Active Biotech AB
Year-end report January – December 2017

Fourth quarter in brief

- The primary clinical endpoint was not met in the Phase II study (ARPEGGIO) with laquinimod in PPMS
- Patent regarding tasquinimod for the treatment of acute leukemia granted in Europe
- The process to divest the company's property in Lund is ongoing
- On December 7, the company announced that funding for the next 12 month period was not guaranteed. See further below "Events after the end of the period" relating to a new share issue

Other significant events during the January-December period

- Patent regarding tasquinimod for the treatment of multiple myeloma (MM) granted in Europe
- FDA granted orphan drug status for tasquinimod for the treatment of MM.
- The primary clinical endpoint in the Phase III study of laquinimod in RRMS (CONCERTO) was not met. The secondary endpoints were met in line with previous studies
- Helén Tuvesson was appointed CEO of Active Biotech
- The first product patent in the SILC project was granted in the US
- The decision was taken to discontinue the company's laboratory animal facility in Lund
- The Phase II study of laquinimod in Huntington's disease (LEGATO-HD) is ongoing. Results are expected in the second half of 2018
- The ANYARA project is proceeding, with planned start of clinical studies in the second half of 2018
- Out-licensing activities are continuing for the tasquinimod, SILC and paquinimod projects

Events after the end of the period

- The Board of Directors proposes a new share issue of approximately MSEK 48, with pre-emptive rights for the shareholders. An extraordinary general meeting to be held on March 19, 2018
- In connection with the new share issue, the company has received a permanent waiver from its commitment to the bank that finances the company's property in Lund that the company's liquidity should never fall below MSEK 30
- The company again has funding for the coming 12 month period
- Patent application regarding tasquinimod for the treatment of MM allowed in the US
- Application for the second product patent in the SILC project allowed in the US

Financial summary

SEK M	Oct.-Dec.		Jan.-Dec.	
	2017	2016	2017	2016
Net sales	5.4	7.1	20.2	19.0
Operating loss	*-58.4	-13.5	*-102.5	-55.1
Loss after tax	*-60.1	-14.8	*-108.8	-59.6
Earnings per share (SEK)	-0.62	-0.16	-1.12	-0.65
Cash and cash equivalents (at close of period)			25.2	77.7

*of which write down of property SEK 50 M

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

Comments from the CEO

The most important event in the last quarter of the year was the presentation of the results of the ARPEGGIO study with laquinimod in primary progressive MS (PPMS) in December. The study presented unfortunately no evidence of effect by laquinimod treatment in PPMS since the primary endpoint of brain atrophy, as defined by percent brain volume change (PBVC) from baseline to week 48, was not met. Based on these results there will be no further development of laquinimod in PPMS. The study results from the laquinimod project reported during the year had a negative impact on the company's financial situation, and information regarding this was also communicated in the latter part of the year.

Other noteworthy events during the year included the announcement in May by our partner Teva that the primary endpoint of the Phase III study of laquinimod in RRMS, the CONCERTO study, was not met despite positive results for several secondary endpoints in line with earlier studies. Teva also announced that, based on the CONCERTO results, it does not intend to continue the development of laquinimod in RRMS. Collectively, this means that Teva will no longer pursue development of laquinimod in any form of MS.

However, the phase II study of laquinimod in Huntington's disease, LEGATO-HD, will continue according to plan. The study, which is a randomized, placebo-controlled study of laquinimod at doses of 0.5 and 1.0 mg, was fully enrolled before summer 2017 and the results will be available in the second half of 2018. At the beginning of the year, the FDA granted laquinimod orphan drug status for the treatment of Huntington's disease, which allows seven to ten years of market exclusivity in the event of future registration.

In the ANYARA project – together with our partner NeoTX – a comprehensive preclinical program was conducted during the year focused on combination effects with ANYARA and PD-1 inhibitors. The results support the hypothesis that ANYARA can enhance the effect of PD-1 inhibitors, such as Keytruda. Furthermore, patent applications were submitted to protect the use of ANYARA in this combination. If these patents are granted, they would provide potential extension of ANYARA patent protection until 2036. Preparations for a clinical study of ANYARA in combination with a PD-1 inhibitor in patients with various forms of advanced cancer are ongoing. The study is scheduled to commence in the second half of 2018.

At the beginning of the year, the European Patent Office granted a patent for tasquinimod in multiple myeloma, a cancer of the blood cells where there is a significant unmet need for novel treatment option. The US Patent and Trademark Office also recently announced that an application relating to the use of tasquinimod in the same indication had been allowed. With patents secured in key markets and orphan drug status granted for tasquinimod in multiple myeloma, we have created highly favorable conditions for the continued advancement of tasquinimod. Discussions with potential partners in relation to the continued development and commercialization of the project are ongoing.

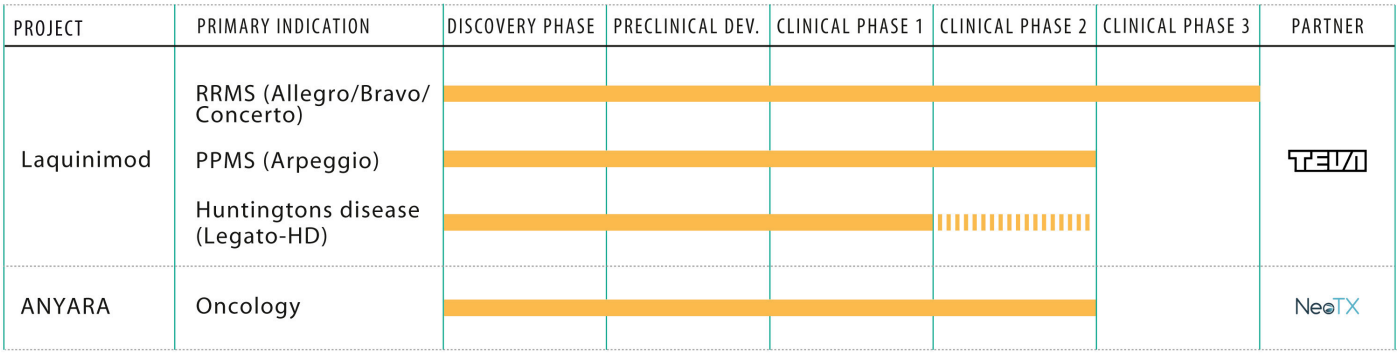
Also during the past year, we secured product patents in US for two of three patent families in the SILC project. Work aimed at clarifying the role of S100A9 as a target molecule in immuno-oncology is proceeding and data from the SILC project was presented at the scientific meeting Tumor Models in London at the beginning of December. We are focusing our efforts on demonstrating proof of concept for SILC substances in humanized tumor models, which is important for the continued commercial activities in the project.

Looking back upon 2017, we can say that notwithstanding the decisive negative events in the laquinimod project, the year saw the achievement of critical milestones in the other projects. In 2018 I look forward to the results of the LEGATO study. In addition, we focus on continued value creation in the other projects.

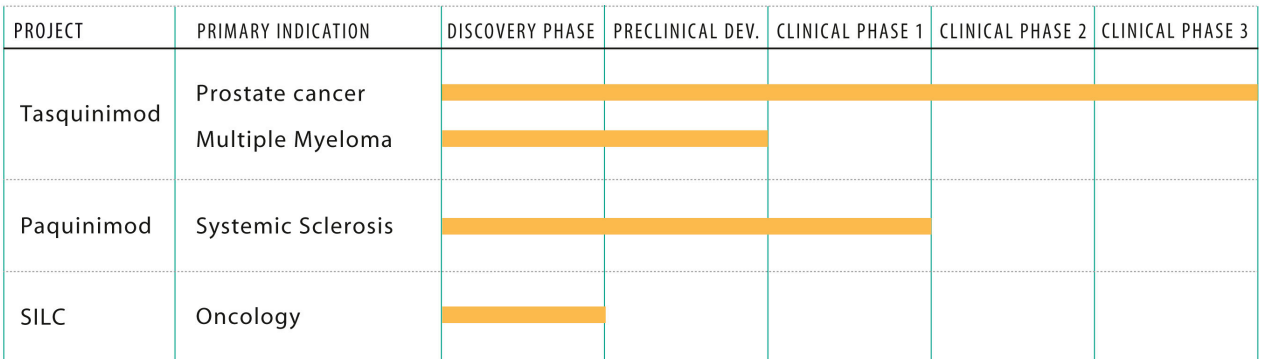
I would like to thank all of our employees and shareholders for your loyal support over the past year.

Helén Tuvesson, CEO

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



Striped = Ongoing



Laquinimod

Laquinimod is a once-daily oral, investigational, CNS-active immunomodulator with a novel mechanism of action being developed for the treatment of relapsing-remitting MS (RRMS), primary progressive MS (PPMS) and Huntington's disease (HD). Active Biotech has an agreement with the Israeli company Teva Pharmaceutical Industries Ltd since 2004 covering the development and commercialization of laquinimod.

The global clinical development program evaluating laquinimod in RRMS includes two previously completed Phase III studies, ALLEGRO and BRAVO and the Phase III trial, CONCERTO, evaluating laquinimod in 2,199 patients. Initial 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, nor after six and nine months treatment. However, other study results showed that the secondary endpoints were achieved. Change in brain volume – an indicator of disability progression over time – showed a 40-percent reduction compared to baseline, versus placebo at month 15 ($p < 0.0001$). Time to first relapse was extended ($p = 0.0001$). Annualized relapse rate showed a 25-percent risk reduction ($p=0.0001$). The number of gadolinium-enhancing T1 lesions at month 15, demonstrated a 30-percent reduction ($p=0.004$). The excellent clinical safety profile of laquinimod 0.6 mg daily, which has been previously studied with over 12,000 patient-years of exposure, was confirmed in the CONCERTO trial. Based on the results of CONCERTO, Teva, as previously announced, does not intend to continue 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 randomized placebo-controlled Phase II trial evaluating laquinimod in PPMS. The primary endpoint of the study is brain atrophy, defined as the percentage of brain volume change as measured by MRI. Results from the study was announced during the fourth quarter of 2017. The primary endpoint of brain atrophy as defined by percent brain volume change (PBVC) from baseline to week 48, was not met after daily oral doses with 0.6 mg laquinimod. The secondary endpoint of time to confirmed disability progression was also not met. There was, however, a reduction in new T2 lesions observed in patients treated with laquinimod 0.6 mg, suggesting an effect on inflammation of CNS even in patients with PPMS.The clinical safety profile of laquinimod 0.6 mg daily in PPMS patients resembled the safety profile demonstrated in relapsing remitting

MS patients. The most common adverse events reported by patients treated with laquinimod 0.6 mg daily were nasopharyngities, headache, upper respiratory tract infection and back pain.

Development of laquinimod in Huntington's disease, a rare neurodegenerative disease, has also been initiated. Laquinimod has been granted Orphan Drug Designation for this indication by the FDA. The Phase II LEGATO-HD clinical study is ongoing and will evaluate daily doses of laquinimod as a potential treatment for patients with Huntington's disease. The primary endpoint for LEGATO-HD is change from baseline in the Unified Huntington's Disease Rating Scale-Total Motor Scale (UHDRS-TMS) after 12 months of treatment versus placebo. Results from the study are expected during the second half of 2018.

Events during the fourth quarter
The primary endpoint of brain atrophy as defined by percent brain volume change (PBVC) from baseline to week 48, was not met after daily oral doses with 0.6 mg laquinimod in the Phase II study, ARPEGGIO, with laquinimod in PPMS

ANYARA

ANYARA is a TTS (Tumor Targeting Superantigen) compound that increases the immune system's capacity to discover tumors. Active Biotech has an agreement with NeoTX Therapeutics Ltd since 2016 covering the development and commercialization of ANYARA.

Clinically, the development of ANYARA has mainly focused on cancer forms with a high medical need. Positive data was reported from Phase I studies relating to lung cancer, renal cell cancer and pancreatic cancer, where ANYARA 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 ANYARA was well tolerated both as monotherapy and in combination with docetaxel, and increased the immune system's capability to recognize tumors. A Phase II/III trial of ANYARA in combination with interferon alpha in renal cell cancer demonstrated a favorable safety profile, but did not achieve its primary endpoint to show a prolonged overall survival (OS) in the intention to treat (ITT) population. Additional effects have been shown in preclinical tumor models when combining ANYARA and a checkpoint inhibitor. The forthcoming clinical trial will be carried out in combination with an immunostimulating PD-1 inhibitor, a combination strategy in line with ANYARA's mode of action and supported by preclinical data.

Events during the fourth quarter
The project proceeded according to plan

Tasquinimod

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

Tasquinimod was primarily developed for the treatment of prostate cancer and has completed Phase I-III clinical trials. The results from the 10TASQ10 Phase III 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. A patent providing for the treatment of this cancer form with tasquinimod was granted in Europe since January 2017, granting tasquinimod patent protection until 2035. Tasquinimod has been granted Orphan Drug Status in the US (2017).

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

Events during the fourth quarter
Patents granted regarding tasquinimod for the treatment of acute leukemia in Europe

Events after the end of the period
Patent application for tasquinimod for the treatment of multiple myeloma allowed in the United States

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 I 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 II trial to subsequently perform a pivotal study in this patient group.

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

Events during the fourth quarter
Out-licensing activities are continuing

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 substances that block the function of S100A9 represents a new approach 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, two of which have been granted patent to date in Europe, and one in United States.

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

Events after the end of the period
Application for the second product patent in the SILC project allowed in the United States

Financial information

Comments on the Group's results for the period January – December 2017

Net sales amounted to SEK 20.2 M (19.0) and included service and rental revenues, of which rental revenues totaled SEK 15.0 M (12.8).

The operation's research and administration expenses amounted to SEK 69.6 M (74.1), of which research expenses totaled SEK 49.4 M (58.2). The cost outcome for the period includes, besides running costs provisions for contractual costs in connection with the change of CEO. As previously announced, the decision has been taken to divest the company's property Forskaren 1, and the sales process is ongoing. The divestment decision entails a reclassification of the property in this year-end report, from previously being recognized as a fixed asset to being classified as an asset held for sale. The book value of the property at the beginning of 2017 was SEK 325 M, the decision to discontinue and close its animal facility has resulted in some parts of the property being vacated for a period of time, giving rise to an impairment requirement of SEK 50.0 M to SEK 275.0 M. The write down of the book value in the property Forskaren 1 in addition to estimated selling expenses for the divestment of the company's research facility, in total approximately SEK 53.3 M, are classified as other operating costs.

During the reporting period, the company's research operations comprised solely activities aimed at supporting projects and patents for previously out-licensed projects, and commercial activities to identify partners for the tasquinimod, paquinimod and SILC projects. The previously out-licensed projects, laquinimod, ANYARA and RhuDex, are financed in full by the relevant partners.

The operating loss for the period amounted to SEK 102.5 M (loss: 55.1). The year-on-year deterioration in earnings is due in full to the aforementioned provision for costs for the change of CEO, the impairment of the carrying amount of the property owned by the company and provisions for costs for the approved property sale. Administration expenses amounted to SEK 20.2 M (15.9), the net financial expense for the period to SEK 7.4 M (expense: 6.7) and the loss after tax to SEK 108.8 M (loss: 59.6).

Comments on the Group's results for the period October – December 2017

Net sales amounted to SEK 5.4 M (7.1) and included service and rental revenues.

The operation's research and administration expenses amounted to SEK 13.7 M (20.6), of which research expenses amounted to SEK 10.4 M (16.7). The cost outcome during the quarter is attributable to the aforementioned impairment requirement of SEK 50.0 M in the company's property Forskaren 1 being classified as other operating expenses. The company's research operations comprise solely activities aimed at supporting projects and patents for previously out-licensed projects, as well as commercial activities to identify partners for the tasquinimod, paquinimod and SILC projects. The previously out-licensed projects, laquinimod, ANYARA and RhuDex, are financed in full by the relevant partners.

The operating loss for the period amounted to SEK 58.4 M (loss: 13.5). The year-on-year deterioration in earnings is attributable in full to the impairment during the quarter of the carrying amount of the property. Administration expenses amounted to SEK 3.3 M (3.9), the net financial expense for the period to SEK 1.8 M (expense: 1.9) and the loss after tax to SEK 60.1 M (loss:14.8).

Cash flow, liquidity and financial position, Group, for the period January – December 2017

Cash and cash equivalents at the end of the period amounted to SEK 25.2 M, compared with SEK 77.7 M at the end of 2016.

Cash flow for the period was a negative SEK 52.5 M (neg: 25.9), of which cash flow from operating activities accounted for a negative SEK 46.4 M (neg: 73.2). Cash flow from financing activities was a negative SEK 6.1 M (pos: 47.2), of which the new share issue carried out in 2016 generated proceeds of SEK 53.7 M for the company.

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 – December 2017

Net sales for the period amounted to SEK 23.4 M (25.1) and operating expenses to SEK 150.0 M (94.1), which included provisions for expenses related to the change of CEO, the impairment of goodwill arising from the merger of a subsidiary in 2010. The Parent Company's operating loss for the period was SEK 126.6 M (loss: 69.0). Net financial expense amounted to SEK 0.2 M (income 0.5) and the loss after financial items was SEK 126.8 M (loss: 68.6). Cash and cash equivalents including short-term investments totaled SEK 21.2 M at the end of the period, compared with SEK 73.2 M on January 1, 2017.

Comments on the Parent Company's results and financial position for the period October – December 2017

Net sales for the period amounted to SEK 5.8 M (8.6) and operating expenses to SEK 77.4 M (25.4). The Parent Company's operating loss for the period was SEK 71.7 M (loss: 16.9). Net financial income amounted to SEK 0.0 M (0.0) and the loss after financial items was SEK 71.7 M (loss: 16.9).

Shareholders' equity

Consolidated shareholder's equity at the end of the period amounted to SEK 77.7 M, compared with SEK 182.6 M at year-end 2016.

The number of shares outstanding at the end of the period totaled 96,824,320. At the end of the period, the equity/assets ratio for the Group was 25.6 percent, compared with 44.2 percent at year-end 2016. The corresponding figures for the Parent Company, Active Biotech AB, were 78.8 percent and 92.7 percent, respectively.

Organization

The average number of employees during the reporting period was 17 (28), of which the number of employees in the research and development organization accounted for 8 (24). At the end of the period, the Group had 17 employees.

Events after the end of the period

- The Board of Directors proposes a new share issue of approximately MSEK 48, with pre-emptive rights for the shareholders. For further information, refer to Active Biotech's press release on 15 February 2018.
- In connection with the new share issue, the company has received a permanent waiver from its commitment to the bank that finances the company's property in Lund that the company's liquidity should never fall below MSEK 30.
- The company again has funding for the coming 12 month period.

Outlook, including significant risks and uncertainties

The partnership agreements with Teva and NeoTX continue to have a decisive impact on the company's future revenues and financial position. Teva is financing a Phase II study of laquinimod in Huntington's disease, with the results of this expected in the second half of 2018. Furthermore, NeoTX is expected to initiate the clinical development of ANYARA in combination with an immunostimulating PD-1 inhibitor in the second half of 2018.

At the end of December 2017, the company had a total of SEK 25.2 M in liquid assets, which is expected to finance the business until the end of the second quarter of 2018.

The Board of Directors has resolved to divest the company's premises in Lund and the sales process has been initiated but has not yet been finalized. The company has a credit agreement related to the property; the loan payable amounted to SEK 209.4 M at December 31, 2017. In addition, the company has had a covenant with the lending bank that the company's liquidity may never fall below SEK 30.0 M. The company has in February 2018 received a permanent waiver from the covenant.

A research company such as Active Biotech is characterized by a 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 2016 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	Oct. - Dec.		Jan. - Dec.	
SEK M	**2017**	**2016**	**2017**	**2016**
Net sales	**5,4**	**7,1**	**20,2**	**19,0**
Administrative expenses	-3,3	-3,9	-20,2	-15,9
Research and development costs	-10,4	-16,7	-49,4	-58,2
Other operating expenses	-50,0	–	-53,3	–
Operating profit/loss	**-58,4**	**-13,5**	**-102,5**	**-55,1**
Net financial items	-1,8	-1,9	-7,4	-6,7
Profit/loss before tax	**-60,1**	**-15,4**	**-109,9**	**-61,8**
Tax	–	0,6	1,1	2,2
Net profit/loss for the period	**-60,1**	**-14,8**	**-108,8**	**-59,6**
Comprehensive loss attributable to:				
Parent Company shareholders	-60,1	-14,8	-108,8	-59,6
Non-controlling interests	–	–	–	–
Net profit/loss for the period	**-60,1**	**-14,8**	**-108,8**	**-59,6**
Comprehensive profit/loss per share before dilution (SEK)	-0,62	-0,16	-1,12	-0,65
Comprehensive profit/loss per share after dilution (SEK)	-0,62	-0,16	-1,12	-0,65

Statement of profit and loss and consolidated comprehensive income	Oct. - Dec.		Jan. - Dec.	
SEK M	**2017**	**2016**	**2017**	**2016**
Net profit/loss for the period	-60,1	-14,8	-108,8	-59,6
Other comprehensive income				
Items that can not be reclassified into profit or loss				
Change in revaluation reserve	–	1,8	3,6	7,2
Taxes attributable to other comprehensive income	–	-0,4	-0,8	-1,6
Total comprehensive profit/loss for the period	**-60,1**	**-13,4**	**-106,0**	**-54,0**
Total other comprehensive profit/loss for the period attributable to:				
Parent Company shareholders	-60,1	-13,4	-106,0	-54,0
Non-controlling interests	–	–	–	–
Total comprehensive profit/loss for the period	**-60,1**	**-13,4**	**-106,0**	**-54,0**
Depreciation/amortization included in the amount of	0,2	2,9	6,1	11,8
Investments in tangible fixed assets	–	–	–	–
Weighted number of outstanding common shares before dilution (000s)	96824	91625	96824	91041
Weighted number of outstanding common shares after dilution (000s)	96824	91625	96824	91041
Number of shares at close of the period (000s)	96824	96824	96824	96824

Consolidated statement of financial position	Dec. 31	
SEK M	2017	2016
Tangible fixed assets	1,7	328,1
Long-term receivables	0,0	0,0
Total fixed assets	**1,7**	**328,1**
Current receivables	5,2	7,1
Assets for sale	271,8	–
Cash and cash equivalents	25,2	77,7
Total current assets	**302,1**	**84,8**
Total assets	**303,8**	**412,9**
Shareholders equity	77,7	182,6
Long-term liabilities	0,3	207,0
Current liabilities	225,8	23,4
Total shareholders equity and liabilities	**303,8**	**412,9**

Consolidated statement of changes in shareholders equity	Dec. 31	
SEK M	2017	2016
Opening balance	182,6	180,6
Loss for the period	-108,8	-59,6
Other comprehensive income for the period	2,8	5,6
Comprehensive loss for the period	*-106,0*	*-54,0*
Transfer from revaluation reserve	1,1	2,2
New share issue	–	53,7
Balance at close of period	**77,7**	**182,6**

Condensed consolidated cash-flow statement	Jan. - Dec.	
SEK M	2017	2016
Loss after financial items	**-109,9**	**-61,8**
Adjustment for non-cash items, etc.	56,6	11,8
Cash flow from operating activities before changes in working capital	**-53,3**	**-50,0**
Changes in working capital	6,9	-23,1
Cash flow from operating activities	**-46,4**	**-73,2**
New share issue	–	53,7
Loans raised/amortization of loan liabilities	-6,1	-6,5
Cash flow from financing activities	**-6,1**	**47,2**
Cash flow for the period	**-52,5**	**-25,9**
Opening cash and cash equivalents	**77,7**	**103,6**
Closing cash and cash equivalents	**25,2**	**77,7**

	Dec. 31	
Key figures	**2017**	**2016**
Shareholders equity, SEK M	77,7	182,6
Equity per share, SEK	0,80	1,89
Equity/assets ratio in the Parent Company	78,8%	92,7%
Equity/assets ratio in the Group	25,6%	44,2%
Average number of annual employees	17	28

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 recognized total assets. Equity per share is calculated by dividing recognized shareholders' equity by the number of shares.

Consolidated profit and los	2013				2014				2015				2016				2017			
SEK M	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	**2,4**	**2,5**	**107,0**	**4,0**	**2,1**	**2,7**	**2,6**	**2,9**	**2,9**	**3,2**	**5,2**	**5,0**	**3,9**	**3,9**	**4,1**	**7,1**	**4,7**	**5,1**	**5,1**	**5,4**
Administrative expenses	-4,2	-4,6	-3,8	-4,4	-4,5	-5,3	-3,7	-3,5	-5,3	-4,7	-3,8	-4,2	-4,4	-4,1	-3,5	-3,9	-4,1	-10,2	-2,5	-3,3
Research and dev. costs	-75,2	-77,5	-75,3	-80,0	-56,9	-55,3	-54,6	-55,1	-55,0	-68,7	-23,6	-29,0	-15,6	-14,3	-11,7	-16,7	-15,2	-14,6	-9,1	-10,4
Other operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-3,3	-	-50,0
Operating profit/loss	**-77,0**	**-79,5**	**27,9**	**-80,4**	**-59,2**	**-57,9**	**-55,7**	**-55,6**	**-57,4**	**-70,1**	**-22,2**	**-28,2**	**-16,1**	**-14,5**	**-11,1**	**-13,5**	**-14,6**	**-23,1**	**-6,5**	**-58,4**
Net financial items	-1,6	-2,2	0,8	-2,2	-1,5	-0,3	-1,5	-1,9	-1,1	-1,8	-1,8	-2,1	-1,3	-1,6	-1,9	-1,9	-1,8	-1,8	-1,9	-1,8
Profit/loss before tax	**-78,6**	**-81,7**	**28,7**	**-82,6**	**-60,8**	**-58,2**	**-57,2**	**-57,6**	**-58,5**	**-71,9**	**-23,9**	**-30,3**	**-17,4**	**-16,1**	**-13,0**	**-15,4**	**-16,4**	**-24,9**	**-8,4**	**-60,1**
Tax	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6	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	**-78,0**	**-81,2**	**29,2**	**-82,1**	**-60,2**	**-57,7**	**-56,6**	**-57,0**	**-58,0**	**-71,4**	**-23,4**	**-40,8**	**-16,8**	**-15,5**	**-12,4**	**-14,8**	**-15,8**	**-24,4**	**-8,4**	**-60,1**

Active Biotech Parent Company - Income Statement, condensed	Oct - Dec.		Jan. - Dec.	
SEK M	2017	2016	2017	2016
Net sales	**5,8**	**8,6**	**23,4**	**25,1**
Administration expenses	-7,4	-8,0	-36,6	-32,4
Research and development costs	-13,7	-17,4	-57,1	-61,7
Other operating expenses	-56,3	–	-56,3	–
Operating profit/loss	**-71,7**	**-16,9**	**-126,6**	**-69,0**
Profit/loss from financial items:				
Interest income and similar income-statement items	0,0	0,0	0,0	0,5
Interest expense and similar income-statement items	0,0	0,0	-0,2	0,0
Profit/loss after financial items	**-71,7**	**-16,9**	**-126,8**	**-68,6**
Tax	–	–	–	–
Net profit/loss for the period	**-71,7**	**-16,9**	**-126,8**	**-68,6**
Statement of comprehensive income parent company				
Net profit/loss for the period	-71,7	-16,9	-126,8	-68,6
Other comprehensive income	–	–	–	–
Total comprehensive profit/loss for the period	**-71,7**	**-16,9**	**-126,8**	**-68,6**

Active Biotech Parent Company - Balance sheet, condensed	Dec. 31	
SEK M	2017	2016
Goodwill	–	64,6
Tangible fixed assets	–	0,5
Financial fixed assets	40,5	40,6
Total fixed assets	**40,5**	**105,6**
Current receivables	5,4	14,9
Short-term investments	19,7	68,7
Cash and bank balances	1,5	4,5
Total current assets	**26,5**	**88,1**
Total assets	**67,0**	**193,7**
Shareholders equity	52,8	179,6
Current liabilities	14,2	14,1
Total equity and liabilities	**67,0**	**193,7**

Any errors in additions are attributable to rounding of figures.

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 to this interim report as were used in the preparation of the most recent annual report.

During the period, the company reclassified its property to "Asset held for sale." The implication of this is that its carrying amount will be recovered primarily through its sale and not through its use. An assets is classified as held for sale if it is available for immediate sale in its current condition and based on customary conditions, and it is highly likely that a sale will be completed. The property is recognized on a separate line under current assets in the statement of financial position. Upon initial classification as an asset held for sale, the property was recognized at fair value with deductions for selling expenses. Subsequent changes in value, both gains and losses, are recognized in profit or loss.

Given that the company violates the covenant terms of the bank agreement, the property loan has been reclassified from a long-term to a *short-term loan*

Note 2: Fair value of financial instruments

	Dec. 31, 2017	**Dec. 31, 2016**
SEK M	Level 2	Level 2
Short-term investments	19,7	68,7

The fair value of financial assets and liabilities essentially corresponds to the carrying amount in the balance sheet. For more information, refer to Note 17 in the 2016 Annual Report. No significant changes have occurred in relation to the measurement made at December 31, 2016.

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

Interim reports 2018: April 26, August 9 and November 15, 2018
Year-end report 2018: February 14, 2019
Annual General Meeting 2018: May 17, 2018

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

Lund, February 15, 2018

Active Biotech AB (publ)

Helén Tuvesson
President and CEO

This interim report is unaudited.

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 is in development for neurodegenerative diseases in partnership with Teva Pharmaceutical Industries Ltd. ANYARA, 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.

Active Biotech is obligated to make public the information contained in this interim report pursuant to the EU Market Abuse Regulation and the Securities Markets Act. This information was provided to the media, through the agency of the contact person set out above, for publication on February 15 at 8.30 a.m. CET.