Active Biotech AB
Interim report January – September 2019

Third quarter in brief

- A new business plan for laquinimod and tasquinimod, based on the extensive preclinical and clinical data previously generated, is in progress
- Data on laquinimod from the Phase 2 LEGATO-HD study in Huntington's disease was presented at the International congress of Parkinson's disease and movement disorders

Events after the end of the period

- The first patient in the Phase 1b trial of naptumomab estafenatox in combination with durvalumab in solid tumors has been dosed
- Preclinical data on naptumomab estafenatox was presented at the Society for Immunotherapy of Cancer's 34th Annual Meeting

Financial summary

MSEK	Jul-Sep		Jan-Sep		Full-Year
	2019	2018	2019	2018	2018
Net sales	0,9	4,7	7,5	15,2	20,1
Operating loss	-9,3	-6,9	-21,1	-22,8	-29,8
Loss after tax	-9,3	-8,7	-22,9	-28,0	-36,9
Earnings per share (SEK)	-0,06	-0,06	-0,16	-0,21	-0,27
Cash and cash equivalents (at close of period)			69,9	36,0	25,6

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The report is also available at www.activebiotech.com.

Active Biotech is obligated to make public the information contained in this report pursuant to the EU Market Abuse Regulation. This information was provided to the media, through the agency of the contact persons set out above, for publication on November 14, 2019 at 08.30 a.m. CET.

Comments from the CEO

Our main focus in the third quarter has been on the evaluation of the clinical lead assets, laquinimod and tasquinimod. Both projects have generated extensive clinical data in previous development programs financed by or together with partners. Data are being evaluated from a technical as well as a commercial perspective to define the best path forward where the clinical data can be leveraged optimally. In addition to the strategic project evaluation the use of the company listing and financial assets is explored. The overall aim is to establish a clear foundation for the future of Active Biotech with a new strategy in place towards the end of the year. We are planning to report more on this at the latest in the beginning of next year.

In late October we communicated the dosing of the first patient in the Phase 1b combination study with naptumomab and the checkpoint inhibitor durvalumab. This combination has potential to be a future therapy for patients with solid tumors not responding to checkpoint inhibition alone and we are very excited about the progress achieved. The first part of the trial will primarily evaluate the safety of the combination before proceeding to a Phase 2 cohort expansion. More information about the study is available at clinicaltrials.gov (NCT03983954).

New preclinical data of naptumomab was presented at the scientific conference SITC 2019 Annual meeting in US in the beginning of November. The presented data from experimental tumor models suggests that the combination of naptumomab and checkpoint inhibitor may lead to long term durable responses not possible in most patients receiving inhibitors alone.

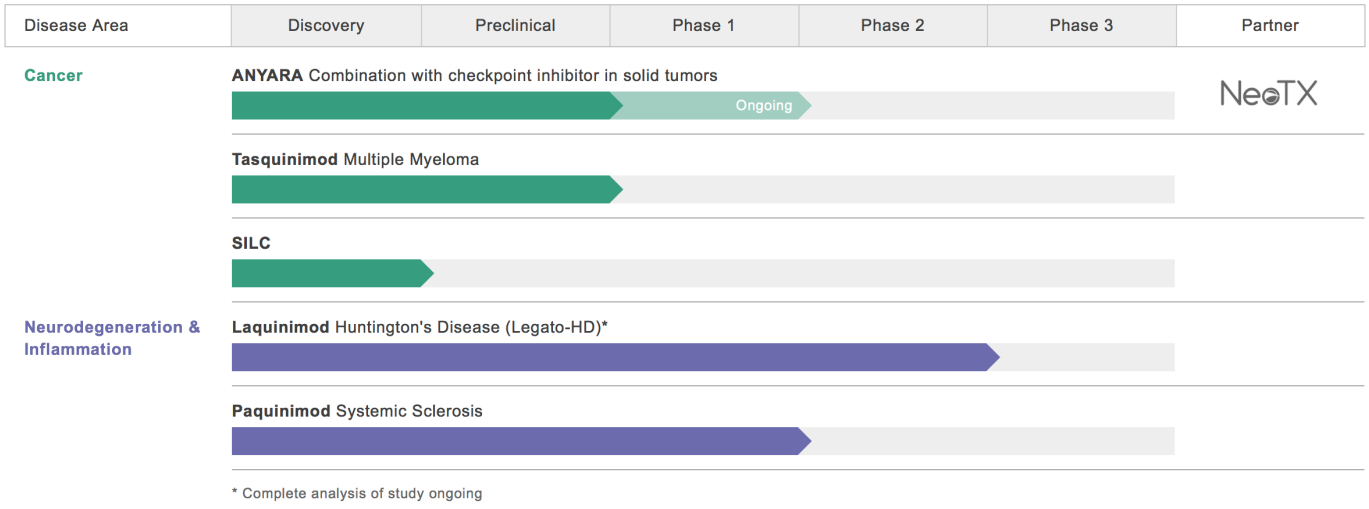
The Phase 2 study LEGATO-HD of laquinimod in Huntington's disease was presented at the International congress of Parkinson's disease and movement disorders in September. An evaluation using magnetic resonance spectroscopy (MRS) of relevant areas of the brain suggests that laquinimod treatment decreases astrocytosis and gliosis which is consistent with the known effect of laquinimod on neuroinflammation. In addition, and as previously reported, laquinimod had significant effects on brain volume loss (secondary endpoint) and demonstrated an improvement in motor function with the exploratory measuring method Q-Motor. Data presented at this conference stressed that the study results support an effect of laquinimod in the disease, for which the clinical relevance needs to be verified.

The focus of the SILC and paquinimod projects remains directed to finding a development partner.

Helén Tuvesson, CEO

Projects

Active Biotech's project portfolio includes projects for the development of drugs for the treatment of cancer, neurodegenerative and inflammatory diseases.



ANYARA

ANYARA (Naptumomab Estafenatox, "naptumomab") is a tumor-targeting superantigen (TTS) compound that increases the immune system's capacity to identify and kill tumors. Active Biotech has since 2016 an agreement with NeoTX Therapeutics Ltd (NeoTX) covering the development and commercialization of naptumomab.

Clinically, the development of naptumomab has mainly focused on solid cancer forms with a high unmet medical need. Positive data was reported from Phase 1 studies relating to lung cancer, renal cell cancer and pancreatic cancer, where naptumomab was studied both as a single agent (monotherapy) and in combination with an established tumor therapy – docetaxel (Taxotere®) – in patients with advanced cancer. The results showed that naptumomab was well tolerated both as monotherapy and in combination with docetaxel, and increased the immune system's capability to recognize tumors. A Phase 2/3 trial of naptumomab in combination with interferon alpha in renal cell cancer that was completed 2013 demonstrated a favorable safety profile, but did not achieve its primary endpoint of showing prolonged overall survival (OS) in the intention to treat (ITT) population.

In April 2018, NeoTX presented new preclinical data at the American Association for Cancer Research (AACR) scientific conference. The data presented demonstrates a synergistic anti-tumor effect when naptumomab is combined with a PD-1 checkpoint inhibitor in several different tumor models that normally respond poorly or not at all to PD-1 inhibition. A clinical trial will be carried out in combination with a checkpoint inhibitor, a combination strategy in line with naptumomab's mode of action and supported by preclinical data. Active Biotech's partner NeoTX has entered a clinical collaboration with AstraZeneca to evaluate naptumomab in combination with the checkpoint inhibitor durvalumab in a Phase 1b/2 study started in October 2019.

Events after the end of the period

- Dosing of the first patient in the Phase 1b trial of naptumomab estafenatox in combination with durvalumab in solid tumors was announced
- Preclinical data on naptumomab estafenatox was presented at the Society for Immunotherapy of Cancer's 34th Annual Meeting

Tasquinimod

Tasquinimod is an orally active immunomodulatory compound that affects the tumor's ability to grow and spread.

Tasquinimod was primarily developed for the treatment of prostate cancer and has completed Phase 1-3 clinical trials. The results from the 10TASQ10 Phase 3 trial with tasquinimod in prostate cancer showed that treatment with tasquinimod reduced the risk of radiographic cancer progression or death compared to placebo in patients with metastatic castration resistant prostate cancer who have not received chemotherapy. However, the treatment with tasquinimod did not extend overall survival, and development in prostate cancer was discontinued. Tasquinimod has a unique mode of action and demonstrates highly favorable results in preclinical models for multiple myeloma, a rare form of blood cancer with a high medical need. Patents for the treatment of this cancer form with tasquinimod were granted in Europe and the US, giving tasquinimod patent protection until 2035. Tasquinimod has Orphan Drug Status for the treatment of multiple myeloma in the US. The US Patent Office (USPTO) also granted a patent application regarding tasquinimod for the treatment of acute leukemia in the US.

A scientific collaboration is ongoing with The Wistar Institute, Philadelphia, in the US, on tasquinimod to support the clinical development in multiple myeloma.

Active Biotech is seeking a collaboration partner with the expertise for the further development of tasquinimod within this indication.

SILC

SILC (S100A9 Inhibition by Low molecular weight Compounds) is a preclinical immuno-oncology project focused on S100A9 as the target molecule for the treatment of cancer. S100A9 is expressed in the tumor microenvironment and is involved in the development of cancer through recruitment and activation of specific immune cells that drive the development of cancer. Small compounds that block the function of S100A9 represent a new therapeutic alternative to help the body's own immune system fight cancer. Chemical libraries of substances have been screened for binding to the target molecule and lead substances with good properties for further development have been identified. Three international patent applications have been filed for the purpose of obtaining patent protection for three, chemically unrelated substance groups. To date, patents have been granted for these patent families in several strategic markets in both Europe and the US.

Active Biotech is seeking a collaboration partner for the further development of the project.

Laquinimod

Laquinimod is a CNS-active immunomodulator with a new novel mechanism of action being developed as an oral treatment (once-daily) for neurodegenerative diseases. Active Biotech had between 2004 and 2018 an agreement with Teva Pharmaceutical Industries Ltd (Teva) covering the development and commercialization of laquinimod.

The global clinical development program that evaluated laquinimod in relapsing remitting multiple sclerosis (RRMS) includes three completed Phase 3 trials: ALLEGRO, BRAVO and CONCERTO. The results from the CONCERTO trial were communicated in May 2017 and the primary endpoint of time to three-month confirmed disability progression (CDP), as measured by the Expanded Disability Status Scale (EDSS), was not met. Other trial results show that secondary relapse-related endpoints and MRI parameters were achieved, in line with previous studies. The excellent clinical safety profile of laquinimod 0.6 mg daily, which has been previously studied with over 14,000 patient-years of exposure, was confirmed in the CONCERTO trial. Based on the results of CONCERTO, Teva, as previously announced, decided to discontinue the development of laquinimod in RRMS. Complete data will be published in a scientific journal.

In April 2015, the first patient was enrolled in the ARPEGGIO study, a placebo-controlled Phase 2 trial evaluating laquinimod in primary progressive multiple sclerosis (PPMS). Results from the study were communicated in December 2017 and the primary endpoint, brain atrophy, as defined by percent brain volume change (PBVC) from baseline to week 48, was not met after daily oral doses of 0.6 mg laquinimod. In April 2018, data from the trial was presented at the Annual Meeting of the American Academy of Neurology (AAN).

Laquinimod has been evaluated for the treatment of Huntington's disease (HD), a rare neurodegenerative disease, for which laquinimod has been granted Orphan Drug Designation by the FDA. Initial results from the clinical Phase 2 study LEGATO-HD evaluating daily doses of laquinimod as potential treatment of Huntington's disease patients were announced in July 2018. The primary study endpoint, change in "Unified Huntington's Disease Rating Scale-Total Motor Score" (UHDRS-TMS) after 12 months of treatment with laquinimod, 1 mg daily, compared with placebo was not achieved. However, the secondary endpoint, reduction in brain atrophy (caudatus volume) was achieved. Laquinimod showed excellent safety in the study. Analysis and evaluation of exploratory study endpoints is in progress.

The results of the study were presented at two different scientific conferences in the autumn of 2018, Huntington Study Group, HSG 2018 and European Huntington's Disease Network annual meeting. In May 2019, the study was presented by the Principal Investigator, Dr Ralf Reilmann, at the annual American neurology meeting, AAN.

An evaluation of the strategic options for the continued development of laquinimod is underway.

Events during the third quarter

- Data on laquinimod from the Phase 2 LEGATO-HD study in Huntington's disease was presented at the International congress of Parkinson's disease and movement disorders

Paquinimod

Paquinimod is a quinoline compound developed primarily for the treatment of systemic sclerosis, a rare disease of the connective tissue with an extensive medical need. Paquinimod has been granted orphan medicinal product status in the EU (2011) and Orphan Drug Status in the US (2014).

A clinical Phase 1 program to establish clinical dose, tolerability and pharmacokinetics has been carried out with paquinimod in healthy subjects and patients. An exploratory clinical study in patients with systemic sclerosis has been concluded and the results demonstrated a favorable safety profile and effects on disease-related biomarkers in line with paquinimod's mode of action. The next step in clinical development is to confirm these effects in a controlled Phase 2 trial to subsequently perform a pivotal study in this patient group.

Active Biotech is seeking a collaboration partner for the further development of paquinimod.

Financial information

Comments on the Group's results for the period January – September, 2019

Net sales amounted to SEK 7.5 M (15.2) and included service and rental revenues, of which rental revenues totaled SEK 4.9 M (12.2). The company's property was sold to the property company Estea on April 5, which explains the lower rental revenues during the period.

The operation's research and administration expenses amounted to SEK 28.7 M (38.1), of which research expenses totaled SEK 19.7 M (30.0), equivalent to a 34-percent reduction in expenses. During the reporting period, the company's research operations has been focused on the scientific and commercial evaluation of laquinimod and tasquinimod to identify the strategic way forward as well as activities to support the out-licensed ANYARA project and the technology transfer of laquinimod from Teva.

The operating loss for the period amounted to SEK 21.1 M (loss: 22.8). The year-on-year improvement in earnings was attributable to cost reductions carried out in operations. Administrative expenses amounted to SEK 9.0 M (8.1), the net financial expense for the period to SEK 1.8 M (expense: 5.2) and the loss after tax to SEK 22.9 M (loss: 28.0).

Comments on the Group's results for the period July – September, 2019

Net sales amounted to SEK 0.9 M (4.7) and included service revenues. The decrease income is explained by the sale of the property in April, 2019.

The operation's research and administration expenses amounted to SEK 8.1 (11.6), of which research expenses amounted to SEK 5.4 (9.1). During the reporting period, the company´s research operations has been focused on the scientific and commercial evaluation of laquinimod and tasquinimod to identify the strategic way forward as well as activities to support the out-licensed ANYARA project and the technology transfer of laquinimod from Teva.

The operating loss for the period amounted to SEK 9.3 M (loss: 6.9). Administrative expenses totaled SEK 2.7 M (2.5), the net financial expense for the period to SEK 0.0 M (expense: 1.8) and the loss after tax to SEK 9.3 M (loss: 8.7).

Cash flow, liquidity and financial position, Group, for the period January – September, 2019

Cash and cash equivalents at the end of the period amounted to SEK 69,9 M, compared with SEK 25.6 M at the end of 2018. The sale of the property generated a liquidity injection of around SEK 70.0 M and reduced the company's total assets by approximately SEK 210 M after the outstanding property loan was repaid.

Cash flow for the period was SEK 44.4 M (10.8), of which cash flow from operating activities amounted to a negative SEK 25.9 M (neg: 31.6). Cash flow from investments amounted to SEK 275.0 M (0.0) as a result of the completed property sale. Cash flow from financing activities amounted to a negative SEK 204.8 M (42.5), which is a result of the repayment of the outstanding property loan in connection with the completion of the transaction.

Investments

Investments in tangible fixed assets amounted to SEK 0.0 M (0.0).

Comments on the Parent Company's results and financial position for the period January – September, 2019

Net sales for the period amounted to SEK 7.4 M (17.5) and operating expenses to SEK 29.0 M (45.9). The Parent Company's operating loss for the period was SEK 21.5 M (loss: 28.3). Net financial income amounted to SEK 0.1 M (0.0) and the loss after financial items was SEK 21.4 M (loss: 28.4). Cash and cash equivalents including short-term investments totaled SEK 69.6 M at the end of the period, compared with SEK 24.2 M on January 1, 2019.

Comments on the Parent Company's results and financial position for the period July – September, 2019

Net sales for the period amounted to SEK 0.9 M (5.1) and operating expenses to SEK 8.1 M (14.2). The Parent Company's operating loss for the period was SEK 7.2 M (loss: 9.1). Net financial income amounted to SEK 0.0 M (0.0) and the loss after financial items was SEK 7.2 M (loss: 9.1).

Shareholders' equity

Consolidated shareholders' equity at the end of the period amounted to SEK 65.0 M, compared with SEK 87.9 M at year-end 2018.

The number of shares outstanding at the end of the period totaled 145,236,480. At the end of the period, the equity/assets ratio for the Group was 82.4 percent, compared with 29.1 percent at year-end 2018. The corresponding figures for the Parent Company, Active Biotech AB, were 37.8 percent and 87.3 percent, respectively.

Organization

The average number of employees during the reporting period was 12 (16), of which the number of employees in the research and development organization accounted for 5 (7). At the end of the period, the Group had 12 employees.

Outlook, including significant risks and uncertainties

Active Biotech's ability to develop pharmaceutical projects to the point at which partnership agreements can be concluded and the partner assumes responsibility for the future development and commercialization of the project is decisive for the company's long-term financial strength and stability. The partnership agreement entered with NeoTX in 2016 will have an impact on the company's future revenues and financial position. NeoTX initiated the clinical development of naptumomab in combination with an immunostimulating PD-L1 inhibitor during 2019. The take-back of laquinimod from Teva in 2018 gives Active Biotech the possibility to consider new opportunities for the project. Both laquinimod and the other lead clinical asset tasquinimod have been studied in large clinical development programs financed by or together with partners. This includes clinical Phase 2 and Phase 3 studies, in which vast amounts of clinical data has been generated within Multiple Sclerosis, Lupus, Crohn´s Disease and Huntington Disease for laquinimod as well as prostate, hepatocellular, ovarian, renal and gastric cancer for tasquinimod, totaling more than 5000 and 2000 patients for laquinimod and tasquinimod respectively. Data from these studies are a critical part of the evaluation being undertaken to establish the new direction for Active Biotech. Available liquidity and the capital infusion generated by the sale of the property in April 2019, in combination with income from existing and anticipated partner agreements are, according to current plans, assumed to be sufficient to finance operations. A research company such as Active Biotech is characterized by high operational and financial risk, since the projects in which the company is involved are at the clinical phase, where a number of factors have an impact on the likelihood of commercial success. In brief, the operation is associated with risks related to such factors as pharmaceutical development, competition, advances in technology, patents, regulatory requirements, capital requirements, currencies and interest rates. A detailed account of these risks and uncertainties is presented in the Directors' Report in the 2018 Annual Report. The Group's operations are primarily conducted in the Parent Company, which is why risks and uncertainties refer to both the Group and the Parent Company.

Consolidated profit and loss	Jul-Sep		Jan-Sep		Full Year
SEK M	2019	2018	2019	2018	2018
Net sales	**0,9**	**4,7**	**7,5**	**15,2**	**20,1**
Administrative expenses	-2,7	-2,5	-9,0	-8,1	-10,6
Research and development costs	-5,4	-9,1	-19,7	-30,0	-39,3
Other operating expenses/income	-2,2 *)	–	0,1	–	–
Operating profit/loss	**-9,3**	**-6,9**	**-21,1**	**-22,8**	**-29,8**
Net financial items	0,0	-1,8	-1,8	-5,2	-7,0
Profit/loss before tax	**-9,3**	**-8,7**	**-22,9**	**-28,0**	**-36,9**
Tax	–	–	–	–	–
Net profit/loss for the period	**-9,3**	**-8,7**	**-22,9**	**-28,0**	**-36,9**
Comprehensive profit/loss attributable to:					
Parent Company shareholders	-9,3	-8,7	-22,9	-28,0	-36,9
Non-controlling interest	–	–	–	–	–
Net profit/loss for the period	**-9,3**	**-8,7**	**-22,9**	**-28,0**	**-36,9**
Comprehensive profit/loss per share before dilution (SEK)	-0,06	-0,06	-0,16	-0,21	-0,27
Comprehensive profit/loss per share after dilution (SEK)	-0,06	-0,06	-0,16	-0,21	-0,27

*) Related to the sale of the property

Statement of profit and loss and consolidated comprehensive income	Jul-Sep		Jan-Sep		Full Year
SEK M	2019	2018	2019	2018	2018
Net profit/loss for the period	-9,3	-8,7	-22,9	-28,0	-36,9
Other comprehensive income	–	–	–	–	–
Total comprehensive profit/loss for the period	**-9,3**	**-8,7**	**-22,9**	**-28,0**	**-36,9**
Total other comprehensive profit/loss for the period attributable to:					
Parent Company shareholders	-9,3	-8,7	-22,9	-28,0	-36,9
Non-controlling interest	–	–	–	–	–
Total comprehensive profit/loss for the period	**-9,3**	**-8,7**	**-22,9**	**-28,0**	**-36,9**
Depreciation/amortization included in the amount of	0,5	0,1	0,5	0,4	0,4
Investments in tangible fixed assets	–	–	–	–	–
Weighted number of outstanding common shares before dilution (000s)	145 236	145 236	145 236	134 883	137 492
Weighted number of outstanding common shares after dilution (000s)	145 236	145 236	145 236	134 883	137 492
Number of shares at close of the period (000s)	145 236	145 236	145 236	145 236	145 236

Consolidated statement of financial position	Sep 30		Dec 31
SEK M	2019	2018	2018
Tangible fixed assets	3,5	1,3	1,3
Long-term receivables	0,0	0,0	0,0
Total fixed assets	**3,5**	**1,3**	**1,3**
Current receivables	5,5	4,2	3,9
Assets held for sale	–	271,8	271,8
Cash and cash equivalents	69,9	36,0	25,6
Total current assets	**75,4**	**312,0**	**301,2**
Total assets	**78,9**	**313,3**	**302,4**
Shareholders equity	65,0	96,8	87,9
Long-term liabilities	2,3	0,1	0,1
Current liabilities	11,6	216,3	214,4
Total shareholders equity and liabilities	**78,9**	**313,3**	**302,4**

Consolidated statement of changes in shareholders equity	Sep 30		Dec 31
SEK M	2019	2018	2018
Opening balance	87,9	77,7	77,7
Loss for the period	-22,9	-28,0	-36,9
Other comprehensive income for the period	–	–	–
Comprehensive profit/loss for the period	*-22,9*	*-28,0*	*-36,9*
Transfer from revaluation reserve	-88,9	–	–
Transfer to profit/loss brought forward	88,9	–	–
New share issue	–	47,1	47,1
Balance at close of period	**65,0**	**96,8**	**87,9**

Condensed consolidated cash-flow statement	Jan-Sep		Full Year
SEK M	2019	2018	2018
Loss after financial items	**-22,9**	**-28,0**	**-36,9**
Adjustment for non-cash items, etc.	0,5	0,4	0,4
Cash flow from operating activities before changes in working capital	**-22,4**	**-27,6**	**-36,4**
Changes in working capital	-3,5	-4,0	-4,2
Cash flow from operating activities	**-25,9**	**-31,6**	**-40,6**
Sale of property, plant and equipment	275,0	–	–
Cash flow from investments	**275,0**	**–**	**–**
New share issue	–	47,1	47,1
Loans raised/amortization of loan liabilities	-204,8	-4,6	-6,1
Cash flow from financing activities	**-204,8**	**42,5**	**41,0**
Cash flow for the period	**44,4**	**10,8**	**0,4**
Opening cash and cash equivalents	**25,6**	**25,2**	**25,2**
Closing cash and cash equivalents	**69,9**	**36,0**	**25,6**

	Sep 30		Dec 31
Key figures	2019	2018	2018
Shareholders equity, SEK M	65,0	96,8	87,9
Equity per share, SEK	0,45	0,67	0,61
Equity/assets ratio in the Parent Company	37,8%	88,1%	87,3%
Equity/assets ratio in the Group	82,4%	30,9%	29,1%
Average number of annual employees	12	16	16

The equity/assets ratio and equity per share are presented since these are performance measures that Active Biotech considers relevant for investors who wish to assess the company´s capacity to meets its financial commitments. The equity/assets ratio is calculated by dividing recognized shareholders´equity by recognizes total assets. Equity per share is calculated by dividing recognized shareholders´equity by the number of shares.

Consolidated profit and loss	2015				2016				2017				2018				2019		
SEK M	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net Sales	**2,9**	**3,2**	**5,2**	**5,0**	**3,9**	**3,9**	**4,1**	**7,1**	**4,7**	**5,1**	**5,1**	**5,4**	**4,8**	**5,7**	**4,7**	**4,8**	**5,5**	**1,1**	**0,9**
Administration expenses	-5,3	-4,7	-3,8	-4,2	-4,4	-4,1	-3,5	-3,9	-4,1	-10,2	-2,5	-3,3	-2,9	-2,6	-2,5	-2,5	-2,8	-3,6	-2,7
Research and development costs	-55,0	-68,7	-23,6	-29,0	-15,6	-14,3	-11,7	-16,7	-15,2	-14,6	-9,1	-10,4	-10,5	-10,4	-9,1	-9,4	-9,1	-5,2	-5,4
Other operating expenses/income	–	–	–	–	–	–	–	–	–	-3,3	–	-50,0	–	–	–	–	–	2,2	-2,2
Operating profit/loss	**-57,4**	**-70,1**	**-22,2**	**-28,2**	**-16,1**	**-14,5**	**-11,1**	**-13,5**	**-14,6**	**-23,1**	**-6,5**	**-58,4**	**-8,5**	**-7,3**	**-6,9**	**-7,1**	**-6,4**	**-5,4**	**-9,3**
Net financial items	-1,1	-1,8	-1,8	-2,1	-1,3	-1,6	-1,9	-1,9	-1,8	-1,8	-1,9	-1,8	-1,7	-1,7	-1,8	-1,8	-1,7	0,0	0,0
Profit/loss before tax	**-58,5**	**-71,9**	**-23,9**	**-30,3**	**-17,4**	**-16,1**	**-13,0**	**-15,4**	**-16,4**	**-24,9**	**-8,4**	**-60,1**	**-10,2**	**-9,1**	**-8,7**	**-8,9**	**-8,1**	**-5,5**	**-9,3**
Tax	0,6	0,6	0,6	-10,4	0,6	0,6	0,6	0,6	0,6	0,6	–	–	–	–	–	–	–	–	–
Net profit/loss for the period	**-58,0**	**-71,4**	**-23,4**	**-40,8**	**-16,8**	**-15,5**	**-12,4**	**-14,8**	**-15,8**	**-24,4**	**-8,4**	**-60,1**	**-10,2**	**-9,1**	**-8,7**	**-8,9**	**-8,1**	**-5,5**	**-9,3**

Active Biotech Parent Company - Income Statement, condensed	Jul-Sep		Jan-Sep		Full Year
SEK M	2019	2018	2019	2018	2018
Net Sales	**0,9**	**5,1**	**7,4**	**17,5**	**23,2**
Administration expenses	-2,7	-2,6	-9,1	-8,3	-10,9
Research and development costs	-5,4	-11,6	-19,9	-37,6	-47,2
Operating profit/loss	**-7,2**	**-9,1**	**-21,5**	**-28,3**	**-34,8**
Profit/loss from financial items:					
Interest income and similar income-statement items	0,0	0,0	0,1	0,0	–
Interest expense and similar income-statement items	0,0	0,0	0,0	0,0	-0,1
Profit/loss after financial items	**-7,2**	**-9,1**	**-21,4**	**-28,4**	**-34,9**
Tax	–	–	–	–	–
Net profit/loss for the period	**-7,2**	**-9,1**	**-21,4**	**-28,4**	**-34,9**
Statement of comprehensive income parent company					
Net profit/loss for the period	-7,2	-9,1	-21,4	-28,4	-34,9
Other comprehensive income	–	–	–	–	–
Total comprehensive profit/loss for the period	**-7,2**	**-9,1**	**-21,4**	**-28,4**	**-34,9**

Active Biotech Parent Company - Balance sheet, condensed	Sep 30		Dec 31
SEK M	2019	2018	2018
Financial fixed assets	40,5	40,5	40,5
Total fixed assets	**40,5**	**40,5**	**40,5**
Current receivables	5,3	5,1	9,8
Short-term investments	67,8	34,7	20,6
Cash and bank balances	1,8	1,0	3,6
Total current assets	**74,9**	**40,8**	**34,0**
Total assets	**115,4**	**81,3**	**74,5**
Shareholders equity	43,6	71,6	65,0
Current liabilities	71,7	9,7	9,5
Total equity and liabilities	**115,4**	**81,3**	**74,5**

Note 1: Accounting policies

The interim report of the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable parts of the Annual Accounts Act. The interim report of the Parent Company has been prepared in accordance with Chapter 9 of the Annual Accounts Act. For the Group and the Parent Company, the same accounting policies and accounting estimates and assumptions were applied in this interim report as were used in the preparation of the most recent annual report, except regarding IFRS 16, see below.

The company applies IFRS 16 Leases as of January 1, 2019. At the transition to IFRS 16, the Group reported rights of use of SEK 890 thousand and leasing liabilities of SEK 1,091 thousand. The leasing agreements concern passenger cars and office equipment. Reconciliation for leasing in the annual report 2018 compared to leasing liabilities in accordance with IFRS 16 is shown in the table below:

Operational leasing as of 31 December 2018 according to note in the annual report	960
Discounted with the margin rate as of 1 Jan 2019	854
Deductible item: Short term leases	-60
Additional item: Reported financial leasing liabilities as of 31 Dec 2018	297
Total lease liabilities as of 1 Jan 2019	1,091

The company's property was classified as "Assets held for sale" at the beginning of the financial year, which meant that its carrying amount was expected to be recovered mainly through sales and not through use. The property was sold on April 5 2019 to the Real Estate Company Estea AB. From July 1, Active Biotech rents premises in the divested property. The Group's new leases are reported as of the third quarter in accordance with IFRS 16, which increased the right of use rights by SEK 3,297 thousand and the lease liability by SEK 3,297 thousand.

In the balance sheet as of September 30, 2019, rights of use were reported amounting to SEK 3,520 thousand and leasing debt of SEK 3,555 thousand, of which SEK 1,238 thousand is short-term lease liabilities. The introduction of IFRS 16 has not had any significant impact on the reported results for the period.

Not 2: Distribution of sales	Jul-Sep		Jan-Sep		Full Year
SEK M	2019	2018	2019	2018	2018
Research services	–	0,2	–	1,0	1,1
Rental revenues	–	3,7	4,9	12,2	16,0
Service revenues	0,8	0,8	2,4	2,0	2,9
Other	0,1	–	0,2	–	–
Total	**0,9**	**4,7**	**7,5**	**15,2**	**20,1**

Not 3: Fair value of financial instruments	Sep 30, 2019	Dec 31, 2018
SEK M	Level 2	Level 2
Short-term investments	67,8	20,6

Legal disclaimer

This financial report includes statements that are forward-looking and actual results may differ materially from those anticipated. In addition to the factors discussed, other factors that can affect results are developments in research programs, including clinical trials, the impact of competing research programs, the effect of economic conditions, the effectiveness of the company's intellectual patent protection, obstacles due to technological development, exchange-rate and interest-rate fluctuations, and political risks.

Financial calendar

Year-end report 2019: February 6, 2020 (Note: the reporting date changed from February 13, 2020)
Interim reports 2020: April 23, August 6 and November 5, 2020
Year-end report 2020: February 11, 2021
Annual General Meeting: May 19, 2020

The reports will be available from these dates at www.activebiotech.com.

The interim report for the January – September period 2019 provides a true and fair view of the Parent Company´s and the Group's operations, position and results, and describes significant risks and uncertainties that the Parent Company and Group companies face.

Lund November 14, 2019

Active Biotech AB (publ)

Helén Tuvesson
President and CEO

Review report

To the Board of Directors of Active Biotech AB (publ.)
Corp. id. 556223-9227

Introduction

We have reviewed the condensed interim financial information (interim report) of Active Biotech AB (publ.) as of 30 September 2019 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Malmö November 14, 2019

KPMG AB
Linda Bengtsson
Authorized Public Accountant

Active Biotech AB (publ) (NASDAQ Stockholm: ACTI) is a biotechnology company with focus on neurodegenerative/inflammatory diseases and cancer. Laquinimod, an orally administered small molecule with unique immunomodulatory properties in development for neurodegenerative diseases. ANYARA (naptumumab), an immunotherapy, in development for cancer indications in partnership with NeoTX Therapeutics Ltd. Furthermore, commercial activities are conducted for the tasquinimod, paquinimod and SILC projects. Please visit www.activebiotech.com for more information.