Active Biotech AB
Interim report January – September 2018

Third quarter in brief

- Active Biotech provides update on laquinimod in Huntington's disease
- Active Biotech regains global rights to the development and commercialization of laquinimod
- Data from the LEGATO-HD study of laquinimod in Huntington's disease presented at the EHDN meeting

Events after the end of the period

- New data from the LEGATO-HD study presented at the HSG conference
- Active Biotech has, from the bank that finances the company's property in Lund, requested that the sales deadline (by 31 December 2018) included in the loan agreement to be removed, giving Active Biotech the possibility to implement the property sales in a manner appropriate to the company and its shareholders without time pressure. Active Biotech's objective is to divest the property as soon as appropriate. If the desired feedback is not received from the bank, the Board assesses that the stipulated closing date for the sale of the property will not be met. Active Biotech will not, without a sale coming into effect, have the required funds to repay the outstanding loan to the bank. In view of the fact that Active Biotech have had and still have the ability to continuously perform its amortization and interest payment obligations to the bank and that the bank is deemed to have full coverage for its loan receivable in the real estate collateral held by the bank (valuation obtained by the bank from an independent property valuer, showing a surplus in relation to the outstanding loan debt in the order of 75 MSEK), the Board assesses that it is unlikely that the bank will contribute to create a financial crisis situation for the company

Financial summary

SEK million	Jul-Sep		Jan-Sep		Full-year
	2018	2017	2018	2017	2017
Net sales	4.7	5.1	15.2	14.8	20.2
Operating loss	-6.9	-6.5	-22.8	-44.2	-102.5
Loss after tax	-8.7	-8.4	-28.0	-48.6	-108.8
Earnings per share (SEK)	-0.06	-0.07	-0.21	-0.40	-0.89
Cash and cash equivalents (at close of period)			36.0	35.6	25.2

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

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, 2018 at 21.30 p.m. CET.

Comments from the CEO

The last quarter has largely been dominated by events in the laquinimod project. Initial results from the Phase 2 LEGATO-HD study with laquinimod in Huntington's disease was presented at the end of July, and the study did not show that laquinimod during 12 months of treatment reduced disease development, measured by a motor scale, which was the primary endpoint. However, laquinimod had a pronounced and significant effect on brain atrophy, in particular the caudate volume, which was the secondary endpoint and is a key marker for the progression of early Huntington's disease. Following the report of the first findings from the study, further analysis has been conducted and the data has been presented at scientific conferences in Europe and, most recently, in the US. At the annual scientific Huntington Study Group conference, HSG 2018, data were presented for the exploratory study endpoint change in "Q-Motor", a sensitive and rater-independent method which showed improved motor function in patients treated with laquinimod compared to placebo. The results together with the demonstrated therapeutic effect on brain atrophy indicates a central effect of laquinimod on the disease progression in Huntington's disease. Further analyses of exploratory study endpoints will be conducted in the study and will be presented.

The rights to the laquinimod project have reverted to Active Biotech and we are now working together with Teva to ensure that all preclinical and clinical data generated from the almost 14-year partnership is returned to us. The treatment effect of laquinimod demonstrated in patients together with the favorable safety profile supports our belief in the potential of laquinimod as a possible treatment for neurodegenerative diseases and we are now investigating market interest in the project.

Preparations are ongoing in the tasquinimod project for the continued clinical development in multiple myeloma, a disease that needs more, good and safe treatments. We are working together with physicians and regulatory experts with the aim of establishing a clinical development program that is acceptable for regulatory authorities in Europe and the US. We have strengthened our organization with external advisors and, in the tasquinimod project, we are working together with Professor Axel Glasmacher, MD, former Senior Vice President and Head of the Global Clinical Research and Development Hematology Oncology at Celgene.
In parallel with the clinical development efforts, discussions are ongoing with the aim of engaging a strategic collaboration partner to the project.

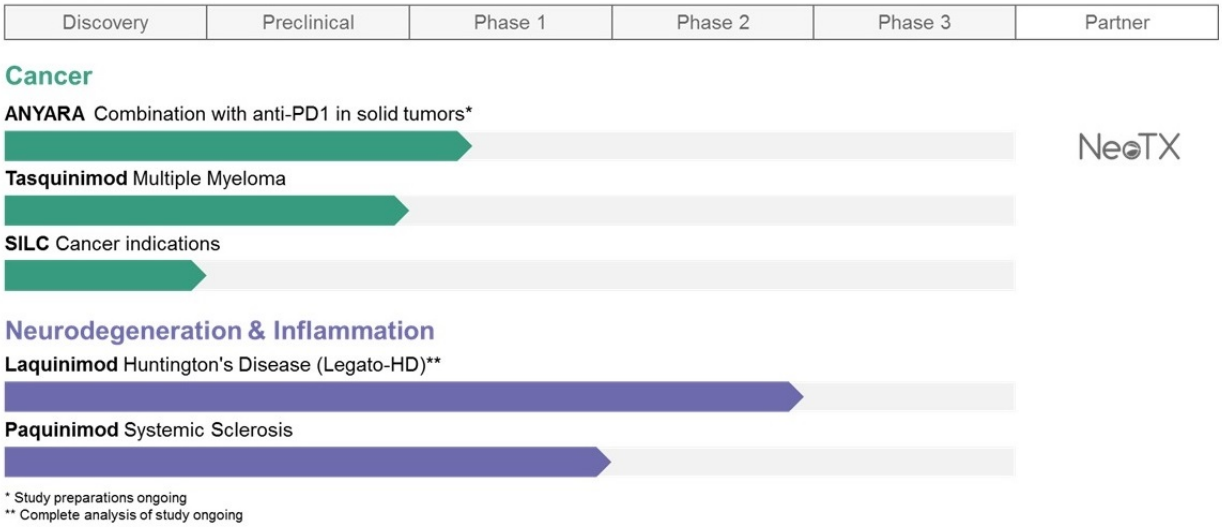
NeoTX, our partner in the ANYARA project, is now making the final preparations to start the clinical study with ANYARA in combination with check-point inhibitiors. Currently we estimate that first patient will be enrolled at the beginning of 2019. This will become an important milestone for the project and together with NeoTX, we are convinced that ANYARA, with its tumor-targeted mechanism, can increase the clinical benefit of checkpoint therapy and extend survival outcomes for more patients with serious forms of cancer.

In September, an article was published in the scientific journal PLoS ONE, which shows that paquinimod has effect in a new mouse model for liver fibrosis (Fransén Pettersson et al., PLoS ONE 13 (9): e0203228, 2018).
In addition, in both paquinimod and the SILC project, activities are ongoing to identify partners for further development.

A structured process is ongoing for the sale of the company's property and my hope is that this will be completed relatively soon to thereby enable focus on our core operations. We are currently awaiting feedback from the bank that holds the mortgage security in our property to be able to sell the property in an efficient and timely manner.

Projects

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



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 has since 2004 had an agreement with the Israeli company 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 III 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, 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 placebo-controlled Phase II trial with 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 II study LEGATO-HD evaluating daily doses of laquinimod as potential treatment of Huntington's disease patients were announced at the end of July 2018. The primary study endpoint, change in "Unified Huntington's Disease Rating Scale-Total Engine Scale "(UHDRS-TMS) after 12 months of treatment with laquinimod, 1 mg daily, compared with placebo was not achieved. However, the secondary endpoint, decreased brain atrophy (caudatus volume) was achieved. Laquinimod showed excellent safety in the study. Analysis and evaluation of exploratory study endpoints in progress.

At the end of August, it was announced that Active Biotech regains global rights to the development and commercialization of laquinimod from Teva. This was a consequence of Teva's decision not to continue the clinical

development of laquinimod in Huntington's disease. Teva has previously decided to terminate the development of laquinimod in MS.

Events during the third quarter
The company announced that the Phase II LEGATO-HD trial evaluating the efficacy and safety of laquinimod in Huntington's disease (HD) did not meet its primary endpoint of change from baseline after 12 months treatment, as measured by the UHDRS-TMS scale. However, the secondary endpoint, reduction of brain atrophy, was met. Laquinimod showed excellent safety in the study.

Active Biotech regains global rights to the development and commercialization of laquinimod.

Events after the end of the period
New data from the LEGATO-HD study was presented at the 2018 HSG conference. Data from the exploratory endpoint, the change in motor function measured with Q-Motor, which is a sensitive, standardized and rater-independent method, showed an effect on motor function in patients treated with laquinimod compared to placebo.

ANYARA
ANYARA 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 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 of showing prolonged overall survival (OS) in the intention to treat (ITT) population.

In April 2018, NeoTX presented new preclinical data at scientific conference "the American Association for Cancer Research" (AACR). The data presented demonstrates a synergistic anti-tumor effect when ANYARA 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. The planned clinical trial will be carried out in combination with a checkpoint inhibitor, a combination strategy in line with ANYARA's mode of action and supported by preclinical data.

Events during the third quarter
Preparation for the clinical trial with ANYARA in combination with PD-1 inhibitors are ongoing.

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 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. 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 (2017).
A scientific collaboration with the Wistar Institute in Philadelphia, PA, on tasquinimod to support future clinical development in multiple myeloma has been initiated.

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

Events during the third quarter
Preparations for continued clinical development in multiple myeloma are ongoing. Professor Axel Glasmacher, MD, former Senior Vice President and Head of the Global Clinical Research and Development Hematology Oncology within Celgene is engaged as clinical advisor.

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 third quarter
Preclinical data for paquinimod were published in a scientific journal - Fransén Pettersson et al., The immunomodulatory quinoline-3-carboxamide paquinimod reversed established fibrosis in a novel mouse model for liver fibrosis. PLoS ONE 13 (9): e0203228, 2018.

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 two patent families in Europe and the US.

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

Financial information

Comments on the Group's results for the period January – September 2018

Net sales amounted to SEK 15.2 M (14.8) and included service and rental revenues.

The operation's research and administration expenses amounted to SEK 38.1 M (55.7), of which research expenses totaled SEK 30.0 M (38.9), equivalent to a 23-percent reduction in expenses. During the reporting period, the company's research operations solely comprised activities aimed at supporting projects and patents for previously out-licensed projects, and activities to improve the conditions for identifying partners for the tasquinimod, paquinimod and SILC projects. The out-licensed projects, laquinimod, ANYARA and RhuDex, are financed in full by the relevant partners.

The operating loss for the period amounted to SEK 22.8 M (loss: 44.2). The year-on-year improvement in earnings was attributable in full to cost reductions carried out in operations. Administrative expenses totaled SEK 8.1 M (16.8), the net financial expense for the period was SEK 5.2 M (expense: 5.6) and the loss after tax amounted to SEK 28.0 M (loss: 48.6).

Comments on the Group's results for the period July – September 2018

Net sales amounted to SEK 4.7 M (5.1) and included service and rental revenues.

The operation's research and administration expenses amounted to SEK 11.6 M (11.6), of which research expenses amounted to SEK 9.1 M (9.1). 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 paquinimod, tasquinimod and SILC projects.

The operating loss for the period amounted to SEK 6.9 M (loss: 6.5). Administrative expenses totaled SEK 2.5 M (2.5), the net financial expense for the period was SEK 1.8 M (expense: 1.9) and the loss after tax amounted to SEK 8.7 M (loss: 8.4).

Cash flow, liquidity and financial position, Group, for the period January – September 2018

Cash and cash equivalents at the end of the period amounted to SEK 36.0 M, compared with SEK 25.2 M at the end of 2017.

Cash flow for the period was SEK 10.8 M (neg: 42.0), of which cash flow from operating activities totaled a negative SEK 31.6 M (neg: 37.5). Cash flow from financing activities totaled SEK 42.5 M (neg: 4.5), of which the issue of 48,412,460 shares carried out during the period generated proceeds of SEK 47.1 M after issue expenses.

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 2018

Net sales for the period amounted to SEK 17.5 M (17.6) and operating expenses to SEK 45.9 M (72.6). The Parent Company's operating loss for the period was SEK 28.3 M (loss: 54.9). Net financial income amounted to SEK 0.0 M (expense: 0.3) and the loss after financial items was SEK 28.4 M (loss: 55.1). Cash and cash equivalents including short-term investments totaled SEK 35.7 M at the end of the period, compared with SEK 21.2 M on January 1, 2018.

Comments on the Parent Company's results and financial position for the period July– September 2018

Net sales for the period amounted to SEK 5.1 M (5.4) and operating expenses to SEK 14.2 M (19.0). The Parent Company's operating loss for the period was SEK 9.1 M (loss: 13.5). Net financial income for the period amounted to SEK 0.0 M (loss: 0.1) and the loss after financial items was SEK 9.1 M (loss: 13.6).

Shareholders' equity

Consolidated shareholders' equity at the end of the period amounted to SEK 96.8 million, compared with SEK 77.7 million at year-end 2017.

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 30.9 percent, compared with 25.6 percent at year-end 2017. The corresponding figures for the Parent Company, Active Biotech AB, were 88.1 percent and 78.8 percent, respectively.

Organization

The average number of employees during the reporting period was 16 (17), of which the number of employees in the research and development organization accounted for 7 (8). At the end of the period, the Group had 14 employees.

Outlook, including significant risks and uncertainties

The partner NeoTX is expected to initiate the clinical development of ANYARA in combination with an immunostimulating PD-1 inhibitor in the beginning of 2019.

As Teva Pharmaceuticals has decided during the current quarter not to continue the clinical development of laquinimod, Active Biotech has regained the global development and commercialization rights for the project. In accordance with the license agreement, the decision means that the full rights to laquinimod, including all data generated in the comprehensive preclinical and clinical development program that has been conducted since 2004, will revert to Active Biotech. The pronounced effect of laquinimod on brain atrophy in both RRMS and Huntington's patients strengthens the company's conviction that laquinimod has considerable potential as a possible treatment for neurodegenerative diseases, and accordingly, all possibilities for the continued development of laquinimod are being evaluated. The return of laquinimod will initially entail increased costs for the ongoing technology transfer, the takeover of patents and the implementation of the necessary business development activities.

The operational focus in the tasquinimod project is on the planning of a clinical Phase I/II study with tasquinimod in multiple myeloma. Pending the final decision on the financing of the study, other alternative funding solutions are being examined, such as external partnerships, external financing or inhouse financing.

The company's property is in the process of being divested. A property prospectus has been prepared and the sales process has started. Active Biotech has in an agreement with its credit provider agreed to sell the property before December 31, 2018 and repay its outstanding loan six months thereafter. The layout and technical complexity of the property, has impacted the timing of the sales process. Given that background, Active Biotech has requested that the sales deadline to be removed, so that Active Biotech is given the possibility to execute the property sale in an effective manner for the company and its shareholders without time pressure. Active Biotech's objective is to sell the property as soon as appropriate. If the desired feedback is not received from the bank, the Board assesses that the stipulated closing date for the sale of the property will not be met. Active Biotech will not, without a sale coming into effect, have the required funds to repay the outstanding loan. In view of the fact that Active Biotech have had and still have the ability to continuously perform its amortizations and interest payment obligations to the bank and that the bank is deemed to have full coverage for its loan receivable in the real estate collateral held by the bank (valuation obtained by the bank from an independent property valuer, showing a surplus in relation to outstanding loan debt in the order of 75 MSEK), the Board assesses that it is unlikely that the bank will contribute to create a financial crisis situation for the company.

At the end of September 2018, the company had a total of SEK 36.0 M in cash and cash equivalents. Available cash and cash equivalents, existing and new partnership agreements, and the anticipated injection of liquidity from the sale of the property are intended 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 2017 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	2018	2017	2018	2017	2017
Net sales	**4,7**	**5,1**	**15,2**	**14,8**	**20,2**
Administrative expenses	-2,5	-2,5	-8,1	-16,8	-20,2
Research and development costs	-9,1	-9,1	-30,0	-38,9	-49,4
Other operating expenses	–	–	–	-3,3	-53,3
Operating profit/loss	**-6,9**	**-6,5**	**-22,8**	**-44,2**	**-102,5**
Net financial items	-1,8	-1,9	-5,2	-5,6	-7,4
Profit/loss before tax	**-8,7**	**-8,4**	**-28,0**	**-49,7**	**-109,9**
Tax	–	–	–	1,1	1,1
Net profit/loss for the period	**-8,7**	**-8,4**	**-28,0**	**-48,6**	**-108,8**
Comprehensive profit/loss attributable to:					
Parent Company shareholders	-8,7	-8,4	-28,0	-48,6	-108,8
Non-controlling interest	–	–	–	–	–
Net profit/loss for the period	**-8,7**	**-8,4**	**-28,0**	**-48,6**	**-108,8**
Comprehensive profit/loss per share before dilution (SEK)	-0,06	-0,07	-0,21	-0,40	-0,89
Comprehensive profit/loss per share after dilution (SEK)	-0,06	-0,07	-0,21	-0,40	-0,89

Statement of profit and loss and consolidated comprehensive income	Jul-Sep		Jan-Sep		Full Year
SEK M	2018	2017	2018	2017	2017
Net profit/loss for the period	-8,7	-8,4	-28,0	-48,6	-108,8
Other comprehensive income					
Items that can not be reclassified into profit or loss					
Change in revaluation reserve	–	–	–	3,6	3,6
Taxes attributable to other comprehensive income	–	–	–	-0,8	-0,8
Total comprehensive profit/loss for the period	**-8,7**	**-8,4**	**-28,0**	**-45,8**	**-106,0**
Total other comprehensive profit/loss for the period attributable to:					
Parent Company shareholders	-8,7	-8,4	-28,0	-45,8	-106,0
Non-controlling interest	–	–	–	–	–
Total comprehensive profit/loss for the period	**-8,7**	**-8,4**	**-28,0**	**-45,8**	**-106,0**
Depreciation/amortization included in the amount of	0,1	0,2	0,4	6,0	6,1
Investments in tangible fixed assets	–	–	–	–	–
Weighted number of outstanding common shares before dilution (000s)	145 236	122 256	134 883	122 256	122 256
Weighted number of outstanding common shares after dilution (000s)	145 236	122 256	134 883	122 256	122 256
Number of shares at close of the period (000s)	145 236	96 824	145 236	96 824	96 824

Consolidated statement of financial position	Sep 30		Dec 31
SEK M	2018	2017	2017
Tangible fixed assets	1,3	2,3	1,7
Long-term receivables	0,0	0,0	0,0
Total fixed assets	**1,3**	**2,3**	**1,7**
Current receivables	4,2	6,5	5,2
Assets held for sale	271,8	321,8	271,8
Cash and cash equivalents	36,0	35,6	25,2
Total current assets	**312,0**	**363,8**	**302,1**
Total assets	**313,3**	**366,2**	**303,8**
Shareholders equity	96,8	137,8	77,7
Long-term liabilities	0,1	205,8	0,3
Current liabilities	216,3	22,6	225,8
Total shareholders equity and liabilities	**313,3**	**366,2**	**303,8**

Consolidated statement of changes in shareholders equity	Sep 30		Dec 31
SEK M	2018	2017	2017
Opening balance	77,7	182,6	182,6
Loss for the period	-28,0	-48,6	-108,8
Other comprehensive income for the period	–	2,8	2,8
Comprehensive profit/loss for the period	*-28,0*	*-45,8*	*-106,0*
Transfer from revaluation reserve	–	1,1	1,1
New share issue	47,1	–	–
Balance at close of period	**96,8**	**137,8**	**77,7**

Condensed consolidated cash-flow statement	Jan-Sep		Full Year
SEK M	2018	2017	2017
Loss after financial items	**-28,0**	**-49,7**	**-109,9**
Adjustment for non-cash items, etc.	0,4	6,0	56,6
Cash flow from operating activities before changes in working capital	**-27,6**	**-43,8**	**-53,3**
Changes in working capital	-4,0	6,3	6,9
Cash flow from operating activities	**-31,6**	**-37,5**	**-46,4**
New share issue	47,1	–	–
Loans raised/amortization of loan liabilities	-4,6	-4,5	-6,1
Cash flow from financing activities	**42,5**	**-4,5**	**-6,1**
Cash flow for the period	**10,8**	**-42,0**	**-52,5**
Opening cash and cash equivalents	**25,2**	**77,7**	**77,7**
Closing cash and cash equivalents	**36,0**	**35,6**	**25,2**

	Sep 30		Dec 31
Key figures	2018	2017	2017
Shareholders equity, SEK M	96,8	137,8	77,7
Equity per share, SEK	0,67	1,42	0,80
Equity/assets ratio in the Parent Company	88,1%	89,1%	78,8%
Equity/assets ratio in the Group	30,9%	37,6%	25,6%
Average number of annual employees	16	17	17

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	2014				2015				2016				2017				2018		
SEK M	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net Sales	**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**	**4,8**	**5,7**	**4,7**
Administration expenses	-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	-2,9	-2,6	-2,5
Research and development costs	-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	-10,5	-10,4	-9,1
Other operating expenses	–	–	–	–	–	–	–	–	–	–	–	–	–	-3,3	–	-50,0	–	–	–
Operating profit/loss	**-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**	**-8,5**	**-7,3**	**-6,9**
Net financial items	-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	-1,7	-1,7	-1,8
Profit/loss before tax	**-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**	**-10,2**	**-9,1**	**-8,7**
Tax	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	**-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**	**-10,2**	**-9,1**	**-8,7**

Active Biotech Parent Company - Income Statement, condensed	Jul-Sep		Jan-Sep		Full Year
SEK M	2018	2017	2018	2017	2017
Net Sales	**5,1**	**5,4**	**17,5**	**17,6**	**23,4**
Administration expenses	-2,6	-6,6	-8,3	-29,2	-36,6
Research and development costs	-11,6	-12,4	-37,6	-43,4	-57,1
Other operating expenses	–	–	–	–	-56,3
Operating profit/loss	**-9,1**	**-13,5**	**-28,3**	**-54,9**	**-126,6**
Profit/loss from financial items:					
Interest income and similar income-statement items	0,0	0,0	0,0	0,0	0,0
Interest expense and similar income-statement items	0,0	-0,1	0,0	-0,3	-0,2
Profit/loss after financial items	**-9,1**	**-13,6**	**-28,4**	**-55,1**	**-126,8**
Tax	–	–	–	–	–
Net profit/loss for the period	**-9,1**	**-13,6**	**-28,4**	**-55,1**	**-126,8**
Statement of comprehensive income parent company					
Net profit/loss for the period	-9,1	-13,6	-28,4	-55,1	-126,8
Other comprehensive income	–	–	–	–	–
Total comprehensive profit/loss for the period	**-9,1**	**-13,6**	**-28,4**	**-55,1**	**-126,8**

Active Biotech Parent Company - Balance sheet, condensed	Sep 30		Dec 31
SEK M	2018	2017	2017
Goodwill	–	52,5	–
Tangible fixed assets	–	0,5	–
Financial fixed assets	40,5	40,6	40,5
Total fixed assets	**40,5**	**93,5**	**40,5**
Current receivables	5,1	14,3	5,4
Short-term investments	34,7	29,7	19,7
Cash and bank balances	1,0	2,3	1,5
Total current assets	**40,8**	**46,3**	**26,5**
Total assets	**81,3**	**139,8**	**67,0**
Sareholders equity	71,6	124,5	52,8
Current liabilities	9,7	15,4	14,2
Total equity and liabilities	**81,3**	**139,8**	**67,0**

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

IFRS 9 Financial Instruments that entered into force as of January 1, 2018 has not had any material impact on the financial statements since the company's short-term investments have a term of less than three months from the date of acquisition and are exposed to only an insignificant risk of fluctuation in value, since the amount of accounts receivable is insignificant and other receivables essentially comprise VAT receivables from the Swedish government, and since the Group does not apply hedge accounting or have any outstanding derivative instruments.

IFRS 15 Revenue from Contracts with Customers that entered into force as of January 1, 2018 has not had any material impact on the financial statements since revenues essentially comprise research services and other services that are recognized as revenue as they are performed and for which IFRS 15 is not deemed to have an impact, and rental revenues from the property, which is encompassed by IAS 17/IFRS 16 and for which no material services are deemed to be needed to be allocated from rental revenue and recognized in accordance with IFRS 15. The Group also has partner agreements with Teva and NeoTX regarding future one-time payments and royalty income. The introduction of IFRS 15 will not affect the recognition of these revenues from these agreements.

IFRS 16 Leases replaces IAS 17 Leases as of January 1, 2019. For Active Biotech, IFRS 16 has limited impact since the Group only leases a small number of vehicles and some office equipment. These are currently recognized as operational leases, but under IFRS 16, the future lease payments will be recognized in the balance sheet as a liability and the right-of-use will be recognized as an asset.

The company's property is classified as "Assets 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 asset 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.

Not 2: Distribution of sales	Jul-Sep		Jan-Sep		Full Year
SEK M	2018	2017	2018	2017	2017
Research services	0,2	0,5	1,0	2,1	2,7
Rental revenues	3,7	3,8	12,2	11,0	15,0
Service revenues	0,8	0,8	2,0	1,7	2,5
Other	–	–	–	0,0	0,0
Total	**4,7**	**5,1**	**15,2**	**14,8**	**20,2**

Not 3: Fair value of financial instruments	Sep 30, 2018	Dec 31, 2017
SEK M	Level 2	Level 2
Short-term investments	34,7	19,7

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 2017 Annual Report. No significant changes have occurred in relation to the measurement made at December 31, 2017.

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 2018: February 14, 2019
Interim reports 2019: April 25, August 8 and November 14, 2019
Year-end report 2019: February 13, 2020
Annual General Meeting: May 23, 2019

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

Lund, November 14, 2018

Active Biotech AB (publ)

Helén Tuvesson
President and CEO

Review report

Introduction

We have reviewed the summarised interim financial information for Active Biotech AB (publ) on 30 September 2018 and for the nine month period then ended. The board of directors and the CEO 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 the International Standard on Review Engagements ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review 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 the International Standards on Auditing, ISA, and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

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's part according to IAS 34 and the Annual Accounts Act and for the parent company's part according to the Annual Accounts Act.

Material uncertainty regarding the assumption of going concern
Without qualifying our opinion, we draw attention to the section "Outlook, including significant risks and uncertainties" in the interim report, which states that the company has requested from the bank that funds the company's property that the term included in the Property Sales Agreement (2018-12-31) should be removed. Active Biotech's objective is to divest the property as soon as appropriate. If the desired feedback is not received from the bank, the Board assesses that the stipulated closing date for the sale of the property will not be met. Active Biotech will not, without a sale coming into effect, have the required funds to repay the outstanding loan. In view of the fact that Active Biotech have had and still have the ability to continuously perform its amortization and interest payment obligations and that the bank is deemed to have full coverage for its loan receivable in the real estate collateral, the Board assesses that it is unlikely that the bank will contribute to the company ending up in a financial crisis situation. These conditions, along with the other circumstances mentioned in the section "Outlook, including significant risks and uncertainties", indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

Malmö, 14 November 2018

KPMG AB
Linda Bengtsson
Authorised 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, 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.