	2023	2022
Loss before tax	276,486	-11,168	214,870	-11,537
Tax under applicable tax rate, 20.6% (20.6%)	-56,751	2,301	-44,263	2,377
Tax under applicable tax rate for foreign subsidiaries	-205	-	-	-
Non-deductible expenses	-392	-313	-386	-313
Non-taxable income	11	0	11	0
Tax effect on utilized taxable loss [1]	10,100	-	10,100	-
Tax effect on loss carry-forward not capitalized [1]	-	-1,999	-	-1,999
Total tax	**-47,237**	**-11**	**-34,538**	**65**
Effective tax, %[2]	17.1%	-0.1%	16.1%	0.6%

1) Taxable loss for 2023 was MSEK 0.0 (49.0).

2) Effective tax for the Group in 2022 was -0.1%, and not 0.1% as previously stated.

CURRENT TAX ASSETS

	Group		Parent Company	
Amounts in kSEK	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Current tax assets	-	1,216	-	1,216
Total current tax assets	**-**	**1,216**	**-**	**1,216**

Note 12, cont.

CURRENT TAX LIABILITIES

	Group		Parent Company	
Amounts in kSEK	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Current tax liabilities	33,758	-	33,597	-
Total current tax liabilities	**33,758**	**-**	**33,597**	**-**

DEFERRED TAX

Deferred tax consists of tax items to be settled in the future. The table below specifies deferred tax receivables and tax liabilities regarding temporary differences between the carrying amount of assets and liabilities and their taxable value.

DEFERRED TAX ON TEMPORARY DIFFERENCES

	Group		Parent Company	
Amounts in kSEK	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Leasehold improvements	533	453	533	453
Deferred tax, IFRS 16	33	143	-	-
Total deferred tax assets	**566**	**596**	**533**	**453**
Tax allocation reserve	-11,515	-	-	-
Accelerated depreciation	-870	-	-	-
Total deferred tax liabilities	**-12,385**	**-**	**-**	**-**
Total net deferred tax	**-11,819**	**596**	**533**	**453**

CHANGE IN DEFERRED TAX

	Group			Parent Company		
Amounts in kSEK	Jan. 1, 2023	Recognized in profit or loss	Dec. 31, 2023	Jan. 1, 2023	Recognized in profit or loss	Dec. 31, 2023
Leasehold improvements	453	80	533	453	80	533
Deferred tax, IFRS 16	143	-110	33	-	-	-
Total deferred tax assets	**596**	**-30**	**566**	**453**	**80**	**533**
Tax allocation reserve	-	-11,515	-11,515	-	-	-
Accelerated depreciation	-	-870	-870	-	-	-
Total deferred tax liabilities	**-**	**-12,385**	**-12,385**	**-**	**-**	**-**
Total net deferred tax	**596**	**-12,415**	**-11,819**	**453**	**80**	**533**

	Group			Parent Company		
Amounts in kSEK	Jan. 1, 2022	Recognized in profit or loss	Dec. 31, 2022	Jan. 1, 2022	Recognized in profit or loss	Dec. 31, 2022
Leasehold improvements	388	65	453	388	65	453
Deferred tax, IFRS 16	219	-76	143	-	-	-
Total deferred tax assets	**608**	**-11**	**596**	**388**	**65**	**453**
Tax allocation reserve	-	-	-	-	-	-
Accelerated depreciation	-	-	-	-	-	-
Total deferred tax liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Total net deferred tax	**608**	**-11**	**596**	**388**	**65**	**453**

NOTE 13 Earnings per share and share data

Earnings per share is calculated by dividing earnings for the year attributable to Parent Company shareholders by a weighted average of the number of ordinary shares outstanding during the period. As of the balance-sheet date, 915,000 warrants have been allocated, of which 590,000 warrants are outstanding after deductions for forfeited, exercised and repurchased warrants. These outstanding warrants correspond to a maximum dilution effect of 0.7 percent of the shares at year end.

	Group	
Amounts in kSEK	**2023**	**2022**
Loss for the year attributable to owners of the Parent Company, kSEK	229,249	-11,179
Weighted average number of shares outstanding before dilution	88,230,640	88,074,302
Weighted average number of shares outstanding after dilution	88,487,401	88,682,985
Earnings per share before dilution, SEK	**2.60**	**-0.13**
Earnings per share after dilution, SEK [1]	**2.59**	**-0.13**
Proposed dividend per share, SEK	0.00	0.00
Number of shares outstanding as of the balance sheet date	88,314,985	88,131,571
Number of warrants outstanding	590,000	763,414

1) No dilution effect for 2022 since the company reported negative earnings.

NOTE 14 Tangible assets

	Group			
Amounts in kSEK	**Leasehold improvements**	**Equipment**	**Total**	**Right-of-use assets**
Cost at January 1, 2023	6,517	50,326	56,843	41,077
Acquisitions	-	7,444	7,444	3,922
Remeasurement	-	-	-	3,995
Disposal	-	-660	-660	-4,179
Cost at December 31, 2023	**6,517**	**57,109**	**63,626**	**44,816**
Depreciations at January 1, 2023	-3,364	-29,947	-33,311	-29,345
Disposal	-	660	660	3,108
Depreciations	-714	-6,725	-7,439	-10,988
Depreciations at December 31, 2023	**-4,078**	**-36,012**	**-40,090**	**-37,226**
Carrying amount at January 1, 2023	**3,153**	**20,379**	**23,531**	**11,733**
Carrying amount at December 31, 2023	**2,439**	**21,097**	**23,536**	**7,590**

	Group			
Amounts in kSEK	**Leasehold improvements**	**Equipment**	**Total**	**Right-of-use assets**
Cost at January 1, 2022	4,328	39,769	44,097	38,123
Acquisitions	2,189	11,001	13,190	2,954
Disposal	-	-444	-444	
Cost at December 31, 2022	**6,517**	**50,326**	**56,843**	**41,077**
Depreciations at January 1, 2022	-2,760	-24,375	-27,135	-21,338
Correction of opening balance				5
Disposal	-	444	444	
Depreciations	-605	-6,017	-6,621	-8,012
Depreciations at December 31, 2022	**-3,364**	**-29,947**	**-33,311**	**-29,345**
Carrying amount at January 1, 2022	**1,569**	**15,394**	**16,963**	**16,785**
Carrying amount at December 31, 2022	**3,153**	**20,379**	**23,531**	**11,733**

Note 14, cont.

	Parent Company		
Amounts in kSEK	**Leasehold improvements**	**Equipment**	**Total**
Cost at January 1, 2023	6,517	50,326	56,843
Acquisitions	-	7,384	7,384
Sale/disposal	-	-660	-660
Cost at December 31, 2023	**6,517**	**57,049**	**63,566**
Depreciations at January 1, 2023	-3,364	-29,947	-33,311
Disposal	-	660	660
Depreciations	-714	-6,725	-7,439
Depreciations at December 31, 2023	**-4,078**	**-36,012**	**-40,090**
Carrying amount at January 1, 2023	**3,153**	**20,379**	**23,531**
Carrying amount at December 31, 2023	**2,439**	**21,037**	**23,476**

	Parent Company		
Amounts in kSEK	**Leasehold improvements**	**Equipment**	**Total**
Cost at January 1, 2022	4,328	39,769	44,097
Acquisitions	2,189	11,001	13,190
Sale/disposal	-	-444	-444
Cost at December 31, 2022	**6,517**	**50,326**	**56,843**
Depreciations at January 1, 2022	-2,760	-24,375	-27,135
Disposal	-	444	444
Depreciations	-605	-6,017	-6,621
Depreciations at December 31, 2022	**-3,364**	**-29,947**	**-33,311**
Carrying amount at January 1, 2022	**1,569**	**15,394**	**16,963**
Carrying amount at December 31, 2022	**3,153**	**20,379**	**23,531**

NOTE 15 Shares in subsidiaries

	Parent Company	
Amounts in kSEK	**Dec. 31, 2023**	**Dec. 31, 2022**
Opening cost	50	50
Formed subsidiary	89	-
Closing cost	**139**	**50**

SPECIFICATION OF PARENT COMPANY'S SHARES AND PARTICIPATIONS IN SUBSIDIARIES

Subsidiary/Corp. ID No./Reg. office	**Share owned, %**[1]	**Equity**	**Profit/ loss for the year**
LPB Sweden AB, 559035-9112, Stockholm	100.0%	42	-2
BioArctic Denmark ApS, 43775154, Copenhagen	100.0%	726	340
BioArctic Finland Oy, 3345860-8, Helsinki	100.0%	538	273
BioArctic Norway AS, 930931349, Oslo	100.0%	157	119

1) Pertains to ownership share of capital, which also corresponds to the proportion of voting rights for the total number of shares.

2) Profit for the year in the foreign subsidiaries pertains to intra-Group services

NOTE 16 Other non-current financial assets

	Group		*Parent Company*	
Amounts in kSEK	**Dec. 31, 2023**	**Dec. 31, 2022**	**Dec. 31, 2023**	**Dec. 31, 2022**
Deposit	1,647	1,606	1,627	1,606
Total other non-current financial assets	**1,647**	**1,606**	**1,627**	**1,606**

Pertains to deposit for rental contract in the form of restricted cash; refer to Note 27.

NOTE 17 Overview of financial instruments

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The Group's financial assets and liabilities are fully attributable to cash and cash equivalents, current investments, trade receivables, other current receivables, trade payables, contractual accrued expenses and tax liabilities. The Group has no foreign exchange contracts or listed securities.

Dec. 31, 2023 Amounts in kSEK	Note	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income
Financial assets				
Trade receivables		223	-	-
Other current receivables	18	0	-	-
Contractual accrued revenue	19	14,942	-	-
Current investments		500,000	-	-
Cash and cash equivalents	20	611,567	-	-
Total financial assets		**1,126,732**	-	-
Financial liabilities				
Trade payables		-29,867	-	-
Tax liabilities	12	-33,758	-	-
Contractual accrued expenses	26	-6,323	-	-
Total financial liabilities		**-69,948**	-	-
Total financial instruments (assets + / liabilities -)		**1,056,784**	-	-

Dec. 31, 2022 Amounts in kSEK	Note	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income
Financial assets				
Trade receivables		-		
Other current receivables	18	491	-	-
Cash and cash equivalents	20	805,386	-	-
Total financial assets		**805,878**	-	-
Financial liabilities				
Trade payables		-21,491	-	-
Contractual accrued expenses	26	-6,166	-	-
Total financial liabilities		**-27,657**	-	-
Total financial instruments (assets + / liabilities -)		**778,221**	-	-

THE GROUP'S MATURITY STRUCTURE FOR UNDISCOUNTED FINANCIAL LIABILITIES

Amounts in kSEK	2024	2025	2026	2027	2028
Trade payables	29,867	-	-	-	-
Lease liabilities	17,276	60,618	4,968	-	-
Contractual accrued expenses	6,323	-	-	-	-
Total	**53,466**	**60,618**	**4,968**	**-**	**-**

NOTE 18 Other current receivables

	Group		Parent Company	
Amounts in kSEK	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
VAT receivables	3,857	3,853	3,498	3,853
Tax account	3,027	2,395	3,027	2,395
Other	0	491	1,640	491
Total other current receivables	**6,884**	**6,740**	**8,164**	**6,740**

NOTE 19 Prepaid expenses and accrued income

	Group		Parent Company	
Amounts in kSEK	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Prepaid rent	2,763	2,955	2,763	2,955
Other prepaid expenses	6,639	4,543	9,345	6,931
Accrued interest income	9,721	-	9,721	-
Contractual accrued revenue	14,942	-	14,942	-
Total prepaid expenses and accrued income	**34,065**	**7,498**	**36,770**	**9,886**

NOTE 20 Cash and cash equivalents

	Group		Parent Company	
Amounts in kSEK	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Cash and bank balances	611,567	805,386	609,417	805,342
Total cash and cash equivalents	**611,567**	**805,386**	**609,417**	**805,342**

NOTE 21 Share capital

Class of share	Number of shares	Share capital, SEK	Quotient value, SEK	Votes per share	Total votes
A shares	14,399,996	288,000	0.02	10	143,999,960
B shares	73,914,989	1,478,300	0.02	1	73,914,989
Total	**88,314,985**	**1,766,300**			**217,914,949**

DEVELOPMENT OF SHARE CAPITAL

Year	Event	Number of new shares	Number of A shares	Number of B shares	Total number of shares	Change in share capital, SEK	Total share capital, SEK
2000	Company founded	1,000	1,000	-	1,000	100,000	100,000
2002	Split 1000:1	999,000	1,000,000	-	1,000,000	-	100,000
2002	Split 4:1	3,000,000	4,000,000	-	4,000,000	-	100,000
2002	Reclassification of A shares to B shares	-	3,000,000	1,000,000	4,000,000	-	100,000
2004	Rights issue	133,333	3,133,333	1,000,000	4,133,333	3,333	103,333
2005	Rights issue	66,666	3,199,999	1,000,000	4,199,999	1,667	105,000
2011	Subscription through warrants	4,000	3,199,999	1,004,000	4,203,999	100	105,100
2017	Stock dividend issue	-	3,199,999	1,004,000	4,203,999	1,156,100	1,261,200
2017	Split 15:1	58,855,986	47,999,985	15,060,000	63,059,985	-	1,261,200
2017	Reclassification of A shares to B shares	-	14,399,996	48,659,989	63,059,985	-	1,261,200
2017	Rights issue	25,000,000	14,399,996	73,659,989	88,059,985	500,000	1,761,200
2022	New share issue through exercise of employee stock options	71,586	14,399,996	73,731,575	88,131,571	1,431	1,762,631
2023	New share issue through exercise of employee stock options	183,414	14,399,996	73,914,989	88,314,985	3,669	1,766,300
		88,314,985				**1,766,300**	

Regarding changes in equity, refer to the consolidated and Parent Company statements of changes in equity.

NOTE 22 Proposed appropriation of retained earnings

The Board of Directors proposes that available funds amounting to SEK 994,918,044 be disposed of as follows:

Amounts in SEK	Dec. 31, 2023
Dividend to shareholders	0
Carried forward	994,918,044
Total	**994,918,044**

NOTE 23 Untaxed reserves

	Parent Company	
Amounts in kSEK	Dec. 31, 2023	Dec. 31, 2022
Tax allocation reserves	55,900	-
Accelerated depreciation	4,222	-
Total untaxed reserves	**60,122**	**-**

NOTE 24 Leases

Lease liabilities presented in the balance sheet are allocated as follows:

	Group	
Amounts in kSEK	Dec. 31, 2023	Dec. 31, 2022
Current	2,827	8,857
Non-current	2,152	1,182
Total lease liabilities	**4,979**	**10,039**

For 2023, interest paid on leases totaled SEK 328,382 (559,479) and the total cash flow for leases in 2023 was SEK 12,274,931. The table below describes the Group's leases based on the type of right of use recognized in the statement of financial position:

Right-of-use assets	Number of right-of-use assets	Interval, duration remaining	Average remaining lease period	Number of contracts with warrants to extend	Number of contracts with warrants to purchase	Number of contracts with variable fees pegged to an index	Number of contracts with warrants to cancel
Office premises	3	1–5 years	5 years	1	0	3	0
Garage spaces	1	1 year	1 year	1	0	1	1
Employee vehicles	10	0–3 years	1.6 years	10	10	0	0

Note 24, cont.

The table shows a specification of acquisitions, depreciation, remeasurements and disposals of right-of-use assets by type of right of use.

	Right-of-use assets		
Amounts in kSEK	**Premises**	**Employee vehicles**	**Total**
Cost at January 1, 2023	36,405	4,672	41,077
Acquisitions	1,001	2,503	3,504
Remeasurement	4,405	8	4,413
Disposal	-1,723	-2,456	-4,179
Cost at December 31, 2023	**40,089**	**4,727**	**44,816**
Depreciations at January 1, 2023	-27,645	-1,700	-29,345
Disposal	1,676	1,432	3,108
Depreciations	-10,075	-913	-10,989
Depreciations at December 31, 2023	**-36,044**	**-1,181**	**-37,226**
Carrying amount at January 1, 2023	**8,761**	**2,972**	**11,733**
Carrying amount at December 31, 2023	**4,044**	**3,546**	**7,590**

	Right-of-use assets		
Amounts in kSEK	**Premises**	**Employee vehicles**	**Total**
Cost at January 1, 2022	34,011	4,112	38,123
Acquisitions	2,026	511	2,536
Remeasurement	368	49	418
Cost at December 31, 2022	**36,405**	**4,672**	**41,077**
Depreciations at January 1, 2022	-20,396	-942	-21,338
Correction of opening balance	-	5	5
Depreciations	-7,249	-763	-8,012
Depreciations at December 31, 2022	**-27,645**	**-1,700**	**-29,345**
Carrying amount at January 1, 2022	**13,615**	**3,170**	**16,785**
Carrying amount at December 31, 2022	**8,760**	**2,973**	**11,733**

LEASES NOT RECOGNIZED AS LIABILITIES

The Group has chosen not to recognize a lease liability regarding short-term leases (leases with an expected term of 12 months or less) or low-value leases. Payments concerning such leases are expensed on a linear basis. The Group did not have any short-term leases in either 2023 or 2022. Furthermore, the recognition of certain lease fees as lease liabilities is not permitted, which is why they are also routinely expensed.

NOTE 25 Reconciliation of liabilities attributable to financing operations

Amounts in kSEK	Lease liabilities
Jan. 1, 2023	**10,039**
Cash items	
Amortization	-917
Non-cash items	
Cost	3,738
Amortization	-7,881
Dec. 31, 2023	**4,979**

Amounts in kSEK	Lease liabilities
Jan. 1, 2022	**15,878**
Cash items	
Amortization	-8,793
Non-cash items	
Fair value	-
Cost	2,954
Dec. 31, 2022	**10,039**

NOTE 26 Accrued expenses and prepaid income

	Group		*Parent Company*	
Amounts in kSEK	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Accrued personnel expenses	42,955	30,764	41,982	30,764
Contractual accrued expenses	6,323	6,166	6,323	6,166
Prepaid income	-	-	-	-
Other accrued expenses and prepaid income	-428	-1,822	-555	-1,822
Total accrued expenses and prepaid income	**48,849**	**35,108**	**47,750**	**35,108**

No revenue was recognized during the year from fulfilled or partially fulfilled performance obligations from earlier periods.

NOTE 27 Pledged assets and contingent liabilities

PLEDGED ASSETS

The pledged assets in the table below pertain to deposits for office premises and for leased company vehicles.

	Group		*Parent Company*	
Amounts in kSEK	**Dec. 31, 2023**	**Dec. 31, 2022**	**Dec. 31, 2023**	**Dec. 31, 2022**
Restricted cash	1,500	1,500	1,500	1,500
Deposit, lease and premises	147	106	127	106
Total pledged assets	**1,647**	**1,606**	**1,627**	**1,606**

CONTINGENT LIABILITIES

The contingent liabilities below have been identified as applying to both the Group and the Parent Company:

- BioArctic has agreed with a former partner that if BAN0805 reaches the market, a payment obligation will arise in relation to the contracting party pertaining to a low single-digit percentage royalty on global sales. This obligation lies far in thefuture and is time-limited.
- As part of the Swedish state grants received, the company has a repayment obligation if the projects are terminated, or alternately the company does not complete the project in accordance with guidelines, and the project costs incurred do not total the amount disbursed.

All projects are proceeding according to plan, and there are no indications that repayment obligations or other obligations could arise. The same assessment was made in 2022.

NOTE 28 Disclosures on the cash flow statement

ADJUSTMENT FOR NON-CASH ITEMS

	Group		*Parent Company*	
Amounts in kSEK	**2023**	**2022**	**2023**	**2022**
Depreciations of tangible assets and right-of-use assets	7,439	14,184	7,439	6,177
Accrued income	-14,942	-	-14,942	-
Prepaid income	-	-58,478	-	-58,478
Unrealized foreign exchange gains (-) / losses (+)	1,261	300	1,261	300
Share-based remuneration	16,137	2,760	15,530	2,760
Other non-cash items	-	-	-143	-
Total adjustment for non-cash items	**9,895**	**-41,234**	**9,146**	**-49,241**

NOTE 29 Transactions with affiliated parties

Remuneration to the Group's senior executives during the year was paid in accordance with applicable guidelines. In addition, the Board of Directors decided in May on the repurchase of employee stock options from the CEO for MSEK 13.6. Furthermore, the company had costs of MSEK 0.1 during the year pertaining to consulting services from Ackelsta AB, which is owned by Board member Pär Gellerfors, and costs totaling MSEK 0.1 pertaining to research material from Genovis AB, where Board member Lotta Ljungqvist is also a member of the board. All transactions were conducted at normal market prices.

NOTE 30 Events after the balance sheet date

- The European Medicine Agency (EMA) announced that its Scientific Advisory Group (SAG) would convene to discuss the marketing authorization application for lecanemab
- Leqembi was approved for treatment of Alzheimer's disease in China and launch is expected in the third quarter of 2024; market authorization applications have been submitted in Russia, Saudi Arabia and India
- The Board adopted a new dividend policy for BioArctic and proposed that no dividend is to be paid for fiscal year 2023

BioArctic announced that the sales-based remuneration that BioArctic receives from Eisai is divided into two parts: royalties of 9 percent to BioArctic on global sales excluding the Nordic region, and remuneration of 1 percent in the US and 1.5 percent of sales in Rest of World that BioArctic pays onward to LifeArc for the royalty commitments BioArctic has toward the latter company.

NOTE 31 Information on purchases and sales within the Group

The Parent Company's income from Group companies totaled MSEK 0.3 (0.0) for the full year and pertained to costs invoiced onward. The Parent Company's costs from Group companies totaled MSEK 12.7 (0.0) for full-year 2023 and pertained to services performed.

NOTE 32 Definition and reconciliation of key ratios

Key ratios	Definition
Other income	Income other than net revenue
Operating profit/loss	Profit/loss before financial items
Operating margin, %	Operating profit/loss divided by net revenue
Earnings per share before dilution, SEK	Profit divided by number of shares outstanding before dilution
Earnings per share after dilution, SEK	Profit divided by number of shares outstanding after dilution
Equity per share	Adjusted equity divided by the number of shares at the end of the period
Cash flow from operating activities per share, SEK	Cash flow from operating activities divided by the weighted average number of shares outstanding
Equity/asset ratio, %	Adjusted equity divided by the balance sheet total
Return on equity	Earnings after tax divided by the average adjusted equity

Note 32, cont.

Amounts in kSEK	2023	2022	2021	2020	2019
Income statement					
Operating profit/loss	252,640	-17,442	-139,723	-85,012	112,538
Net revenue	615,995	228,291	23,146	62,347	281,772
Operating margin, %	**41.0%**	**neg**	**neg**	**neg**	**39.9%**
Earnings per share before dilution					
Profit/loss for the year	229,249	-11,179	-119,789	-68,517	88,468
Weighted average number of shares outstanding before dilution[1]	88,230,640	88,074,302	88,059,985	88,059,985	88,059,985
Earnings per share before dilution, SEK	**2.60**	**-0.13**	**-1.36**	**-0.78**	**1.00**
Earnings per share after dilution					
Profit/loss for the year	229,249	-11,179	-119,789	-68,517	88,468
Weighted average number of shares outstanding after dilution[1]	88,487,401	88,682,985	88,579,985	88,177,985	88,059,985
Earnings per share after dilution, SEK	**2.59**	**-0.13**	**-1.36**	**-0.78**	**1.00**
Equity per share					
Equity	1,046,575	786,241	788,676	907,299	974,497
Number of shares outstanding[1]	88,314,985	88,131,571	88,059,985	88,059,985	88,059,985
Equity per share	**11.85**	**8.92**	**8.96**	**10.29**	**11.07**
Cash flow from operating activities per share					
Cash flow from operating activities	299,031	-31,638	-140,457	-92,341	327,165
Weighted average number of shares outstanding before dilution[1]	88,230,640	88,074,302	88,059,985	88,059,985	88,059,985
Cash flow from operating activities per share	**3.39**	**-0.36**	**-1.60**	**-1.05**	**3.72**
Equity/asset ratio					
Adjusted equity	1,046,575	786,241	788,676	907,299	974,497
Balance sheet total	1,186,078	858,307	897,730	1,050,313	1,183,332
Equity/asset ratio, %	**88.2%**	**91.6%**	**87.9%**	**86.4%**	**82.4%**
Return on equity					
Profit/loss for the year	229,249	-11,179	-119,789	-68,517	88,468
Average adjusted equity	916,408	787,459	847,988	940,898	996,116
Return on equity, %	**25.0%**	**-1.4%**	**-14.1%**	**-7.3%**	**8.9%**

Signatures of the Board of Directors and CEO

The Board of Directors and the CEO hereby assure that the consolidated accounts and annual report were prepared as per the International Financial Reporting Standards (IFRS) as adopted by the EU, and generally accepted accounting principles, respectively, and provide a true and fair view of the development of the Group's and Parent Company's financial position and performance, and that the Board of Directors' report provides a true and fair view of the Group's and Parent Company's operations, financial position and performance as well as describing material risks and uncertainties faced by the companies that are part of the Group. The income statements and balance sheets of the Parent Company and the Group

STOCKHOLM, APRIL 17, 2024

Eugen Steiner
Chairman of the Board

Ivar Verner
Deputy Chairman

Cecilia Edström
Board member

Håkan Englund
Board member

Pär Gellerfors
Board member

Lars Lannfelt
Board member

Lotta Ljungqvist
Board member

Mikael Smedeby
Board member

Gunilla Osswald
CEO

Our audit report was submitted on April 17, 2024
Grant Thornton Sweden AB

Mia Rutenius
Authorized public accountant
Auditor in charge

Therese Utengen
Authorized public accountant

Auditor's report

To the general meeting of the shareholders of BioArctic AB (publ) corporate identity number 556601-2679

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of BioArctic AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 58-108 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of December 31, 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014/EU) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue recognition

The Group's reported revenues as at December 31, 2023 is kSEK 620,077, and mainly includes milestone payments, royalty and compensations related to collaborations. Since the Group's revenues are of material amount and consist of different revenue streams which are reported as revenue at a point in time or over time and include elements of assessments, revenues have been assessed as a key audit matter. For further information on accounting policies for revenue recognition, see note 2 and note 5 in the annual report of BioArctic AB (publ).

Our audit has included the following audit procedures but were not limited to these:

- Understanding and assessment of the company's routines and controls related to revenue recognition,
- Examination of recognized revenue related to milestone payments, royalty and collaborations against agreements received payments and royalty report,
- Examination of project accounting, examination of project expenses and examination of the assessments made by management related to fulfillment of performance obligations in major research collaborations,
- Examination and assessment that applied accounting principles are in accordance with IFRS and whether information disclosed in the annual report is in all material respect sufficient in accordance with the Annual Accounts Act and IFRS.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-57 and 127-146. The other information also consists of the renumeration report, which we have had access to prior to the date of this audit report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or mistake.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or mistake, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or mistake and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or mistake, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from mistake, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of BioArctic AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the

audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine, and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for BioArctic AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of BioArctic AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Grant Thornton Sweden AB, Kungsgatan 57 SE 103 94 Stockholm, was appointed auditor of BioArctic AB (publ) by the general meeting of the shareholders on the June 1, 2023 and has been the company's auditor since the June, 22 2016.

Stockholm April 17, 2024
Grant Thornton Sweden AB

Mia Rutenius	Therese Utengen
Authorized public accountant	Authorized public accountant
Auditor in charge	

Corporate governance

Corporate governance

Bodies, regulations and governance

INTRODUCTION

Active control of risks and a well-functioning corporate culture promote the creation of value for stakeholders. Corporate governance refers to the rules and decision-making hierarchies that efficiently and in a controlled manner promote management and governance as well as the ability to monitor developments within the company.

BioArctic AB, corporate registration number 556601-2679, is a Swedish limited company with its head office in Stockholm. The BioArctic share has been listed on Nasdaq Stockholm since 2017; as of early 2023, the company has been listed on Large Cap. The Corporate Governance Report, which is a part of the company's Board of Directors' report, has been examined by the company's auditor, Grant Thornton Sweden AB, and the results of the examination are presented in their statement on page 126 of this Annual Report.

GOVERNANCE DOCUMENTS

Corporate governance in BioArctic is regulated through both external and internal regulations.

The external regulations include the relevant laws and ordinances (including the Companies Act, the Annual Accounts Act, the Market Abuse Regulation and IFRS), stock market regulations in the market where the company's shares are admitted for trading (the Nordic Man Market Rulebook for Issuers of Shares), and the Swedish Code of Corporate Governance (the "Code").

Internal regulations include the company's Articles of Association, as well as internal instructions and guidelines. Examples of internal instructions and guidelines include the Board of Directors' rules of procedure, formal work plans for the committees and instructions to the CEO. In addition, the Board of Directors of BioArctic has adopted a number of policies and guidelines that control the company's operations, and instructions for financial reporting are documented in the company's finance handbook.

THE SWEDISH CODE OF CORPORATE GOVERNANCE

BioArctic applies the Swedish Code of Corporate Governance, and no deviations from the Code occurred during the year. The Company was not subject to any decision of the Nasdaq Stockholm disciplinary board or any statement by the Swedish Securities Council during the year.

THE GOVERNANCE MODEL

Governance, management and control of BioArctic is exercised by the shareholders through the Annual General Meeting, the Board of Directors, the CEO and the auditors in accordance with the Swedish Companies Act and the Articles of Association.

SHAREHOLDERS AND SHARES

BioArctic's B share (BIOA B) has been traded in Nasdaq Stockholm since 2017. At December 31, 2023 the share capital in BioArctic amounted to 1,766,300 SEK divided into 14,399,996 Class A shares (number of votes: 10) and 73,914,989 Class B shares (number of votes: 1), each with a quotient value of SEK 0.02. The number of shares in the company increased by 183,414 during the year as a result of subscription of shares by participants in the 2019/2028 employee stock option program. According to ownership data from Monitor by Modular Finance, the number of shareholders at

GOVERNANCE MODEL

year-end was 20,697 (14,840) and the ten largest shareholders owned 91.3 percent of the votes and 78.4 percent of the capital in the company. Provided that the attendees of the Annual General Meeting have registered in the prescribed order, each owner will have the right at the AGM to vote for all owned, directly registered, and represented shares.

There are no provisions in BioArctic's Articles of Association that limit the right to transfer shares or how many votes each shareholder can cast at a general meeting.

For further information on BioArctic's share and ownership structure, see the BioArctic share section on pages 140-142 or visit www.bioarctic.com.

GENERAL MEETING

The General Meeting is BioArctic's highest decision-making body, where the stakeholders have the right to pass resolutions on issues affecting the company. An Annual General Meeting (AGM) is held on a yearly basis, within six months of the end of the financial year. At the AGM, the balance sheet and income statement are presented, as well as the consolidated balance sheet and income statement, and resolutions are passed on such matters as appropriation of the Company's earnings, election of Board members and fees to Board members and auditors, and other matters submitted to the AGM in accordance with the law.

The Articles of Association do not contain any specific provisions relating to the amending of the Articles of Association.

2023 Annual General Meeting

The AGM of BioArctic was held on June 1, 2023. The Board of Directors decided, by virtue of the Articles of Association, that shareholders could exercise their voting rights at the meeting through physical participation, by proxy or by postal voting. A total of 197,142,991 votes were present at the meeting out of 217,780,639 votes overall according to the meeting records, corresponding to 92.7 percent of the votes. 67,543,027 shares were registered at the AGM, or 76.6 percent of the total number of shares. The minutes and other documentation from the General Meeting are available on BioArctic's website, www.bioarctic.com.

Resolutions at the 2023 AGM included:

- that no dividend would be paid for the 2022 financial year, and that profits at the disposal of the General Meeting would be carried forward
- the discharge of the Board members and CEO from liability for the 2022 financial year
- the re-election of Board members Eugen Steiner (chairman), Ivar Verner (deputy chairman), Håkan Englund, Pär Gellerfors, Lars Lannfelt, Lotta Ljungqvist and Mikael Smedeby, and election of Cecilia Edström as new Board member
- that total fees determined yearly, including fees for committee work, of SEK 2,745,000 are to be paid to the Board
- the appointment of Grant Thornton Sweden AB as the auditing company, with Mia Rutenius as auditor in charge
- the passing a resolution on the process for establishing a Nomination Committee and guidelines for the Committee's work
- the passing of a resolution on approval of the remuneration report pertaining to the 2022 financial year
- the passing of a resolution on authorization to issue shares, warrants and convertibles
- the passing of a resolution on incentive plans, involving a) resolutions on introducing the incentive plan and b) resolutions on hedging measures owing to the incentive plan

The complete minutes are available on BioArctic's web site.

2024 ANNUAL GENERAL MEETING

The 2024 AGM will be held on Wednesday, May 22, 2024 at Lindhagen Konferens in Stockholm, Sweden. Shareholders registered in the share register maintained by Euroclear Sweden as of May 14, 2024 and who have registered in accordance with the instructions in the notice to attend the AGM will have the right to attend the meeting.

NOMINATION COMMITTEE

The task of the Nomination Committee is to ensure that the members of the Board of Directors of BioArctic jointly possess the knowledge and experience that are relevant for enabling the satisfactory performance of the company over time. The Nomination Committee presents a proposal to the AGM regarding the number of Board members and the composition of the Board as well as proposals regarding fees to the Board of Directors, including fees for committee work. The Nomination Committee will also present a proposal concerning the Chairman of the Board and the AGM, as well as the auditors and their remuneration.

Under the Code, the Nomination Committee must have at least three members, a majority of which must be independent in relation to the company and Group Management. The basis for the activities of the Committee consists of the annual assessment of the activities of the Board, as well as the company-specific needs in BioArctic. The proposals of the Nomination Committee are presented in the notice to attend the AGM, and a justification for the Nomination Committee's proposals is published on BioArctic's website. All shareholders have the right to present proposals to the Nomination Committee via e-mail to arsstamma@bioarctic.se.

According to the resolution at the AGM of BioArctic on June 1, 2023, the members of the Nomination Committee for the 2024 AGM shall be appointed ahead of the AGM by the

Chairman of the Board contacting the three largest shareholders in terms of voting rights according to Euroclear Sweden AB's transcription of the share register as of September 30, 2023 and asking each of them to appoint a member of the Nomination Committee. In the event that any of the three largest shareholders does not wish to appoint a member of the Nomination Committee, further shareholders should be contacted until the Nomination Committee consists of three members.

The Nomination Committee prior to the 2024 Annual General Meeting

A Nomination Committee was appointed in October 2023. The owners who are included on the Nomination Committee based on the company's ownership structure as of September 30, 2023 are Demban AB, Ackelsta AB and the Fourth AP Fund. The company's Chairman of the Board, Eugen Steiner, has been co-opted onto the Nomination Committee. All members have been deemed independent in relation to the company and Group Management.

The Nomination Committee has held 7 (2) meetings as well as informal contacts up until the time for the AGM. No remuneration has been paid for the activities of the Nomination Committee.

Composition of the Nomination Committee

Name	Representing	Share of votes as of 30 Sep 2023, %
Margareta Öhrvall	Demban AB	49.2
Claes Andersson	Ackelsta AB	32.6
Jannis Kitsakis	The Fourth AP Fund	4.9

BOARD OF DIRECTORS

Tasks and responsibilities of the Board

The Board of Directors is BioArctic's second highest decision-making body after the General Meeting. The Board has overall responsibility for the suitability of the company's organization, and that operations are carried out in accordance with the Articles of Association, the Companies Act, and other applicable laws and regulations. The Board endeavors to create long-term value for shareholders and other stakeholders, and is responsible together with company management for the overall strategy as well as the company's financing, financial position and sustainability initiatives, and works to ensure the Company has proper risk management and internal control. The tasks of the Board also include issues of reporting, audits, and remuneration.

Composition of the Board

Under BioArctic's Articles of Association, the Board shall consist of no less than three and no more than eight ordinary members elected by the General Meeting, with no deputies. The members, who are normally elected annually at the AGM for the period until the close of the next AGM, must provide competence and experience that benefit BioArctic's performance. The Articles of Association do not contain any specific provisions relating to the appointment or dismissal of Board members.

At present, the Board consists of eight regular members with no deputies. The members were elected at the AGM on June 1, 2023. CEO Gunilla Osswald and CFO Anders Martin-Löf are present at all Board meetings. Anders Martin-Löf is secretary of the Board. Other senior executives participate as rapporteurs in connection with particular issues.

For a summary and presentation of the Board members, see pages 122-123.

Independence of the Board

Seven of the eight Board members are independent in relation to both the company and its management, and six of the eight Board members are independent in relation to the major shareholders. The company's two founders, Lars Lannfelt and Pär Gellerfors, who are also Board members and primary owners, cannot be considered independent in relation to major shareholders. Lars Lannfelt is employed by the company and is part of the company's Research and Development Leadership Team, and therefore cannot be considered independent in

relation to the company and to management.

Pär Gellerfors has provided support around contractual issues and patents via Ackelsta AB. Ackelsta AB submitted invoices during the year totaling MSEK 0.1 (0.1) for market-based remuneration of consultant services. BioArctic herewith meets the requirements from Nasdaq Stockholm and the Code regarding the independence of Board members.

Board activities

The Board will carry out its activities jointly, under leadership of the Chairman. The Board of Directors' rules of procedure are revised annually and adopted at the inaugural Board meeting every year.

The rules of procedure govern such aspects as Board functions, work tasks, the decision-making procedure within the company, the Board's meeting agenda, the Chairman's duties and the allocation of responsibilities between the Board and the CEO. The Board also establishes instructions for the Board's committees and the CEO. The Chairman, who is selected by the AGM, has an expanded responsibility for governing and managing the work of the Board and of ensuring that the Board's work is efficiently carried out, that the Board fulfills its commitments in accordance with the Companies Act and the Board's rules of procedure, and that the decisions of the Board are implemented in an efficient manner. The Chairman is also responsible for conducting an annual Board evaluation, which is also presented to the Nomination Committee.

The Board meets according to a meeting schedule that is established yearly. At each regular Board meeting, an update on the operations and a financial follow-up is given. During the year, matters relating to the company's strategy and potential future opportunities to sell on the Nordic market were also discussed as well as questions regarding the development of the company's research portfolio. Furthermore, decisions on conducting a Phase 2 study and initiating preparatory activities ahead of clinical trials were discussed. The establishment of subsidiaries in Finland, Norway and Denmark, as well as the continued establishment of a sales and marketing organization were also on the Board's agenda during the year. Ahead of forthcoming sustainability legislation, the Board has undergone training in sustainability and initiated efforts to evaluate – in order to be able going forward to decide on – which topics are considered material ahead of future reporting. Development of the company's project portfolio, collaboration with current and potential partners, the organization and competence needs were other issues that were addressed.

In 2023, the Board held 14 (16) meetings, one of which was an inaugural meeting in connection with the AGM on June 1, 2023. The minutes taken at these meetings record decisions that have been taken.

Remuneration to the Board

Fees and other remuneration to the Board members are established at the AGM. At the AGM on June 1, 2023, it was resolved that the total fees to Board members, including committee work, would increase somewhat year-on-year, totaling SEK 2,745,000 (2,660,000) and would be allocated as follows:

- Fees to Chairman of the Board Eugen Steiner totaling SEK 775,000 (750,000) and fees to Deputy Chairman Ivar Verner totaling SEK 310,000 (300,000)
- For regular Board members not employed by the company (i.e. five members excluding Lars Lannfelt) fees totaling SEK 260,000 (250,000) each
- Fees in the Audit Committee are unchanged, totaling SEK 100,000 to the Chairman and SEK 60,000 to the other non-executive committee members
- Fees in the Remuneration Committee are unchanged, totaling SEK 60,000 to the Chairman and SEK 40,000 to the other non-executive committee members
- No fees are paid to the Research Committee

Composition of the Board, financial year 2023

Name	Elected	Independent in relation to company and management	Independent in relation to major shareholders	Audit Committee	Remuneration Committee	Board of Directors	Audit Committee	Remuneration Committee
Eugen Steiner [1) 2)]	2017	Yes	Yes	—	Yes	14/14	2/4	6/6
Ivar Verner	2010	Yes	Yes	Yes	—	14/14	4/4	—
Cecilia Edström[3)]	2023	Yes	Yes	Yes	—	9/14	2/4	
Håkan Englund	2020	Yes	Yes	—	—	13/14	—	—
Pär Gellerfors	2003	Yes	No	—	Yes	13/14	—	6/6
Lars Lannfelt	2003	No	No	—	—	14/14	—	—
Lotta Ljungqvist	2021	Yes	Yes	—	Yes	14/14	—	6/6
Mikael Smedeby	2018	Yes	Yes	Yes	—	14/14	4/4	—

1) Succeeded Wenche Rolfsen as Chairman of the Board on June 1, 2023
2) Eugen Steiner resigned from the Audit Committee at the AGM June 1, 2023
3) Cecilia Edström elected to the Board of Directors and the Audit Committee at the AGM June 1, 2023

AUDIT COMMITTEE

The primary task of the Audit Committee is to support the Board in its work of fulfilling its financial reporting responsibilities including accounting, audits, internal control, internal audits and risk management. The Audit Committee also routinely ensures contact with the Company's auditor and stays informed and active in decisions concerning financial issues, risks, the company's annual report, quarterly reports and internal control.

The Audit Committee works in accordance with instructions established by the Board of Directors. The company's auditor reports on the orientation and scope of the audit, as well as its views on the company's risks, in the committee meetings. The tasks of the Audit Committee also include establishing guidelines for which services, other than the audit, the company can procure from the company's auditor. All meetings of the Audit Committee are minuted and the minutes are reported in connection with the meetings of the Board.

Audit Committee members, 2023–2024
- Ivar Verner (Chairman)
- Cecilia Edström (member)
- Mikael Smedeby (member)

The Audit Committee met 4 (4) times. The company's auditor participated in three of these meetings.

REMUNERATION COMMITTEE

The primary task of the Remuneration Committee is to submit proposals to the Board regarding remuneration to the CEO and principles of remuneration and other conditions of employment for management as well as monitoring and evaluating variable remuneration and long-term incentive programs. The Remuneration Committee will monitor and assess application of the guidelines for remuneration to senior executives that the AGM resolved on. The Remuneration Committee works in accordance with a formal work plan established by the Board of Directors. All meetings of the Remuneration Committee are minuted and the minutes are reported to the Board.

Remuneration Committee members, 2023–2024
- Lotta Ljungqvist (Chairman)
- Pär Gellerfors (member)
- Eugen Steiner (member)

The Remuneration Committee met 6 (5) times.

RESEARCH COMMITTEE

BioArctic's operations have a scientific focus, with drug projects in both early and late phases. The company has a Research Committee that focuses on addressing scientific issues. The Research Committee works according to rules of procedure adopted by the Board and has an advisory capacity in relation to the Board and the CEO. The Research Committee has one ordinary member, with BioArctic's Chief Science Officer (Christer Möller) and Distinguished Scientist Per-Ola Freskgård as co-opted members. In addition, internal and external researchers take part depending on the area being discussed. The role of the Research Committee is primarily to identify and evaluate research areas and disease indications where BioArctic can develop commercially successful products.

Research Committee members, 2023–2024
- Lars Lannfelt (Chairman)

The Research Committee met 9 (8) times.

AUDITORS

The auditor is appointed by the AGM in accordance with proposals from the Nomination Committee. The auditor is to review BioArctic's annual report and financial statements, as well as the administration of the company. After each financial year, the auditor will submit an Auditor's Report and a Group Auditor's Report to the AGM. The external audit of the financial statements is to be carried out in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. The company's auditor, Grant Thornton Sweden AB, was first elected at the 2016 Annual General Meeting. The current mandate is for the period up until the end of the 2024 Annual General Meeting, and Mia Rutenius is the auditor in charge. An authorized public accountant, Mia Rutenius is a member of FAR, the association of Swedish professional accountants. Grant Thornton Sweden AB may be responsible for the audit until 2027, or until 2037 if a new procurement is carried out after ten years, before a new auditor is chosen in accordance with the rules in force.

Authorized public accountant Mia Rutenius can be the auditor in charge until the 2024 AGM, when in accordance with regulations she will need to rotate her assignments. In addition to the assignment in BioArctic, Mia Rutenius is auditor in charge for among others Infrea AB. For information on remuneration to auditors, refer to Note 8 in the 2023 Annual Report.

CEO AND MANAGEMENT GROUP

The Management Group of BioArctic consists of the CEO and eight other individuals, five of whom are men and four are women. Management meets twice a month for discussion and decisions concerning the ongoing operations, and holds at least one strategy meeting annually. The members of the Management Group develop the annual business plan, which the Board decides on at the end of the year, and prepare material in their respective areas that is presented to the Board.

For a summary and presentation of the Management Group, see pages 124-125.

BioArctic's research and development operations are led by the company's Research and Development Leadership Team, which in addition to CEO Gunilla Osswald consists of six directors in BioArctic's research organization. The Group leads the research efforts at BioArctic and reports back to the company's Group Management.

BioArctic's sustainability initiatives are integrated into its operations through the company's sustainability strategy, which takes its starting point in sustainable innovation and business culture. Management is responsible for presenting this strategy to the Board of Directors, monitoring the efforts and reporting on the outcome. Training courses and workshops were conducted during the year to prepare ahead of forthcoming sustainability legislation.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

Updated guidelines for remuneration to senior executives were adopted at the 2022 AGM and are valid up until the 2026 AGM. The 2023 AGM did not adopt any changes to these guidelines.

The guidelines cover the CEO as well as the members of company management. The guidelines do not cover remuneration that is to be resolved on by the General Meeting (e.g., fees to Board members or share-based incentive programs). The guidelines will be applied to remuneration that is agreed on – and to changes made to remuneration that was previously agreed on – after the guidelines were adopted by the 2022 AGM. The guidelines also cover remuneration paid out under BioArctic's existing milestone-related incentive programs in accordance with resolutions by the General Meeting. The guidelines govern the decisions on remuneration that are taken by the Remuneration Committee and Board of Directors.

BioArctic's remuneration system must be market-based and competitive. Remuneration can be paid out in the form of fixed salary, variable remuneration, pensions and other benefits. Fixed salary will be individual for each executive and based on the executive's position, responsibility, competence, experience and performance. Variable remuneration will be related to the outcome of BioArctic's goals and strategies and based on predefined and measurable criteria designed to promote long-term value creation. The share of total remuneration that comprises variable remuneration may vary depending on position. Short-term variable remuneration is expensed during the financial year and paid out after the AGM has adopted the income statement and balance sheet. The guidelines that were resolved on by the 2022 AGM have been complied with, and all previously decided remuneration that has not yet been paid out is within the framework indicated above.

For the complete guidelines as resolved, refer to Note 7 on pages 89-94.

BOARD PROPOSALS FOR NEW GUIDELINES FOR REMUNERATION TO GROUP MANAGEMENT

No changes to the policies for remuneration and other terms of employment for Group Management have been proposed ahead of the 2024 AGM.

The report of the Board on internal control regarding financial reporting

In accordance with the Companies Act and the Swedish Code of Corporate Governance (the Code), the Board is responsible for the company having well-designed control and functional procedures so that the company's financial reporting, administration and operation are monitored and controlled in a satisfactory manner. The report has been prepared in accordance with the Annual Accounts Act and the Code.

The CEO of BioArctic is ultimately responsible for monitoring whether the work on the company's internal control is being carried out in accordance with the form decided on by the Board of Directors. BioArctic's work on internal control pertaining to financial reporting is led by the CFO. The overall purpose of the internal control is to ensure, to a reasonable degree, that the company's operating strategies, targets and defined risks are monitored and that the owners' investments are protected. Furthermore, the internal control shall ensure, with reasonable certainty, that external financial reporting is reliable and prepared in accordance with accepted accounting practices in Sweden, that applicable laws and regulations are followed, and that the requirements that are set on listed companies are complied with.

Framework for internal control

Internal control at BioArctic is based on the Committee of Sponsoring Organizations of the Threadway Commission (COSO) model, the framework of which has been applied to the company's operations and conditions. The framework comprises five components:

- control environment
- risk assessment
- control activities
- information and communication
- monitoring

Control environment

The control environment constitutes the basis for internal control concerning financial reporting. Clearly defining and communicating the company's decision-making paths, authority and responsibility in the organization, as well as making governing documents in the form of policies, instructions and manuals available, is important. The objective of internal control is to identify, assess, and manage BioArctic's risks. Using effective risk management, the work can concentrate on the areas that are most important for reducing the Company's total risk exposure.

The Board of Directors of BioArctic has established a work procedure and rules of procedure for its work and the Board's committee activities. For monitoring and quality assurance of the financial reporting, the Board has inaugurated an Audit Committee. To create a foundation for proper internal control and to maintain a high standard in the company, the Board has adopted a number of fundamental governing documents including rules of procedure for the Board and the CEO, instructions for financial reporting, a finance policy, a Code of Conduct, and an information policy.

In addition to the above-described internal control pertaining to financial reporting, there is also internal, operation-specific control of data regarding research and development and quality control systems, including systematic monitoring and evaluation of the company's research and manufacturing work and products.

Risk assessment

BioArctic continually evaluates the risks that could lead to errors in the financial reporting in order to ensure proactive management of these risks and proper internal control over risk-taking.

The Board's Audit Committee takes decisions in which risks are essential to monitor in order to ensure proper internal control in financial reporting. This is done by identifying key procedures in financial administration, project reporting, and company-wide areas, and defining controls for these.

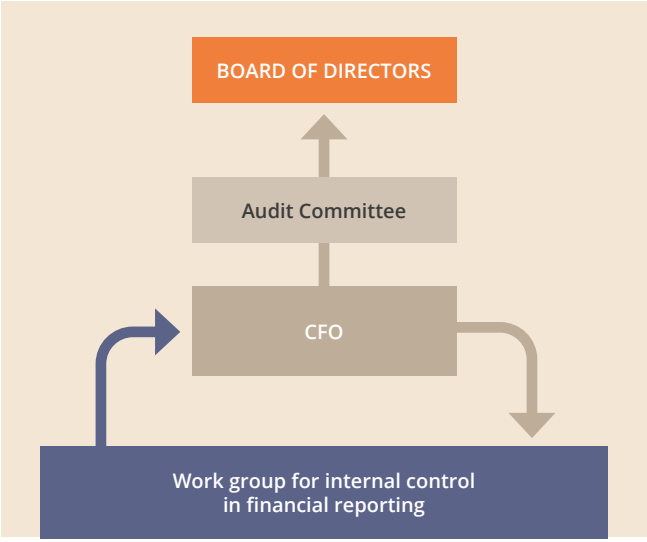
In addition, the Audit Committee conducts an annual risk

analysis pertaining to operational and strategic risks. For a more detailed description of risks and risk management, refer to pages 53-57.

Control activities

The Company's organization and procedures are designed to manage the risks that the Board deems to be essential for internal control of financial reporting. At BioArctic, the company's control structure consists of an organization with clear roles that facilitate an efficient and suitable allocation of responsibilities as well as specific control activities designed to detect, manage, and proactively prevent risks of errors in the reporting.

Examples of control activities are decision-making processes in connection with important decisions or investments and routine monitoring of procedures as regards earnings analyses, payments, VAT and tax accounting, spot checks, and reconciliation. The items and key processes that are linked to the risks identified are routinely subject to tests. Review of the design of the internal controls with regard to quality and efficiency is carried out every year. The test results are reported to the Audit Committee, where they are prepared to be presented to the Board.



Information and communication

All of BioArctic's governing documents such as policies, instructions, and procedural descriptions are communicated and are available via a validated electronic document management system. The finance handbook comprises a governing document that contains guidelines and procedural descriptions for the routine work in the finance department. The finance handbook is routinely updated based on changes to both internal and external requirements. For communication with internal and external parties, there is an information policy that contains guidelines for disseminating information pertaining to internal and external reporting of financial information. The purpose of the policy is to ensure that all of BioArctic's disclosure obligations are met correctly and completely.

Monitoring

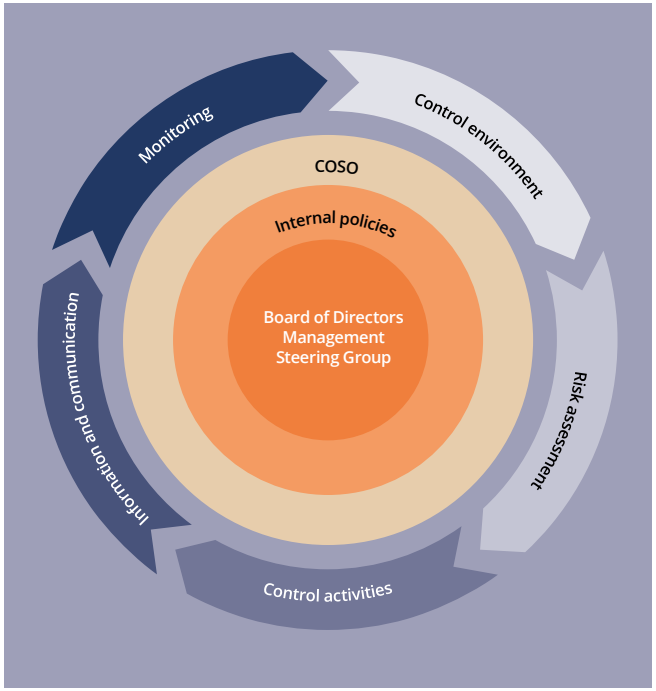
The internal control work constitutes support for the Board, the Audit Committee and senior management in their assessment and evaluation of areas of material risk in financial reporting. Suitable measures can be taken thereafter and follow-ups selected to ensure reliable financial reporting.

Areas of focus during the year

The activities that strengthened internal control during the year include:

- external reviews of internal controls
- reviews and updates of BioArctic's internal control descriptions, with a focus on identifying key controls and enhancing their efficiency
- annual update of selected governing documents
- establishment of internal control structures in newly formed subsidiaries

Stockholm April 17, 2024
Board of Directors of BioArctic AB



Evaluation of specific review function

The Board of Directors of BioArctic has evaluated the need for a special review function, meaning an internal audit function. BioArctic has a review function that is carried out internally within the company. Through the internal review function, it is the opinion of the Audit Committee and the Board of Directors that monitoring, documentation and review of the company's internal control fulfills the function of a special review function.

Board of Directors

Eugen Steiner
Chairman

Born: 1954

Nationality: Swedish

Other assignments: Chairman of the board of Empros Pharma AB. Board member of Inbox Capital AB and Stockholm School of Entrepreneurship.

Education: Karolinska Institutet (licensed physician, Doctor of Clinical Pharmacology).

Experience and prior assignments: CEO or acting chairman of the board in several life science companies in Sweden, Norway, Iceland, the UK and the US for more than 35 years. Member of Royal Swedish Academy of Engineering (IVA) and deputy chairman of its Division X, Biotechnology.

Member since: 2017 (Chairman of the Board since 2023)

Committee membership: Remuneration Committee
Independent in relation to the company and management, and to major shareholders in the company.

Total holdings* in BioArctic: 80,000 Class B shares.

Ivar Verner
Deputy Chairman and Board member

Born: 1947

Nationality: Swedish

Other assignments: Chairman of Erlandsons Brygga AB, Craft Software Holding AB and Valsatra Exploaterings AB. Board member of Sehlhall Fastigheter AB.

Education: Master of Business Administration, Stockholm School of Economics, Sweden.

Experience and prior assignments: Chairman of Rejlers AB, Centrum Fastigheter i Norrtälje AB, Tegnér och Son AB, Welcome Hotel i Sverige AB and Grant Thornton Sweden AB. Board member of Forex Bank AB and Svenska Vårdfastigheter AB.

Member since: 2010

Committee membership: Chairman of the Audit Committee. Independent in relation to the company and management, and to major shareholders in the company.

Total holdings* in BioArctic: 122,770
Class B shares, privately and through Förvaltningsaktiebolaget Kanalen.

Cecilia Edström
Board member

Born: 1966

Nationality: Swedish

Other assignments: Founder and CEO, ceed konsult AB. Board member of Flerie Invest AB, A3P Biomedical AB and Neonode Inc. Advisory Board Member, European Patient Safety Foundation (EUPSF).

Education: Master of Business Administration, Stockholm School of Economics, Sweden.

Experience and prior assignments: More than 30 years of experience in various industries, including life science. Executive roles including CEO and CFO at Bactiguard, member of management groups of TeliaSonera and Scania (and corporate finance at SEB).

Member since: 2023

Committee membership: Audit Committee
Independent in relation to the company and management, and to major shareholders in the company.

Total holdings* in BioArctic: 6,500 Class B shares.

Håkan Englund
Board member

Born: 1952

Nationality: Swedish

Other assignments: Chairman of the board of SecureAppbox AB. Board member of Antrad Medical AB and Prostatype Genomics AB. Owner and CEO of JDS Invest AB.

Education: Various courses at Uppsala University in economics and chemistry. Courses in polymer technology at KTH Royal Institute of Technology in Stockholm.

Experience and prior assignments: Various executive positions including positions in commercialization at Pharmacia Biotech AB and Phadia AB. More than 30 years of experience in the industry. Former board member of Apoteks-Samariten AB, Olink AB, Sensidose AB, Immuneed AB and Arocell AB.

Member since: 2020
Independent in relation to the company and management, and to major shareholders in the company.

Total holdings* in BioArctic: 1,000 Class B shares.

* Includes own holdings, related-party holdings, holdings in companies and capital insurance accounts as of March, 31, 2024.

Board of Directors, cont.

Pär Gellerfors
Board member

Born: 1947

Nationality: Swedish

Other assignments: Founder and CEO of MPG Medical AB. Founder and board member of Ackelsta AB and LPB Sweden AB.

Education: Bachelor degree in chemistry; PhD in chemistry; Associate Professor of Biochemistry. All at Stockholm University, Sweden.

Experience and prior assignments: Founder of BioArctic in 2003, former CEO of the company. CEO and board member of Swenora Biotech AB; founder and research director at Zymenex AS; founder and board member of LPB Sweden Holding AB; board member of Sigrid AB.

Member since: 2003

Committee membership: Remuneration Committee. Independent in relation to the company and company management. Not independent in relation to major shareholders in the company.

Total holdings* in BioArctic: 5,759,998 Class A shares through Ackelsta AB. 13,343,201 Class B shares through Ackelsta AB.

Lars Lannfelt
Board member

Born: 1949

Nationality: Swedish

Other assignments: Board member of Demban AB and LPB Sweden AB.

Education: Medical degree (specialist in psychiatry) and doctoral thesis at Karolinska Institutet, Stockholm, Sweden; Associate Professor of Neurogenetics at Karolinska Institutet, specialist in geriatrics.

Experience and prior assignments: More than 35 years of experience in research into Alzheimer's disease and other neurodegenerative diseases. Professor of Geriatrics at Uppsala University; member of the Royal Swedish Academy of Sciences. Founder of BioArctic in 2003, Chairman of the Board and a number of assignments and roles in the company.

Member since: 2003
Not independent in relation to the company and management, and to major shareholders in the company.

Total holdings* in BioArctic: 8,639,998 Class A shares through Demban AB. 20,885,052 Class B shares through Demban AB. Owns 7,000 Class B shares privately.

Lotta Ljungqvist
Board member

Born: 1961

Nationality: Swedish

Other assignments: Board member of Atlas Antibodies AB, Genovis AB, Arocell AB, NorthXBiologics AB, and BioLamina AB. Chairman of the Royal Swedish Academy of Engineering's (IVA) Division X, Biotechnology, and chairman of SwedenBio.

Education: Degree in biochemistry from KTH Royal Institute of Technology in Stockholm, Sweden. Doctorate in biochemical technology.

Experience and prior assignments: CEO of Testa Center, Cytiva (formerly GE Healthcare Life Sciences). Executive roles as CEO, head of business area, head of research and project manager for biopharma projects at GE Healthcare Life Sciences, Biovitrum and Pharmacia.

Member since: 2021

Committee membership: Chairman of the Remuneration Committee. Independent in relation to the company and management, and to major shareholders in the company.

Total holdings* in BioArctic: 3,159 Class B shares.

Mikael Smedeby
Board member

Born: 1968

Nationality: Swedish

Other assignments: Lawyer and partner at Advokatfirman Lindahl. Chairman of the board of Coeli Holding AB (including subsidiaries), Sallengruppen AB (including subsidiaries) and Uppsala Akademiförvaltning. Board member of Rarity Bioscience AB. Sirius Fotboll and Mikael Smedeby Advokat AB.

Education: Master of Laws, Uppsala University, Sweden. Reserve officer training at the Swedish Infantry Officers' College and the Swedish Infantry Combat School.

Experience and prior assignments: Special experience in corporate law, mergers and acquisitions, financing and licensing. Held executive positions at Advokatfirman Lindahl 2010–2019, including Managing Partner and chairman of the board. Member of the Board of Directors of BioArctic, 2014–2017.

Member since: 2018

Committee membership: Audit Committee. Independent in relation to the company and management, and to major shareholders in the company.

Total holdings* in BioArctic: 27,270 Class B shares.

* Includes own holdings, related-party holdings, holdings in companies and capital insurance accounts as of March, 31, 2024..

Senior executives

Gunilla Osswald
President and CEO of BioArctic AB

Born: 1961

Nationality: Swedish

Employed since: 2013

Other assignments: Board member of Egetis Therapeutics AB.

Education: Pharmacist; Ph.D. in biopharmacy and pharmacokinetics at Uppsala University, Sweden.

Experience and prior assignments: More than 35 years of experience in drug development. Executive positions at Astra/AstraZeneca, including Vice President responsible for the project portfolio in neurodegenerative diseases. Board member of SP Process Development AB.

Member of BioArctic Group Management since: 2013

Total holdings* and warrants in BioArctic:
84,800 Class B shares.
Employee stock options that grant acquisition rights to 90,000 Class B shares (2019/2028 program).
10,000 performance share rights (2023/2026 share rights program).

Anders Martin-Löf
CFO

Born: 1971

Nationality: Swedish

Employed since: 2023

Other assignments: Board member of Cantargia AB and Affibody Medical AB.

Education: Master's degree in Engineering Physics from KTH Royal Institute of Technology in Stockholm, and bachelor's degree in Economics from Stockholm University.

Experience and prior assignments: Lengthy experience as CFO for life science companies listed on the Stockholm Stock Exchange, and was previously CFO for Oncopeptides, Wilson Therapeutics and RaySearch Laboratories. He was also head of Investor Relations and held various business development positions at Swedish Orphan Biovitrum.

Member of BioArctic Group Management since: 2023

Total holdings* and warrants in BioArctic:
1,000 Class B shares.
Employee stock options granting acquisition rights to 20,000 Class B shares (2019/2028 program).
3,000 performance share rights (2023/2026 share rights program).

Gunilla Andersson
Vice President, Head of HR

Born: 1961

Nationality: Swedish

Employed since: 2019 (contracted since 2014).

Other assignments: Manages her own consulting firm in HR.

Education: B.Sc. in Human Resource Development and Labor Relations with a specialization in labor rights from Lund University, Sweden.

Experience and prior assignments: Over 30 years of experience as HR consultant and HR manager in educational organizations and pharma companies such as Pharmacia and Novartis.

Member of BioArctic Group Management since: 2019

Total holdings* and warrants in BioArctic:
0 shares.
Employee stock options that grant acquisition rights to 20,000 Class B shares (2019/2028 program).
3,000 performance share rights (2023/2026 share rights program).

Oskar Bosson
Head of Investor Relations & Communications

Born: 1976

Nationality: Swedish

Employed since: 2020

Education: Engineering degree in molecular biotechnics and bachelor's degree in business administration from Uppsala University.

Experience and prior assignments: Over 20 years of experience globally in communications. Has previously held senior positions in companies such as Sobi, Ovako and Elekta.

Member of BioArctic Group Management since: 2020

Total holdings* and warrants in BioArctic:
11,055 Class B shares.
Employee stock options that grant acquisition rights to 8,000 Class B shares (2019/2028 program).
3,000 performance share rights (2023/2026 share rights program).

Johanna Fälting
Vice President Head of Research

Born: 1972

Nationality: Swedish

Employed since: 2012

Education: Ph.D. in Physiology, Stockholm University; Licentiate degree in physiology, Stockholm University; Master's degree in biology, Stockholm University, Sweden.

Experience and prior assignments: Over 20 years of experience in drug development in executive positions in R&D, and development in the global pharma and biotech industry.

Member of BioArctic Group Management since: 2012

Total holdings* and warrants in BioArctic:
21,355 Class B shares.
Employee stock options that grant acquisition rights to 4,000 Class B shares (2019/2028 program).
3,000 performance share rights (2023/2026 share rights program).

* Includes own holdings, related-party holdings, holdings in companies and capital insurance accounts as of March, 31, 2024.

Management, cont.

Leif Gallo
General Counsel, Head of Legal & IP

Born: 1959

Nationality: Swedish

Employed since: 2020 (contracted since 2018)

Education: Master's degree in Law, Uppsala University, Sweden.

Experience and prior assignments: Nearly 30 years of experience from senior and executive roles as corporate counsel in the research-oriented global pharma industry (e.g., Astra/AstraZeneca and own consulting firms).

Member of BioArctic Group Management since: 2023

Total holdings* and warrants in BioArctic:
0 shares.
Employee stock options that grant acquisition rights to 8,000 Class B shares (2019/2028 program).
3,000 performance share rights (2023/2026 share rights program).

Anna-Kaija Grönblad
Chief Commercial Officer.

Born: 1968

Nationality: Swedish

Employed since: 2021 (contracted since 2020)

Other assignments: Board member of Index Pharmaceuticals AB.

Education: B.Sc. in business administration from Uppsala University.

Experience and prior assignments: More than 25 years of experience from the pharma industry and private health care. Has worked in several fields of therapy in various commercial roles, in Sweden and the Nordics/Baltics, most recently as CEO of Sanofi AB and General Manager, Nordics & Baltics General Medicines..

Member of BioArctic Group Management since: 2021

Total holdings* and warrants in BioArctic:
9,300 B shares, privately and through Saimi AB.
Employee stock options that grant acquisition rights to 20,000 Class B shares (2019/2028 program).
3,000 performance share rights (2023/2026 share rights program).

Mikael Moge
Vice President Chemistry, Manufacturing & Control

Born: 1967

Nationality: Swedish

Employed since: 2012

Education: Master of Chemical Engineering, KTH Royal Institute of Technology; Ph.D. in organic chemistry, KTH; Stockholm, Sweden.

Experience and prior assignments: Over 25 years of experience in drug development and more than 20 years of experience as R&D director in process development and GMP manufacturing. Former section manager in Process R&D at AstraZeneca.

Member of BioArctic Group Management since: 2012

Total holdings* and warrants in BioArctic:
11,970 shares.
Employee stock options that grant acquisition rights to 6,000 Class B shares (2019/2028 program).
3,000 performance share rights (2023/2026 share rights program).

Tomas Odergren
Chief Medical Officer

Born: 1959

Nationality: Swedish

Employed since: 2019 (contracted since 2016)

Other assignments: Senior Clinical Consultant, GKeller Consulting.

Education: Medical degree and specialist training in neurology, M.D. from Karolinska Institutet, Pharmaceutical Medicine EUCOR/ECPM certified.

Experience and prior assignments: Over 25 years of experience in the pharma industry, in leading positions in clinical research at AstraZeneca and H. Lundbeck. Chief Specialist ICR Neurology H Lundbeck A/S (2015–2017).

Member of BioArctic Group Management since: 2020

Total holdings* and warrants in BioArctic:
5,700 Class B shares.
Employee stock options that grant acquisition rights to 20,000 Class B shares (2019/2028 program).
3,000 performance share rights (2023/2026

* Includes own holdings, related-party holdings, holdings in companies and capital insurance accounts as of March, 31, 2024.

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in BioArctic AB (publ), corporate identity number 556601-2679

Engagement and responsibility

The Board of Directors is responsible for the Corporate Governance Report for the year 2023 on pages 114-125 and for its preparation in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard Rev 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinion

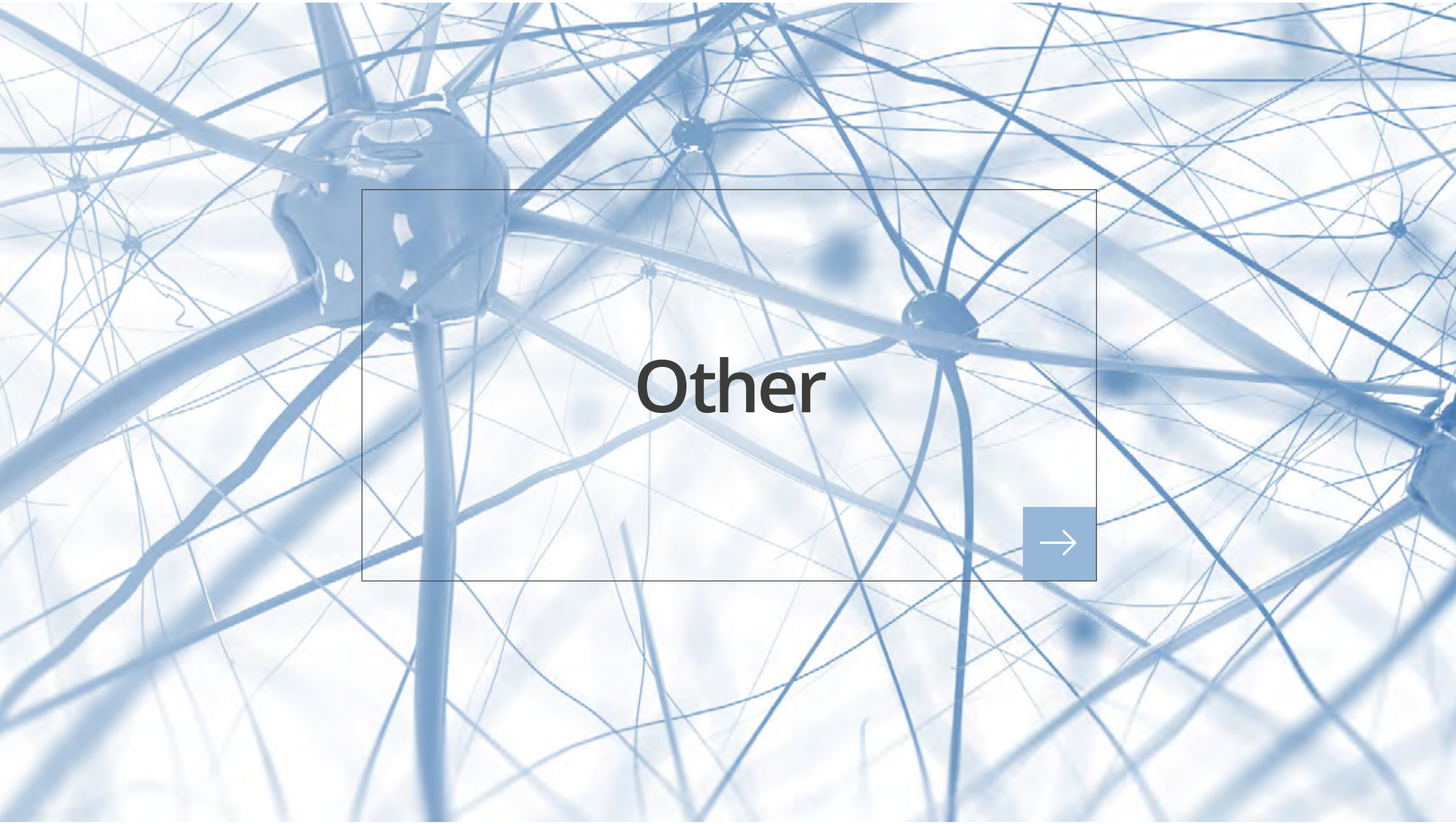
A Corporate Governance Report has been prepared. Disclosures in accordance with Chapter 6, Section 6 the second paragraph, Points 2-6 of the Annual Accounts Act, and Chapter 7, Section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm April 17, 2024

Grant Thornton Sweden AB

Mia Rutenius
Authorized public accountant
Auditor in charge

Therese Utengen
Authorized public accountant



Other

Sustainability Report

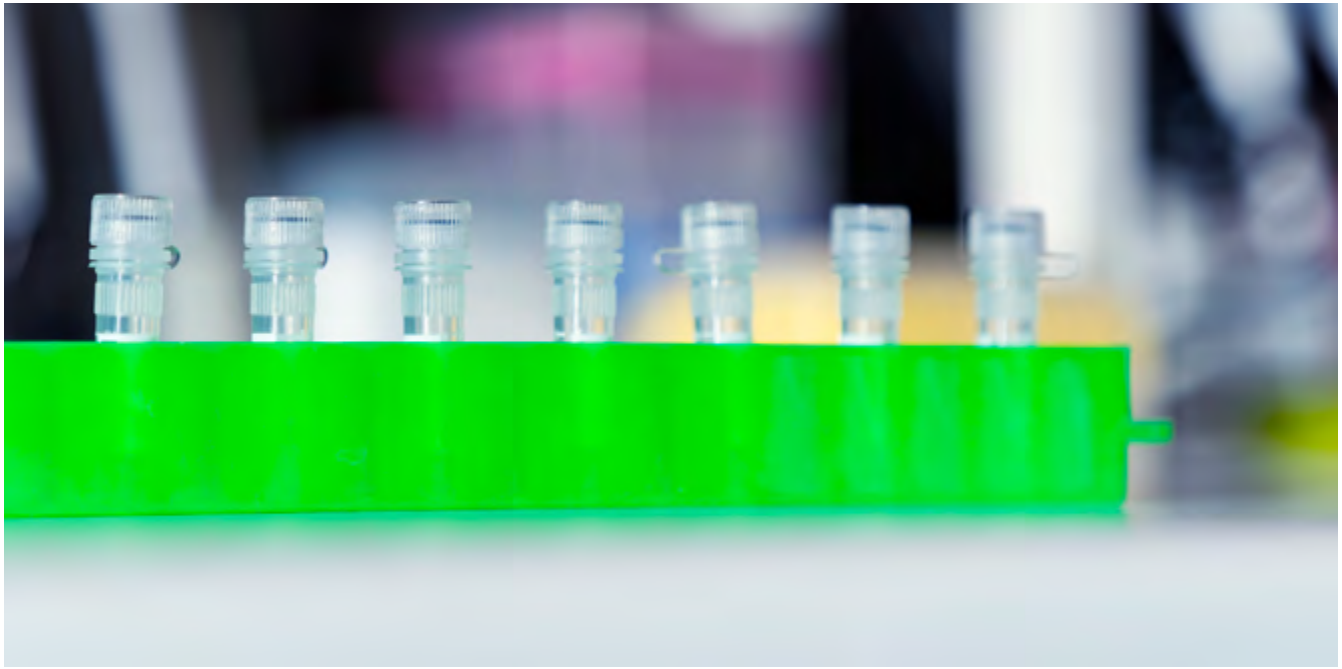
The operations BioArctic conducts are characterized by transparency, creativity and respect for the equal worth of all. BioArctic's strategy for a sustainable future is encapsulated in the concepts of Sustainable innovation and Sustainable business. This Sustainability Report is a step in the effort to systematize and prepare the company for the Corporate Sustainability Reporting Directive (CSRD), the forthcoming legislation on sustainability transparency.

Sustainability Report **2023**

BioArctic's most important contribution to a globally sustainable future lies in innovation and the development of safe and effective drugs against diseases of the brain. To facilitate this innovation, BioArctic believes that being a good employer and pursuing responsible research of the highest caliber is essential. The company's strategy of working with partners will enable the value of our research to reach an even broader audience and facilitate access to our innovations around the world. The operations BioArctic conducts are characterized by transparency, creativity and respect for the equal worth of all. BioArctic encapsulates these values with the concept *Sustainable innovation*.

BioArctic endeavors to integrate economic and social sustainability at all levels of its operations, to continually improve the company's procedures and quality assurance systems, and to take action to prevent the environmental impact of its own operations. We encapsulate our compliance with the prevailing legislation and demonstrating responsibility with the concept *Sustainable business*.

The forthcoming legislation in the area of sustainability, the company's growth and the realization of our strategy to market drugs in the Nordic region have created a need to review and develop the company's sustainability program. This Sustainability Report is an initial step in defining the areas that the company regards as material and will be covered by the company's reporting ahead of the introduction of CSRD regulations.



Sustainable innovation	Sustainable business
Employees and work environment	Suppliers
Research and bioethics	Compliance
Patients and access to drugs	Environmental management and climate initiatives
Product safety	

BioArctic promotes the following UN Sustainable Development Goals:

- SDG 3 – Good health and well-being (targets 3.4, 3.8, 3.B)
- SDG 5 – Gender equality (target 5.5)
- SDG 8 – Decent work and economic growth (target 8.8)
- SDG 9 – Industry, innovation and infrastructure (target 9.5)
- SDG 12 – Responsible consumption and production (targets 12.2, 12.5)
- SDG 13 – Climate action (target 13.2)
- SDG 17 – Partnerships for the goals (target 17.17).

BioArctic's sustainability strategy is an integral part of the company's overall strategy and is pursued by the management group. Sustainability issues are represented in the management group by the Vice President Investor Relations & Communications. The Board of Directors and the management group are continually trained in sustainability issues to ensure that their efforts are managed and pursued with a forward-looking perspective and in line with the company's strategy.

Materiality assessment

A stakeholder dialogue was conducted in 2023 for the purpose of identifying material areas for BioArctic's sustainability initiatives and reporting. This dialogue included interviews and workshops with management and the Board as well as external individuals who represented industry advocates, government authorities and shareholders. In addition, a analysis was conducted of regulatory frameworks, ESG rankings and sustainability reporting from select pharma companies – both large companies ranked best in class and smaller companies with more comparable operations. These efforts resulted in a materiality assessment, a gap analysis and an activity plan ahead of forthcoming CSRD legislation, all of which has been reviewed and approved by BioArctic's management and Board of Directors. The outcome of the stakeholder dialogue showed that a continued focus on innovation, employees and transparency, and on driving patient access to drugs are key areas for the company.

A more detailed double materiality assessment will be conducted in 2024, and decisions will be made regarding which areas are to be covered by CSRD reporting in 2025. Owing to the company's development, there is a need to conduct a supplementary stakeholder dialogue within two years to ensure that the operations are reflected in accordance with current conditions.

The company has its registered office in Stockholm, Sweden, where the majority of its employees are active. There are subsidiaries in Denmark, Finland and Norway that have been conducting commercial operations since 2023. This Sustainability Report covers the BioArctic Group in its entirety. The company collaborates with and has signed licensing agreements with partners globally, but has a limited impact on their operations (refer to Partnerships and suppliers on page 111 for a description of partnership models).

Stakeholder	Primary areas of discussion during stakeholder dialog
Employees	• Potential IT attacks – emphasizes the importance of robust approaches to protect systems and sensitive data. • The company's efforts around employee health, corporate culture and a healthy and productive work climate are held up as very positive. • The company's innovation-driven culture, especially its role in developing treatments that have a positive impact on the lives of patients. • Efforts around diversity and inclusion are key to encouraging innovation. • Environmental initiatives aimed at suppliers can be developed.
Investors	• Ensuring sufficient capital and establishing a sustainable business model are a priority. • Maintain the company's ethical standards for drug manufacturing and avoid taking shortcuts that risk quality or integrity. • Carefully evaluate access to and the cost of drugs, and aim at making them accessible for as large a population as possible. • Expect a positive development in sustainability activities, but have not set specific targets or criteria.
Government authorities	• Increase transparency throughout the value chain. Ensure that the life cycle of the product, from production to patient, is traceable and reviewed by third parties to ensure reliability. Monitoring environmental emissions and transport are particularly important. • Incorporate environmental risk assessment in regulatory evaluations. • Focus on environmental and climate effects of drugs, including such areas as water purification, access to water, waste management and circular systems. • In addition to improving health, access and pricing also ought to be of particular interest to pharma companies.
Industry/Customers	• The industry must be a driver for increased transparency in the value chain. • As a relatively new company, BioArctic should be able to take the lead by establishing new standards for sustainability and ethics. • Address broader social issues such as diversity and equity in the industry, and other industry-critical areas such as resiliency in the value chain and Europe's strategic self-sufficiency for drugs.

Strengths and areas for improvement

BioArctic operates in a strictly regulated market with detailed regulations concerning quality and safety. This means that numerous sustainability areas have already been defined as material issues and have been completely integrated into operations. In addition to the regulated areas, BioArctic has prioritized employeeship and work environment for many years. Research is being conducted in areas with significant medical need where treatments are lacking. BioArctic achieved a historic milestone in 2023 when the company's first drug candidate was approved by government authorities in the US and Japan as the first disease-modfying drug for Alzheimer's disease. These approvals confirm the company's fundamental scientific principles and enable research into other neurodegenerative diseases.

The company is in a phase of growth and development, and efforts are continuing to adapt structures, work methods and policies to this reality. BioArctic conducts a regulated and responsible business, but in the past has not systematically collected and reported relevant data from a sustainability perspective, nor has it communicated targets. BioArctic is expected to fall under the CSRD regulations for the 2025 reporting year, and has initiated efforts to comply with the requirements that have been set. These efforts will provide the insights needed to set relevant carbon reduction targets.

The company has a risk preventional and responsible approach toward its suppliers, but active monitoring is absent. Systematic supplier evaluation and monitoring will be initiated in 2024.

BioArctic applied to join the UN Global Compact in December 2023 and became a member in January 2024.

Environmental

Environmental and climate impact

BioArctic applies the precautionary principle in order to reduce the company's impact on the environment and the climate. The company's environmental and climate impact is the result of direct and indirect activities in the value chain and in its own operations. BioArctic's carbon footprint is limited. It is caused by local operation, business travel and the purchase of manufacturing and distribution services. An analysis of emissions is under way in order to understand their scope, and this is expected to be finished in conjunction with the 2025 reporting year, thereby setting a baseline value. BioArctic intends to adopt reduction targets on this basis. For 2023, BioArctic is publishing the available data in order to demonstrate its ambition, but it does not claim that the data is complete or comprehensive.

Environmental targets

Year	Area	Target	Progress
2024	Emissions, Scope 1 and 2	• Complete survey • Vehicle fleet, 100% electric or plug-in hybrid	As planned
2025	Emissions, Scope 1, 2 and 3	• Survey of the value chain according to materiality, in order to set baseline values • Communicate reduction targets	Work initiated

EMISSIONS (kg CO_2)	2023	2022	Source and calculation method
Scope 1			
Company vehicles	5,810	9,138	WLTP
- Total number	15	12	
- Of which, plug-in hybrid electric vehicles (PHEV), %	47	42	
- Of which electric vehicles, %	40	33	
Scope 2			Operation of the company's head office
Electricity – purchased	0	0	100% renewable energy, supplier specific
Property – total energy	7,278	4,203	includes electricity, district heating and cooling, supplier specific
Scope 3			
Category 5: Waste	-4	-4	Savings of recycling, supplier specific
Category 6: Business travel	436	285	Flights + hotels, travel agency specific, DEFRA
Category 7: Commuting	49,325	—	2023: approximately 70% response rate to commuter survey; 2022: not achieved

Scope 1 includes only leased company vehicles. No other production or emissions from own sources. Scope 2 includes purchased electricity, district heating and district cooling for the head office, supplier specific data from energy suppliers and through the landlord. CO_2 emissions factor for the property increased in 2023 (2,78 kgCO_2/m²) compared to 2022 (1,64 kgCO_2/m²) whilst the total energy consumption and size of premises only increased marginally. Other office premises are counted as leased assets and are intended for reporting in Scope 3, Category 8: Upstream Leased Assets. The intent is to report material Scope 3 calculations for full-year 2025 at the latest.

The EU Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. BioArctic has concluded that the Group's main economic activity is not covered by the Climate Delegated Act and is therefore not Taxonomy-eligible related to the first two environmental objectives (Climate change mitigation and Climate change adaptation). This report will therefore not cover the EU Taxonomy.

The environmental impact originates primarily from laboratory work and covers waste management as well as the consumption of energy, water and chemicals. BioArctic's drugs and drug candidates consist solely of biological preparations, and under the guidelines of the Swedish Medical Products Agency for environmental risk assessment of pharmaceuticals, these compounds are considered as having an insignificant negative environmental impact and are exempted from the requirements for risk assessment. BioArctic has assumed that the company's impact on biodiversity is negligible.

The company's environmental management is an integrated part of the GxP pharmaceutical framework and is built on – but not certified under – the ISO 14001 standard. Pharmaceutical research is conducted in BioArctic's offices in Stockholm. The operations comply with the permits issued to BioArctic by the government authorities concerned. In accordance with Swedish environmental legislation, BioArctic is registered with the Stockholm County Administrative Board (Sv. Länsstyrelsen) to conduct its operations. All handling of chemicals in the company's operations is described in detail in the work instructions and monitored from a risk perspective. BioArctic is not involved in any environmental disputes.

Business travel occurs primarily to international scientific conferences and investor meetings. BioArctic attends the annual Clinical Trials in Alzheimer's Disease (CTAD) conference, which in 2022 and 2023 was held in San Francisco and Boston, respectively. The international conference for Alzheimer's and Parkinson's disease, AD/PD, is also of major importance and is usually held in Europe. The 2023 AD/PD conference was held in Gothenburg, Sweden, so travel by train was possible.

Several measures were taken during the year to reduce carbon emissions. The updated Vehicle Policy permits only electric and hybrid vehicles, and a gradual transition is taking place to LED lighting in the office as well as more energy-efficient freezers. The property is environmentally certified according to LEED O+M, level gold, and through a green lease BioArctic and its landlord have undertaken to use only renewable or climate-neutral energy. Employees are offered leasing of bicycles to promote sustainable commuting habits.

Water

Water consumption encompasses the company's premises in Stockholm. Water extraction comes solely from areas with a low water stress index.

m3	2023	2022
Water	1,107	1,230

Waste

Laboratory work with biological materials is associated with consumption of single-use materials from non-recycled plastic. BioArctic works continually to increase the proportion of recycled plastic and decrease the use of single-use plastic in its operations, and to recycle whatever is possible. All waste is sorted and taken care of to either be recycled or incinerated in accordance

with applicable regulations. BioArctic's management of waste from laboratory work is described in detail in the work instructions and continually monitored from a risk perspective.

Waste management is coordinated with neighboring operations, which reduces the number of transport journeys and thereby also CO_2 emissions compared with a traditional recycling system.

(kg)	2023	2022	Comments
Total waste	**4,880**	**4,725**	
Non-hazardous waste			
Recycling	3,013	2,653	
Incineration[1]	—	—	
Hazardous waste (kg)			
Recycling	605	379	Electronics, lighting sources, household chemicals
Incineration	1,262	1,693	Chemically contaminated and contagious laboratory waste

1) Incineration waste in Stockholm is converted into electricity and district heating, thereby the entire fraction of non-hazardous waste is considered to be recycled.

Social

Employees

Headcount 2023	Total	Women	Men
Number of permanent employees	88	55 (63%)	33 (38%)
Senior executives	9	4 (44%)	5 (56%)
Managers with personnel responsibilities	18	10 (56%)	8 (44%)
New recruitments	27		
Departures	1	1	—
Personnel turnover	1%	—	—
Number of nationalities	14		
PhD	49 (56%)		
FTE consultants	13		

These statistics encompass all of BioArctic's employees, including five that were employed in 2023 at the three new subsidiaries that were established in Norway, Denmark and Finland.

BioArctic is in a phase of expansive growth. 27 new employees were hired during the year, and only one left the company to move abroad. 68 percent of the company's employees are active in research and development, and approximately 85 percent of these have a PhD.

Recruitment in some areas of expertise may be challenging owing to a shortage of competence, but the company has so far been very successful with significant interest from applicants in all areas. Since the company is seeing a continued significant need for employment, this issue has been raised as an area to monitor going forward as part of the risk survey. Great importance has been put on the selection process and introduction of new employees for the purpose of ensuring good relationships with employees and providing them with the best conditions for contributing right from the start.

Within the organization there is a need for specialist consultants, and the company's relatively early research portfolio sets requirements for flexibility with regard to the competence required in different phases. BioArctic is a growing organization, and part-time consultants are used in cases where the basis for full-time positions is lacking. Consultants are brought on to replace employees on parental leave. Consultants are covered by the company's code of conduct, undergo some mandatory training and participate under the same conditions as permanent employees in conjunction with company-wide activities.

Four "BioArctic Days" were held during the year for all employees and consultants, to pursue joint company and employee issues. On one of these days, employees were introduced to and trained in aspects including the company's new Code of Conduct.

	2023	2022
eNPS score	76	75

The company conducts quarterly employee satisfaction surveys as well as two surveys a year on discrimination and inclusion. The results are followed up on with managers and employees in order to catch any emerging situations early on. The results indicate high levels of satisfaction among our employees.

The Employee Net Promoter Score (eNPS) is a measurement of employee engagement and whether they would recommend working at the company to others. The eNPS ranges between -100 and +100, with a score above 30 generally considerd to being exceptional. BioArctic has set a target to never fall below an average eNPS 50, but is striving to retain the current higher level even in the growth phase that the company currently finds itself in.

All of BioArctic's employees have the right to form, participate in or refrain from participation in trade-union organizations. The academics' association at the company sends

invitations to meetings and collects employees' views ahead of regular collaboration meetings with the company's CEO or heads of research and HR. These meetings take place four times a year.

BioArctic does not tolerate any form of victimization such as discrimination, bullying and sexual harassment. BioArctic will be a workplace where all employees are treated equally and respectfully regardless of ethnic affiliation, disability, gender, transgender identity or expression, religion or other expression of faith, sexual orientation or age. The company's diversity and equality initiatives are described in its Diversity and Equality Policy and Diversity and Equality Plan.

BioArctic produces a diversity and equality plan on an annual basis, in partnership with trade-union representatives. The plan encompasses: working conditions, provisions and practices concerning salaries and other conditions of employment, recruitment and promotions, training and other competence development, and possibilities for combining work and parenthood. In addition, guidelines and routines are evaluated in order to prevent victimization, harassment and sexual harassment. The plan also contains an analysis of the current situation and suggestions for activities. No complaints based in discrimination were submitted in 2023.

BioArctic has well-defined non-discriminatory recruitment processes that are built on competence-based recruitment. BioArctic strives for an equitable distribution of gender at various levels of the company such as management, managers with HR responsibilities, the research and the commercial organization, and head office functions. An equitable gender distribution is considered to exist when the proportion of the under-represented gender in a group is at least 40/60. In 2023, the company's operations were considered as having an equitable gender distribution.

Researchers from around the globe are applying to BioArctic and the company has employees from 14 countries. In the autumn of 2021, BioArctic began holding courses in the Swedish language for employees whose native language is not Swedish. The purpose of this course includes facilitating the integration of individuals into Swedish society and enabling employees to feel included in contexts where Swedish is spoken at the company. Eight individuals took the course in 2023.

Dissemination of knowledge and community involvement

BioArctic aims to promote development of knowledge and research. BioArctic's employees attended 15 scientific conferences to further their training and provide information on the company's research in the field of neurodegenerative diseases.

BioArctic is connected to and collaborates closely with academia, and the company's founder is a Professor Emeritus at Uppsala University. In 2023, an external PhD, meaning it was carried out as part of BioArctic's operations, was presented at Uppsala University. The company also routinely brings on researchers during their postdoctoral research. Employees have taken part in courses and shared their know-how of the company's areas of research and knowledge to target groups such as students in high school and at Uppsala University as well as researchers at Karolinska Institutet and Neurocenter Finland, and have shared their knowledge in vocational training courses.

Making research accessible	2023
Presentations at scientific conferences	4
Poster presentations at scientific conferences	1
Articles published in peer-reviewed journals	6
Scientific doctoral dissertations	1

Making knowledge available can play a material role in creating equal access to medical care and to health. After having secured the necessary patents, BioArctic's guiding light has been transparency with the results of research and clinical development even if the results do not measure up to the desired outcome. The company and its employees routinely share select data openly via scientific articles, oral presentations, lectures at universities and higher education institutions, abstracts, posters and at scientific conferences. Six scientific

publications were published in 2023. BioArctic also has a number of academic partnerships with universities for both education and research.

As one of Sweden's fastest growing biopharma companies, BioArctic feels that contributing to the regrowth of Swedish life science is important. BioArctic was invited to speak at the hearings of the Swedish Parliament on its national life science strategy, with insights on competence supply and research grants being highlighted as particularly important to take into account as support for research-focused companies. BioArctic also participated in the debate to secure the competitiveness of the Swedish life science industry in view of the reform of EU drug legislation.

Remuneration principles and lifelong learning

BioArctic intends to offer market-based conditions that facilitate recruitment and retention of employees without setting the industry standard.

Full-time employees and employees on parental leave are insured against workplace injuries during work hours, and are offered both defined-contribution pension provisions and sickness insurance. All employees are covered by insurance in the event of workplace injuries, and during business travel. Subsidiaries in Denmark, Finland and Norway were established in 2023, with terms and conditions adapted to the local markets' standards. The opportunity to sign private health care insurance is offered to all permanent employees.

The company's salary structure is built on gender-neutral values, and salaries are set based on:
1) effort and results achieved (fulfillment of targets)
2) degree of compliance with the company's core values
3) the degree of difficulty of the work
4) experience and education

All employees have annual planning and performance reviews with their managers. The employee's goals and development plan for the coming year, as well as salary adjustments, are discussed with their immediate supervisor on an annual basis. To ensure that no systematic salary differences arise, BioArctic conducts salary surveys every year. No situations requiring adjustments were identified in 2023. Remuneration to the CEO and senior executives is indicated in Note 7 on page 92.

The company has introduced an expanded career ladder in its research division to offer more career development opportunities for researchers. To promote innovation and accelerate projects, 20 employees in research and development functions participated in a comprehensive project manager training course.

BioArctic applies milestone bonuses that cover all employees. These are, and have been, linked to targets achieved in the research program and strongly linked to the company's capacity for innovation and thus also to its sustainability goals. In 2023, the Annual General Meeting resolved to introduce a long-term incentive plan in the form of a share rights program for all employees in the company. In the Board's opinion, this strengthens interest in the company's operations and increases motivation and a sense of community with the company and its shareholders among the participants. The proposal for an incentive plan for 2024, which is decided by the shareholders at the annual general meeting, contains ESG-related goals for the company and its employees.

All employees are given the opportunity to sign a beneficial agreement on staff vehicles (electric or hybrid) and staff bicycles. Parking opportunities with charging stations, a bicycle storage room and changing rooms are available at the head office.

Work environment and wellness

Systematic occupational health and safety initiatives have always played a key role at BioArctic as a research company. The company has a work environment group that comprises employees and managers, and a safety delegate is appointed by employees. The company pursues systematic fire prevention initiatives and conducts annual safety and fire safety inspections.

Work environment	2023	2022
Workplace accidents	0	0
Sick leave resulting from workplace injuries	0	0
Lost workday injuries (LWI)	0	0
Lost time incident rate (LTIR)	0	0

Ergonomics are regularly reviewed at the workplace, and special risk assessments are conducted in conjunction with remodeling. As a result of the addition of personnel who do not have the office or the laboratory as their primary workplace, a risk assessment concerning these work conditions was performed.

Specific risk assessments are performed on the work environment and working conditions ahead of pregnancy and nursing. If the findings of the risk assessment show that there is a risk of a harmful impact on pregnancy or nursing, employees are offered the opportunity to adjust their work or a temporary placement in other work tasks without impacting their normal job description.

All required protective equipment is provided by the company. There may be work with biological materials in the laboratory, and all personnel who handle these materials are offered vaccinations. All employees who work with animals are offered a medical examination before the work begins.

Work environment training was offered to new managers during the year, as was a course for all managers with a focus on the psychosocial work environment. The CEO delegates work environment tasks to managers in writing after they have undergone work environment training. The work environment is one part of the introductory program for all employees, and work instructions and policies have been upgraded to mandatory for all employees.

No workplace accidents were reported to the Swedish Work Environment Authority in 2023.

BioArctic wishes to encourage a healthy lifestyle, and offers activities to promote wellness and long-term sustainable employeeship. Employees have the right to one wellness hour a

week, when the work permits, and provides a wellness subsidy. There are several wellness ambassadors in the company who lead internal wellness activities such as yoga, running, Tabata workouts and so on.

This view of wellness also permeates our external relationships, and in a partnership with the Swedish School of Sport and Health Sciences in Stockholm, we produce awareness of how physical activity can promote brain health. The project is intended to produce blood markers for early detection of neurodegenerative diseases such as Alzheimer's disease, and to look at how ways of living such as physical activity can prevent or slow the progress of these diseases.

Research and bioethics

BioArctic is primarily a research company whose future lies in innovation and the development of safe and effective drugs against disorders of the central nervous system. Two projects from the research portfolio were nominated in 2023 for advancement to drug candidate status (CD) and the preclinical phase, which is the stage in the development of drugs where criteria such as safety, pharmaceutical formulation and scalability in production are established. Investment decisions were made to facilitate the work ahead of permit applications for drug trials (IND), and the company's portfolio in Alzheimer's disease was expanded further.

BioArctic conducts its own research and preclinical development at its laboratory located in Stockholm, Sweden. Clinical product development takes place primarily in collaboration with partners and contracted companies.

The use of primary cell cultures is an important step in understanding cellular biology in an entire organism. BioArctic uses embryonic cells from mice to create primary cultures of the nervous system.

Studies in research animal models are required by government authorities before a drug candidate can be tested in humans. BioArctic's research uses animal models only in studies that enable increased knowledge of the diseases BioArctic intends to treat, and in studies intended to evaluate the efficacy or safety profile of drug candidates. BioArctic carefully considers the use of animals in research and follows the "3R" principle: Replace – Reduce – Refine. BioArctic does not perform any animal experiments at its own premises. Experiments are conducted by approved and validated external partners in accordance with national regulations after ethical assessments, with humane principles being taken into account.

Patients and access to drugs

BioArctic has developed the first approved disease-modifying treatment for Alzheimer's disease, a disease that over 30 million people worldwide are living with and that entails significant suffering for patients and their families as well as tremendous costs for society. The number of people who fall ill yearly is expected to increase. This is the company's first drug to have reached the market. The research portfolio contains additional drug candidates for the treatment of neurodegenerative diseases that currently have no effective cure, such as Parkinson's disease, ALS and others.

BioArctic has a limited geographic reach for commercializing the drugs the company is researching and making them available to the greatest number of patients possible. Collaboration with partners is an explicit strategy, and in the case of lecanemab the collaboration is being pursued with the company's partner Eisai.

Eisai's recruitment strategy during the Clarity AD Phase 3 study involved a broad inclusion of patients in order to reflect the population of early Alzheimer's patients in society to the greatest extent possible. This includes patients with a broad spectrum of other diseases and co-medication with other drugs such as anti-coagulants. Similarly, individuals from minority groups were included in the US portion of the study, which resulted in approximately 25 percent of the total study population in the US comprising individuals with a Latino or African-American background. Studies were also conducted in the EU, Japan, China and South Korea.

In 2023, the product was approved and began selling in the US and Japan, and the drug was approved in China in early

2024. Applications for approval have been submitted in several countries and regions.

Eisai has released their pricing model for the drug in the US. For this pricing to be sustainable, it is based on what the treatment means for patients and their families, health and medical care, and society as a whole. The idea is that treatment in conjunction with early Alzheimer's disease will provide a better quality of life for patients and families and contribute positively to the health economy. The price of the drug should correspond to less than half of the total value that the drug can provide over a ten-year period. With this pricing as a basis, Eisai has secured access to treatment covered under Medicare in the US, and also provides support for those who do not have either insurance or support.

There is ongoing development of a subcutaneous dosage form which will facilitate administration, increase access, and reduce the administration burden.

Overall, there is a significant need for establishing

structures based on the new treatment procedures that the company's drugs entail. This is associated with a significant need for training in order to ensure the expected change in medical practices that covers the diagnosis and treatment of previously untreatable conditions. BioArctic has commenced the preparatory work for marketing and selling the drug in the Nordic region together with Eisai AB. As the care of individuals with Alzheimer's disease develops, BioArctic will incorporate this knowledge in order to contribute to further development and innovation.

BioArctic is working to expand the knowledge of Alzheimer's disease among decision-makers through active participation in social debates, such as Almedalen Week and other similar meetings during the year. BioArctic supports patient-oriented operations in neurodegenerative diseases. BioArctic called attention to Alzheimer's Month in September with a comprehensive informational campaign in social media. Other international days such as Parkinson's Day were noted internally. 35 employees ran in the Alzheimer's Race to raise awareness of the work of the Swedish Alzheimer's Fund. Guests and patients were invited during the year to give lectures to all employees on living with a neurodegenerative disease or being a family member of a person suffering from one.

The following organizations provided financial support in 2023:	
Queen Silvia Nursing Award	SEK 150,000
The Swedish Alzheimer's Fund	SEK 25,000
The AD/PD conference in Gothenburg	SEK 100,000
The Alzheimer Life Foundation	SEK 50,000

Product safety and quality assurance

BioArctic has a Quality Management System (QMS) that meets the requirements for the pharma industry. This involves regulatory requirements as well as requirements from partners and customers. The purpose of the system is to minimize risk and ensure patient safety, product quality and reliability in deliveries. The QMS is governed by the Quality Policy and the Quality Manual as well as a number of standard procedures, instructions and documents. The system manages systematic monitoring of measurable targets related to product development, manufacturing, quality control, supplier control, regulatory requirements, audit programs and customer feedback. The QMS is subject to continual improvements. As the company is undergoing a significant development phase that will have a continued impact on the design and monitoring of the QMS in coming years.

BioArctic follows the QMS for development and manufacturing of drugs that encompasses regulations for Good Clinical Practice (GCP), Good Laborative Practice (GLP) and Good Manufacturing Practice (GMP), which are summarized as GxP regulations described in guidelines from the EU Commission, OECD and ICH. No inspections were performed by the authorities in 2023.

Patient safety is part of the GxP framework, which stipulates a number of routines to ensure product quality, reporting of side effects, product complaints and suspected product forgery. BioArctic complies with regulations that require all suspected side effects that we are made aware of to be reported within 24 hours to the person responsible at BioArctic. No product recalls were issued in 2023.

No cases of violation by BioArctic of regulations or industry agreements that concern marketing or product labeling have occurred.

BioArctic applies a document management system that classifies documents into various types and governs processing, approval and archiving. All documents regarding quality are stored electronically in a validated system, the Electronic Document Management System (eDMS).

The Quality Policy requires all employees to possess suitable competence and to continually train, and further their training, in order to perform their work. This competence is routinely documented and monitored. Starting in 2024, training in patient safety and anti-corruption will also be included in introductory training and monitored on a yearly basis.

Training	Personnel	Frequency	Completion % by active employees
Introductory training			
BioArctic Quality Management System (QMS)	All	Upon employmnet	100%
Code of Conduct	All	Upon employmnet	100%
SOPs according to work instructions and training martix	All	Upon employmnet	
Internal or external training according to individual work descriptions	All	Before work is initatied	
Fire safety	All	Upon employmnet	100%
Recurring training			
GMP training	CMC and QA	Yearly	
BioArctic QMS	All	Every 3 years	
Code of Conduct	All	Yearly	
Fire safety	All	Every 2 years	
Conferences, external and internal education	All	As needed	

Governance

Composition of Board and executive management

The Board of Directors comprises eight individuals, of which two are women. All Board members are Swedish, and all are over the age of 50. One of the three committees, the Remuneration Committee, is led by a woman.

The company's management comprises nine individuals, of which the CEO is a woman. All members of executive management are Swedish, and all but one are over the age of 50.

	2023 Board of Directors	Senior executives	2022 Board of Directors	Senior executives
Women	2	4	2	4
Men	6	5	6	6
Under 30	0	0	0	0
30–50	0	1	0	2
Over 50	8	8	8	8

Trade union representatives are informed regarding decisions by the Board but are not co-opted onto the Board of Directors.

Partnerships and suppliers

Since 2005, BioArctic has had a lengthy collaboration with Eisai on research, development and commercialization of drugs for the treatment of Alzheimer's disease. Eisai is responsible for clinical development, applications for market approval and commercialization of the products for Alzheimer's disease. This partnership is governed through quarterly steering group meetings, with both companies reporting on their respective areas of responsibility. Regular working meetings on joint research projects, communication, commercialization and collaboration are also held. Eisai's sustainability initiatives have been recognized for several years in a row, and this collaboration is marked by mutual understanding and cooperation.

Like large parts of the pharma industry, BioArctic makes use of contract development and manufacturing organizations (CDMOs) and contract research organizations (CROs). BioArctic's principle is to choose quality over cost, which has led to all the CDMOs and CROs currently being located in western Europe and the US. Extensive efforts are put into selecting a partner, with an emphasis on ability to collaborate, quality and ethics. BioArctic's management system clearly states that responsibilities can never be transferred; on this basis, suppliers in GxP-controlled areas are systematically monitored with regularly recurring audits. BioArctic conducted three audits of contract manufacturers in 2023, all with acceptable results.

At present, there is no systematic sustainability monitoring of suppliers, but efforts have commenced to have this in place during 2024. A Code of Conduct for Suppliers was approved at the end of last year.

Compliance

The whistleblower system was updated in 2023 to comply with applicable legislation, and the system was made available to external parties through the company's web site. No cases were submitted to the whistleblower system in 2023.

Anti-corruption

BioArctic's Code of Conduct clarifies the company's zero-tolerance approach to corruption and bribery. A specific Anti-corruption Policy was developed during the year, and company-wide training will be introduced in 2024.

As a member of Lif, the Swedish Pharma Industry Association, BioArctic is keen on complying with and maintaining the EFPIA Disclosure Code, a set of guiding principles under which pharma companies publicly announce value transfers to healthcare personnel and health and medical care organizations. Value transfers are reported annually on the Lif web site. In 2022, BioArctic contributed value transfers corresponding to SEK 4,901,513 to research and development. The corresponding figure

for 2023 will be released on the Lif web site in June 2024.

BioArctic does not make any donations for political purposes.

Data safety

All processing of personal data fulfills the regulatory requirements of the GDPR. BioArctic safeguards the personal integrity of its employees, and the processing of personal data is described in the Personal Data Policy for employees. It is also of the greatest importance that BioArctic correctly handles all personal data that the company processes for external individuals, and this is described in the Integrity Policy for external parties and shareholders. Efforts are also being made to produce a Privacy Impact Assessment (PIA) and Legitimate Interests Assessment (LIA) for social media for the purpose of complying with the requirements of the GDPR and the Swedish Authority for Privacy Protection (IMY).

BioArctic has a data protection group and a data protection officer. No incidents occurred in 2023.

Policy structure

This table lists policies with a bearing on BioArctic's sustainability agenda and which department bears the responsibility for the implementation. A number of policies were added or updated in 2023 to more clearly encompass a number of sustainability areas; these are marked with either (new) or * in the list.

BioArctic has undertaken to support and respect internationally declared human rights. The company has zero tolerance toward all forms of forced labor, slavery, trafficking and child labor. All of BioArctic's employees have the right to form, participate in or refrain from participation in trade-union organizations. This is stated in the company's Code of Conduct. The company expects the same perspective from its sub-suppliers and other third parties.

Policy	Purpose	Owner
Rules of Procedure for the Board of Directors and CEO	Pertains to the responsibility of the Board of Directors and executive management for sustainability.	Board of Directors
Anti-corruption Policy (new)	Framework for preventing all forms of corruption.	Legal
Work Environment Policy	Maintain a good physical and psychosocial work environment.	HR
Ethical Animal Policy	Guidance in the principles of animal ethics in studies that involve laboratory animals.	Research
Sustainability Policy*	Framework for sustainability initiatives at all levels, with a focus on employeeship, use of resources and compliance with laws.	Communication and IR
Information Security Policy	Minimize operational risks linked to information that concerns people, procedures, and systems.	Finance
Quality Policy*	Guidelines for providing safe, efficacious and high-quality drugs that comply with laws, regulations and customer requirements.	Group management
Diversity and Equality Policy	Actively counteract discrimination and promote equal rights and opportunities.	HR
Rehabilitation Policy	Help sick and injured employees recover the best functionality possible, and conditions for a normal working life.	HR
Tax Policy (new)	Ensure responsible tax practices.	Finance
Code of Conduct*	Provide BioArctic's employees with guidance based on the company's core values – respect, commitment, collaboration, and responsibility – in their daily work	Group management
Code of Conduct for Suppliers (new)	Sustainability requirements for suppliers.	Finance
Whistleblower Policy*	Maintain an open business climate, a high level of business ethics, and see opportunities for improvement.	Legal

The share and shareholders

BioArctic's market value at year end totaled SEK 23.6 billion. The share price decreased 1.5 percent during the year while the number of shareholders in the company continued to increase.

Trading and market value

The BioArctic share has been traded on Nasdaq Stockholm's Large Cap under the symbol BIOA B since January 2023. In 2023, around 88.8 million (102.9) B shares were traded at an aggregate value of roughly SEK 25.5 billion (21.3). The average daily volume during the year totaled MSEK 101.0 (83.4). 43.9 percent of trading in the share took place on Nasdaq Stockholm. In addition to trading on the Stockholm stock market, 45.1 percent of trading took place on the Cboe marketplace, 7.1 percent in the LSE Group, 2.3 percent on Aquis, and other trading venues accounted for 3.9 percent of trading.

The market value at year-end was SEK 23.6 billion (24).

Share performance in 2023

BioArctic's share price decreased 1.5 percent during the year after a robust upswing of 128 percent in 2022. The closing price on 30 December was SEK 267.80. The highest price paid – SEK 377.80 – was noted on June 12, 2023, and the lowest price – SEK 213.00 – was noted on November 8, 2023.

Share capital

The share capital at year-end totaled SEK 1,766,300 spread over 88,314,985 shares, of which 14,399,996 are unlisted A shares and 73,914,989 are listed B shares. The number of shares in the company increased by 183,414 during the year as a result of subscription of shares by participants in the 2019/2028 employee stock option program. The A share has

The ten largest shareholders as of December 31, 2023

Owner	Number of A shares (10 votes per share)	Number of B shares (1 vote per share)	Share of capital (%)	Share of votes (%)
Demban AB (Lars Lannfelt)	8,639,998	20,885,052	33.4	49.2
Ackelsta AB (Pär Gellerfors)	5,759,998	13,343,201	21.6	32.6
The Fourth Swedish National Pension Fund	—	4,327,349	4.9	2.0
The Third Swedish National Pension Fund	—	3,348,378	3.8	1.5
Swedbank Robur Fonder	—	3,131,849	3.6	1.4
RA Capital Management LP	—	3,117,736	3.5	1.4
Handelsbanken Fonder	—	2,019,067	2.3	0.9
Nordea Fonder	—	1,830,157	2.1	0.8
Unionen	—	1,610,223	1.8	0.7
Vanguard	—	1,235,877	1.4	0.6
Total	**14,399,996**	**54,848,889**	**78.4**	**91.3**

ten votes per share while the B share has one vote per share. The quotient value per share is SEK 0.02.

Ownership structure

At year-end, BioArctic had 20,697 shareholders (14,840). The shareholding in Sweden totaled 88.5 percent of the capital and 95.3 percent of the votes. Of foreign ownership, shareholders in the US represented 6.4 percent of the capital, shareholders in Finland represented 2.1 percent and shareholders in Norway represented 1.2 percent.

Owners with unknown geographic domiciles represented 0.2 percent of the capital. The Swedish ownership is dominated by private persons and companies with 66.5 percent of the capital. Funds owned 10.9 percent, and insurance and pension companies owned 9.6 percent of the capital. BioArctic's

BioArctic share data	2023
Number of shares at year-end	88,314,985
Market value at year-end (SEK billion)	23.6
Price change since listing (%)	1, 016
Number of shareholders	20,697
Share price at year-end (SEK)	267.80
Year high (SEK)	377.80
Year low (SEK)	213.00
Share of ownership, capital, 10 largest shareholders (%)	78.4

ten largest shareholders owned shares corresponding to 78.4 percent of the capital and 91.3 percent of the votes.

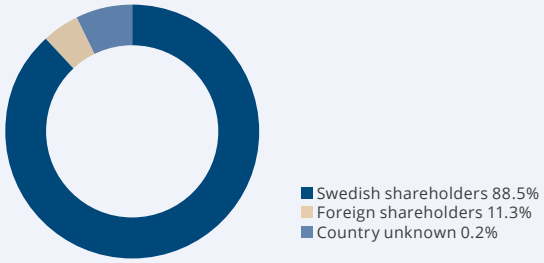
The Board members in the company owned a total of 48,870,948 A shares and B shares (48,794,523) in BioArctic, while Group management owned 145,056 B shares (233,118) excluding those owned by Lars Lannfelt, which are counted among Board member shares. In total, the holdings of the Board and management correspond to 55.5 percent (55.6) of shares outstanding. BioArctic's A shares are owned by Demban AB and Ackelsta AB, which are in turn owned by the founders of BioArctic.

Dividends and dividend policy

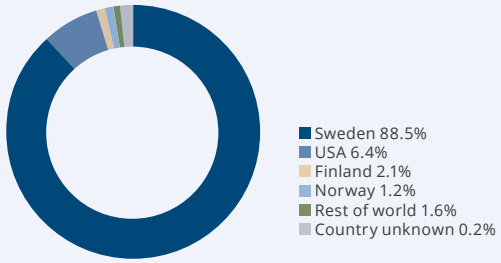
The goal of the Board of Directors is to provide shareholders with a dividend that produces a good dividend yield and good dividend growth over time. When determining the dividend, the company's earnings performance, cash flow, investment requirements and financial position in general will be taken into account. The dividend will be judged carefully, taking into account the goals, scope and risks of the operations.

In financial year 2023, BioArctic reported limited royalty revenue from sales of drugs, which means that the company's revenue and earnings primarily consisted of non-recurring revenue from the research, licensing and co-promotion agreements the company had signed. In light of this, the Board proposes that no dividend be paid for financial year 2023.

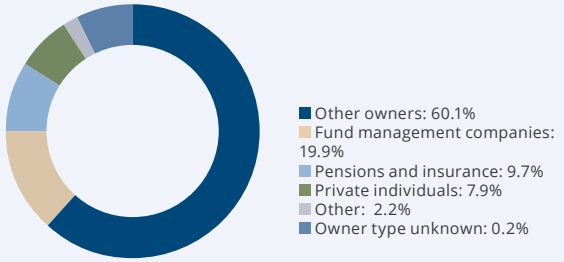
Distribution of Swedish and foreign shareholding at December 31, 2023



Distribution of capital by geography at December 31, 2023



Distribution of capital by ownership category at December 31, 2023



Share-based incentive programs

BioArctic has two ongoing long-term incentive programs that were resolved on at the AGMs in 2019 and 2023.

The 2019/2028 employee stock option program covers at most 1,000,000 employee stock options. To facilitate the company's delivery of shares under the 2019/2028 employee stock option program, the 2023 AGM resolved on a private placement of a maximum of 1,000,000 warrants. The employee stock options can be exercised for subscription of shares between three and five years after allocation. At the end of the year, 915,000 employee stock options had been allocated, and no further allocation will take place. The total number of warrants forfeited on December 31, 2023 was 70,000, and the number of warrants redeemed was 255,000, which means that 590,000 employee stock options were outstanding at December 31, corresponding to a maximum dilution effect of 0.7 percent of the shares at the end of the year.

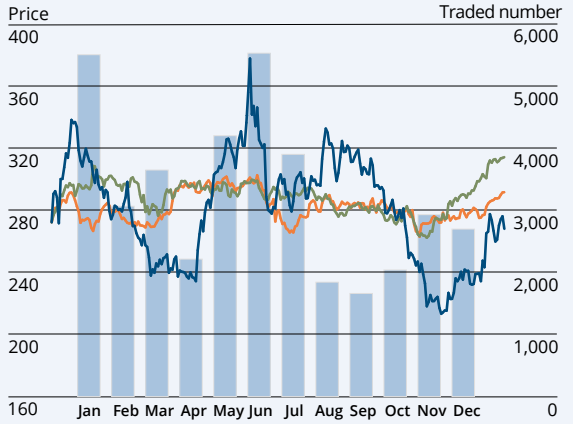
The 2023/2026 share rights program is a three-year incentive program covering at most 125,000 performance share rights which, provided that the share price increases at least 30 percent over a three-year period, grants participants the right to receive shares, free of charge or cash payment. During the year, a total of 117,500 share rights were allocated, and no further allocation will take place. The dilution effect totaled 0.1 percent of the number of shares at the end of the period.

In total, the maximum dilution effect of both incentive programs was 0.8 percent of the shares at year end.

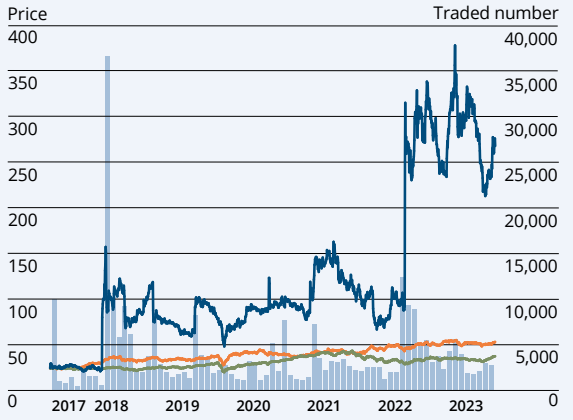
Share structure at December 31, 2023

Number of shares	Number of shareholders	A shares	B shares	Shares (%)
1-500	18,758	—	1,562,818	1.8
501–1,000	953	—	770,257	0.9
1,001–5,000	726	—	1,566,856	1.8
5,001–10,000	88	—	631,341	0.7
10,001–20,000	62	—	936,408	1.0
20,001–	110	14,399,996	68,406,399	93.8
Size of holding unknown		—	40,910	0.0
Total, December 31, 2023		**14,399,996**	**73,914,989**	**100**

Share price trends and volume, BioArctic 2023



Historic share price performance for BioArctic



Omsatt antal aktier i 1000-tal per månad
BioArctic
OMX Stockholm PI
OMX Stockholm Pharmaceuticals and Biotechnology PI

Shareholder information

BioArctic's web site

BioArctic's web site (bioarctic.se) provides information for investors and other stakeholders who want to expand their knowledge of the company's operation. The web site contains information on the company's operation, vision, mission, business concept, and project portfolio as well as a description of strategy and how BioArctic collaborates with partners. The web site also contains financial information, press releases, information on corporate governance, Group management, and the Board of Directors as well as the company's sustainability initiatives. In addition, there is information on the performance of BioArctic's share over time as well as information on the owners of the shares. Furthermore, there is information on the Annual General Meeting as well as a service that makes it possible to subscribe to press releases and financial reports via e-mail.

Financial information

BioArctic's financial reports – such as quarterly reports and annual reports – are available on the company's web site. The web site also contains an archive of financial reports since 2017, when BioArctic was listed on Nasdaq Stockholm. The financial reports are distributed in digital form only via the web site. Those wishing to do so can choose to subscribe to the financial reports via e-mail using the subscription service found on the web site. In conjunction with its interim reports and year-end reports, BioArctic hosts an online conference in English where news and results are presented.

Communication and activities in Investor Relations

In order to increase knowledge of BioArctic's operation, the information that the company disseminates to shareholders, investors, and analysts must be open, relevant, and correct.

Financial calendar

May 17, 2024	Interim Report January – March
22 May 2024	AGM 2024
August 29, 2024	Interim Report April – June
November 14, 2024	Interim Report July – September
February 13, 2025	Year-end Report 2024

Investor Relations provides the capital market, investors, shareholders and other stakeholders with relevant information in accordance with applicable legislation, Nasdaq Stockholm regulations, the Swedish Code of Corporate Governance, and BioArctic's information policy. In conjunction with the communication of its quarterly interim reports, BioArctic presents the company and its financial development and hosts online conferences. Additionally, important events that occur in the company are published through the distribution of press releases. BioArctic endeavors to maintain a high level of accessibility for existing shareholders, potential shareholders, analysts, media. and other stakeholders. The company participates in industry-specific conferences and seminars, and holds regular meetings with investors and analysts.

Analysts who monitor BioArctic:

Carnegie	Erik Hultgård
DNB	Patrik Ling
Goldman Sachs	Rajan Sharma
Nordea	Viktor Sundberg
Royal Bank of Canada (RBC)	Alistar Campbell
RX Securities	Joseph Heddan
Van Lanschot Kempen	Luisa Morgado

CONTACT

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oskar.bosson@bioarctic.se

2024 Annual General Meeting

The 2024 Annual General Meeting of BioArctic AB (publ) will be held at 4:30 p.m. (CEST) on Wednesday, May 22, 2024 at Lindhagen Konferens in Stockholm, Sweden. Registration will begin at 4:00 p.m.

Registration

Those shareholders registered in the share register maintained by Euroclear Sweden AB as of May 14, 2024, and have reported their intent to participate in the meeting to the company by 5:00 p.m. on May 20 have the right to participate in the AGM. More information will be provided in the notice to attend the Annual General Meeting.

Shareholders who shares are nominee-registered, in addition to registering their participation in the meeting, must temporarily register their shares in their own name in the share register (voting rights registration) in order to have the right to participate in the meeting. Re-registration must be completed by May 16 and should be requested from the bank or fund manager well in advance of this date.

IMPORTANT DATES FOR THE 2024 AGM

May 14 – record date for the 2024 AGM
May 20 – final registration date for participation in the AGM
May 22 – admittance to the AGM begins, 4:00 p.m.
May 22 – the AGM begins, 4:30 p.m.

Dividend

The board's goal is to distribute a dividend to the shareholders that provides a good dividend yield and good dividend growth over time. When the dividend is determined, the company's profit development, cash flow, investment needs and financial position in general must be considered. The dividend shall be well balanced with regards to the business's goals, scope and risk.

In financial year 2023, BioArctic had limited royalty revenue from sales of drugs, which means that the company's revenue and earnings primarily consisted of non-recurring revenue from the research and licensing agreements the company had signed. The proposal from the Board of Directors to the 2024 AGM is therefore that no dividend be paid out for the 2023 financial year.

Notice to attend the Annual General Meeting

The notice to attend the Annual General Meeting is issued via an announcement in Post- och Inrikes Tidningar and Svenska Dagbladet, and through being made available on the company's web site. Documents that are to be presented at the Annual General Meeting are made available on the company's web site. They are also sent to shareholders who request it and provide their mailing address.

Glossary

A

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.

Alpha-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.

ALS *(amyotrophic lateral sclerosis)*
A rare and difficult neurodegenerative illness that impacts the body's ability to control muscular activity.

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 forms the plaque around brain cells that is visible in patients with Alzheimer's disease.

Amyloid PET
A diagnostic imaging method used to identify the presence and prevalence of harmful accumulations of amyloid beta in the brain.

Amyloid pathology
A condition in which harmful accumulation of amyloid beta is the underlying cause.

Antibodies
Biological molecules originating in the immune system that bind to a target molecule with a high degree of accuracy.

ApoE *(Apolipoprotein E)*
ApoE is a protein that transports fats in the blood and 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
Cerebral microbleeds, cerebral macrobleeds and superficial siderosis.

Arctic mutation
A mutation in the gene for the amyloid precursor protein (APP) that promotes certain hereditary cases of Alzheimer's disease. Discovered by Professor Lars Lannfelt and his research group, and gave the company its name.

B

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.

C

CHMP *(Committee for Medicinal Products for Human use)*
The European scientific committee for human medicinal products.

Clinical studies
Drug trials performed in human subjects.

CMS *(Centers for Medicare and Medicaid Services)*
US government agency responsible for subsidizing and monitoring state-financed health care programs.

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

CSRD *(Corporate Sustainability Reporting Directive)*
The EU's new legislation on integrated sustainability reporting.

D

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 a higher dose.

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

E

Early Alzheimer's disease
Mild cognitive impairment as a consequence of Alzheimer's disease and mild Alzheimer's disease.

ESG *(Environmental, social, and corporate governance)*
A standard in the finance industry to measure how sustainable a company is, based on the three main criteria of environment, society and governance.

Exidavnemab
A highly selective antibody against aggregate forms of alpha-synuclein, on the way to clinical Phase 2. Has demonstrated an inhibiting effect on the development of Parkinson's disease in a preclinical model.

F

Fast track designation
An FDA program intended to facilitate and accelerate the development and review of drugs for serious or life-threatening conditions.

FDA *(US Food and Drug Administration)*
The US Food and Drug Adminstration.

I

Indication
A medical condition in conjunction with which the administration of a specific treatment has been approved.

Interim analysis
A statistical analysis conducted during an ongoing clinical trial to evaluate preliminary findings.

Intravenous
Most often refers to supplying a drug directly into the blood through injection (syringe) or infusion (drip).

L

Lecanemab-irmb
Lecanemab has been assigned the suffix -irmb by the FDA as part of the approval process in the US. The suffix is used to distinguish the original version of biological products from related biological products and biosimilars that contain similar drug compounds.

Leqembi
Product name for lecanemab.

Lewy bodies
Accumulations of misfolded alpha-synuclein in brain cells. Leads to conditions such as Parkinson's disease and certain dementia-related illnesses.

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

M

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

Misfolded proteins
Proteins that have folded themselves incorrectly, aggregate and thus risk causing diseases.

Monomer
An molecule with a physiological function that can bind to other similar molecules to form larger structures such as oligomers and protofibrils.

Mutation
A change to genetic makeup – DNA – that could give rise to disease.

N

Neurodegenerative diseases
Diseases that entail a gradual breakdown and degeneration in brain and nervous system function.

O

Oligomer
Harmful, soluble molecule consisting of a small number of monomers.

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

P

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

PET ***(positron emission tomography)***
A type of diagnostic method using imaging for medical assessment.

Phase 1 study
Studies the safety and tolerability of a drug candidate in a limited number of healthy volunteers or patients.

Phase 2 study
Studies the safety and efficacy of a drug candidate in a limited number of patients. Later stages of Phase 2 studies can be called Phase 2b, and evaluate the optimal dosage of the drug being studied.

Phase 3 study
Confirmatory study of the safety and efficacy of a drug candidate in a large number of patients.

Placebo-controlled
A study design in research that entails some of the patients receiving an 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 on humans.

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

Protofibrils
A harmful, soluble 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, that gives rise to Parkinson's disease.

R

Randomized study
A random division of test subjects into predetermined treatment groups or placebo groups in a clinical trial.

Receptor
A protein structure that initiates a biochemical chain reaction in the body once activated.

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

Royalty
Remuneration when someone uses or sells a product onward.

S

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

Subcutaneous treatment
Supply of a drug to the patient through an injection under the skin.

T

Tau
A protein which aggregates intracellularly in Alzheimer's disease, which damages the function and survival of neurons. Tau can be measured in plasma, cerebrospinal fluid and with positron emission tomography (PET).

TDP-43
A protein that is found misfolded in several degenerative diseases such as ALS, Alzheimer's disease and frontotemporal dementia.

Titration of dose
Stepwise increase in drug dose in order to achieve a 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 protein amyloid beta.