Active Biotech AB
Year-end report January – December 2018

Fourth quarter in brief

- Active Biotech communicated updated information about its financial position
- New data from the LEGATO-HD study presented at the 2018 HSG conference

Other significant events during the January-December period

- Patent regarding tasquinimod for the treatment of multiple myeloma (MM) granted in the US
- The rights issue in April brought the company SEK 47.1 M
- The company's partner NeoTX presented new preclinical data for ANYARA at the AACR Annual Meeting in Chicago
- 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 to slow the progression of the disease. However, the secondary endpoint, reduction of brain atrophy, was met. Laquinimod showed excellent safety in the study
- The company is initiating a scientific collaboration with the Wistar Institute in Philadelphia on tasquinimod to support the clinical development in multiple myeloma
- 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

- Active Biotech's partner NeoTX enters clinical collaboration with AstraZeneca to evaluate ANYARA in combination with IMFINZI® (durvalumab) in the upcoming Phase Ib/II study
- On February 1, 2019, Active Biotech received an indicative, non-binding bid for the company's property, amounting to SEK 275 million, from the real estate company Estea AB. The indicative bid is conditional the due diligence process and Estea securing financing. Active Biotech's Board takes a positive view of the bid
- The US Patent Office (USPTO) approved the patent application regarding tasquinimod for the treatment of acute leukemia in the US

Financial summary

SEK M	Oct-Dec		Jan-Dec	
	2018	2017	2018	2017
Net sales	4.8	5.4	20.1	20.2
Operating loss	-7.1	-58.4	-29.8	-102.5
Loss after tax	-8.9	-60.1	-36.9	-108.8
Earnings per share (SEK)	-0.06	-0.49	-0.27	-0.89
Cash and cash equivalents (at close of period)			25.6	25.2

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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 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 14, 2019, at 8:30 a.m. CET.

Comments from the CEO

The overall goals for 2018 have consisted of supporting our partners in the ANYARA and laquinimod projects, creating value for continued development in the tasquinimod project and selling the company's property.

Over the year, comprehensive preclinical studies were conducted in the ANYARA project, and data was presented at the prestigious AACR Annual Meeting in April that clearly showed that ANYARA enhances the efficacy of checkpoint inhibitors in several different tumor models. The last preparations are currently ongoing for the start of a clinical Phase Ib/II study where the safety and efficacy of ANYARA in combination with checkpoint inhibitor will be evaluated in patients with selected cancer forms. On the 11th of February we were happy to communicate that a clinical collaboration between NeoTX and AstraZeneca, to evaluate the safety and efficacy of the combination of ANYARA and IMFINZI®, was concluded. NeoTX will sponsor the trial, while AstraZeneca will provide study drug, a checkpoint inhibitor directed against PD-L1, IMFINZI® (durvalumab), for free. The collaboration with AstraZeneca validates the project and is an important step towards start of the clinical study. The study will recruit up to 195 patients and begin in 2019.

For tasquinimod, the goal for 2018 has been to develop the project in multiple myeloma, and as a part of this, an important research collaboration was initiated with The Wistar Institute, Philadelphia, in the autumn, focusing on preclinical research that will provide guidance for the clinical development. We have also established relationships with specialists with extensive experience in the field of hematology. During 2019, we will continue preparations for a clinical study with tasquinimod in multiple myeloma, in parallel with activities to identify a partner for the project. The company is actively working with securing and expanding the patent portfolio for tasquinimod, and in 2018 a patent was granted in the US regarding tasquinimod for the treatment of multiple myeloma. The patent is valid until 2035.

At the end of the summer, the rights to laquinimod were taken back from Teva after a long and productive collaboration that regrettably did not reach all the way to become a new drug. During the collaboration, laquinimod underwent a comprehensive clinical development program that concluded with the Phase II study in Huntington's disease, LEGATO-HD. The results from the study were presented during the summer and showed a significant effect on brain atrophy, but not on the progression of the disease, which may be due to the relatively short period of treatment (twelve months). Explorative analyses of the study show that laquinimod has an effect as measured by "Q-motor," a standardized and controlled measurement of motor function. More data from the study will be presented in spring 2019. Huntington's is a serious neurodegenerative disease that currently lacks any treatment to slow the disease progression. This, together with the demonstrated effect on brain atrophy, makes laquinimod of interest for continued development. Activities are currently underway to research market interest in laquinimod and these will continue during 2019.

A structured process for selling the company's property has been ongoing during 2018 and will continue in 2019 after an agreement with the credit provider. On February 1, 2019, the property company Estea proposed an indicative, non-binding bid for the property, amounting to SEK 275 M. The Board takes a positive view of the bid and our hope is that an agreement can be reached after the necessary due diligence and after Estea secures acquisition financing. The rights issue carried out in 2018 generated proceeds of SEK 47.1 M for the company, which, together with an injection of liquidity from the ongoing sale of property, is expected to finance operations according to the current business plan.

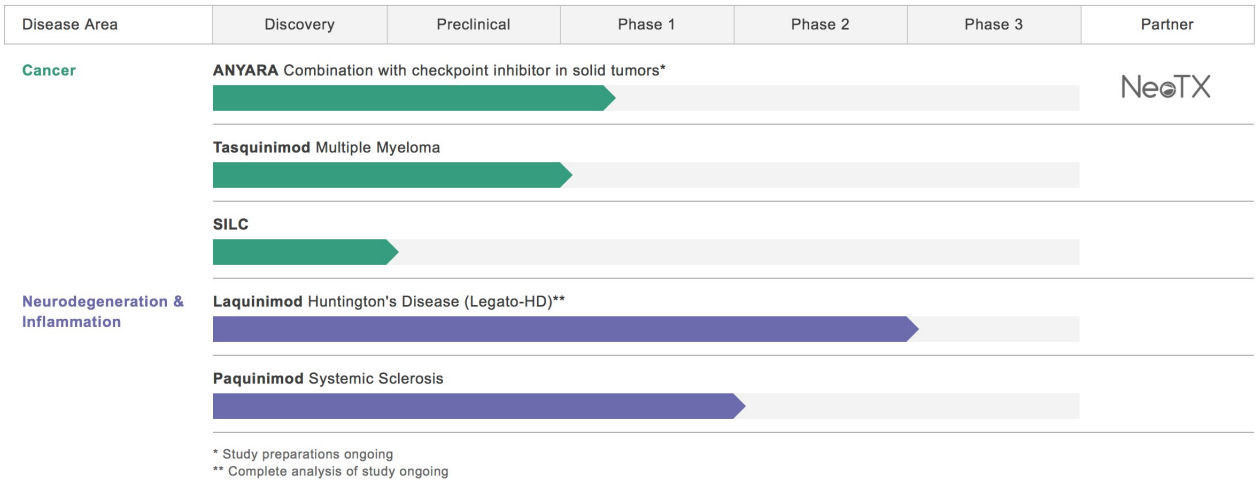
The most goals for 2018 have essentially been met. I am now looking forward to the initiation by our partner NeoTX of the clinical study with ANYARA. My hope is also that at the beginning of the year, we will divest the property, thereby allowing us to focus on the continued development of our projects – our core operation.

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

Helén Tuvesson, CEO

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 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 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 II 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.

At the end of August, Active Biotech regained 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 had previously decided to terminate the development of laquinimod in MS.

Events during the fourth quarter
New data from the LEGATO-HD study presented at the 2018 HSG conference. Data from the exploratory endpoint, the change in motor function measured by Q-Motor, which is a sensitive, standardized and objective 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 the American Association for Cancer Research (AACR) scientific conference. 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 fourth quarter
Preparations are in progress to commence a clinical study of ANYARA in combination with a checkpoint inhibitor.

Events after the end of the period
Active Biotech's partner NeoTX enters clinical collaboration with AstraZeneca to evaluate ANYARA in combination with IMFINZI® (durvalumab) in the upcoming Phase Ib/II study

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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.

A scientific collaboration with the Wistar Institute in Philadelphia on tasquinimod to support the 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 fourth quarter
Patent regarding tasquinimod for the treatment of multiple myeloma (MM) granted in the US. The US patent number is 9,956,212 and the patent is valid up to an including 2035.

Events after the end of the period
Patent application 15/525,086 regarding tasquinimod for the treatment of acute leukemia was approved in the US. The patent is valid up to and including 2035.

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.

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 several strategic markets.

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

Events after the end of the period

On February 1, 2019, Active Biotech received an indicative, non-binding bid for the company's property, amounting to SEK 275 million, from the real estate company Estea AB (Estea). The indicative bid is conditional the due diligence process and Estea securing financing. Active Biotech's Board takes a positive view of the bid.

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

Net sales amounted to SEK 20.1 million (20.2) and included service and rental revenues, of which rental revenues totaled SEK 16.0 million (15.0).

The operation's research and administration expenses amounted to SEK 49.9 M (69.6), of which research expenses totaled SEK 39.3 M (49.4), equivalent to a 20-percent reduction in expenses. During the reporting period, the company's research operations solely comprised activities aimed at supporting projects and patents for the previously out-licensed ANYARA project, costs related to the technology transfer of laquinimod from Teva, and activities to improve the possibilities for identifying partners for the tasquinimod, paquinimod and SILC projects. The operating loss for the period amounted to SEK 29.8 M (loss: -102.5). The year-on-year improvement was attributable to cost-reduction measures carried out in operations in 2018, and that 2017 was charged with the impairment of the book value of the Forskaren. Administrative expenses amounted to SEK 10.6 M (20.2), the net financial expense for the period to SEK 7.0 M (expense: 7.4) and the loss after tax to SEK 36.9 M (loss: 108.8).

Comments on the Group's results for the period October – December 2018

Net sales amounted to SEK 4.8 M (5.4) and included service and rental revenues.

The operation's research and administration expenses amounted to SEK 11.9 M (13.7), of which research expenses accounted for SEK 9.4 M (10.4) and included costs related to supporting projects and patents for the out-licensed ANYARA project, costs for the technology transfer of laquinimod from Teva and commercial activities to identify partners for the paquinimod, tasquinimod and SILC projects.

The operating loss for the period amounted to SEK 7.1 M (loss: 58.4), the positive development compared to the previous year is attributable to the impairment of the book value of the company's Forskaren 1 property totaling SEK 50.0 M during 2017. Administrative expenses amounted to SEK 2.5 M (3.3), the net financial expense for the period to SEK 1.8 M (expense: 1.8) and the loss after tax to SEK 8.9 M (loss: 60.1).

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

Cash and cash equivalents at the end of the period amounted to SEK 25.6 M, compared with SEK 25.2 M at the end of 2017.

Cash flow for the period was SEK 0.4 M (neg: 52.5), of which cash flow from operating activities totaled a negative SEK 36.4 M (neg: 53.3). Cash flow from financing activities totaled SEK 41.0 M (neg: 6.1), 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 – December 2018

Net sales for the period amounted to SEK 23.2 M (23.4) and operating expenses to SEK 58.1 M (93.7). The Parent Company's operating loss for the period was SEK 34.8 M (loss: 126.6). The net financial expense amounted to SEK 0.1 M (expense: 0.2) and the loss after financial items was SEK 34.9 M (loss: 126.8). Cash and cash equivalents including short-term investments totaled SEK 24.2 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 October – December 2018

Net sales for the period amounted to SEK 5.7 M (5.8) and operating expenses to SEK 12.2 M (21.1). The Parent Company's operating loss for the period was SEK 6.5 M (loss: 71.7). Net financial expense amounted to SEK 0.1 M (0.0) and the loss after financial items was SEK 6.5 M (loss: 71.7).

Shareholders' equity

Consolidated shareholders' equity at the end of the period amounted to SEK 87.9 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 29.1 percent, compared with 25.6 percent at year-end 2017. The corresponding figures for the Parent Company, Active Biotech AB, were 87.3 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 a checkpoint inhibitor in 2019.

As Teva Pharmaceuticals has decided during 2018 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, reverted 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 in-house financing.

The company's property in Lund is in the process of being divested. 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 this background, Active Biotech has requested that the sales deadline 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. The bank has decided to waive its right to terminate the property credit until further notice, in view of the fact that the aforementioned deadline has not been met. However, the bank retains the right to invoke its termination right as the property was not sold within the agreed timeframe.

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 has had, and still retains, the ability to continuously fulfill 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, the Board assesses that it is unlikely that the bank will bring about a financial crisis situation for the company.

On February 1, 2019, Active Biotech received an indicative, non-binding bid for the property, amounting to SEK 275 million, from the real estate company Estea AB. The indicative bid is conditional the due diligence process and Estea securing financing. Active Biotech's Board takes a positive view of the bid. If the agreement on the sale of the property is concluded at the level of the original bid, this would provide a considerable liquidity injection in the range of SEK 70 M as well as annual cost reductions of up to around SEK 10 M.

At the end of December 2018, the company had a total of SEK 25.6 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	**Oct-Dec**		**Jan-Dec**	
SEK M	**2018**	**2017**	**2018**	**2017**
Net sales	**4,8**	**5,4**	**20,1**	**20,2**
Administrative expenses	-2,5	-3,3	-10,6	-20,2
Research and development costs	-9,4	-10,4	-39,3	-49,4
Other operating expenses	–	-50,0	–	-53,3
Operating profit/loss	**-7,1**	**-58,4**	**-29,8**	**-102,5**
Net financial items	-1,8	-1,8	-7,0	-7,4
Profit/loss before tax	**-8,9**	**-60,1**	**-36,9**	**-109,9**
Tax	–	–	–	1,1
Net profit/loss for the period	**-8,9**	**-60,1**	**-36,9**	**-108,8**
Comprehensive profit/loss attributable to:				
Parent Company shareholders	-8,9	-60,1	-36,9	-108,8
Non-controlling interest	–	–	–	–
Net profit/loss for the period	**-8,9**	**-60,1**	**-36,9**	**-108,8**
Comprehensive profit/loss per share before dilution (SEK)	-0,06	-0,49	-0,27	-0,89
Comprehensive profit/loss per share after dilution (SEK)	-0,06	-0,49	-0,27	-0,89

Statement of profit and loss and consolidated comprehensive income	**Oct-Dec**		**Jan-Dec**	
SEK M	**2018**	**2017**	**2018**	**2017**
Net profit/loss for the period	-8,9	-60,1	-36,9	-108,8
Other comprehensive income				
Items that can not be reclassified into profit or loss				
Change in revaluation reserve	–	–	–	3,6
Taxes attributable to other comprehensive income	–	–	–	-0,8
Total comprehensive profit/loss for the period	**-8,9**	**-60,1**	**-36,9**	**-106,0**
Total other comprehensive profit/loss for the period attributable to:				
Parent Company shareholders	-8,9	-60,1	-36,9	-106,0
Non-controlling interest	–	–	–	–
Total comprehensive profit/loss for the period	**-8,9**	**-60,1**	**-36,9**	**-106,0**
Depreciation/amortization included in the amount of	0,1	0,2	0,4	6,1
Investments in tangible fixed assets	–	–	–	–
Weighted number of outstanding common shares before dilution (000s)	145 236	122 256	137 492	122 256
Weighted number of outstanding common shares after dilution (000s)	145 236	122 256	137 492	122 256
Number of shares at close of the period (000s)	145 236	96 824	145 236	96 824

Consolidated statement of financial position	Dec 31	
SEK M	2018	2017
Tangible fixed assets	1,3	1,7
Long-term receivables	0,0	0,0
Total fixed assets	**1,3**	**1,7**
Current receivables	3,9	5,2
Assets held for sale	271,8	271,8
Cash and cash equivalents	25,6	25,2
Total current assets	**301,2**	**302,1**
Total assets	**302,4**	**303,8**
Shareholders equity	87,9	77,7
Long-term liabilities	0,1	0,3
Current liabilities	214,4	225,8
Total shareholders equity and liabilities	**302,4**	**303,8**

Consolidated statement of changes in shareholders equity	Dec 31	
SEK M	2018	2017
Opening balance	77,7	182,6
Loss for the period	-36,9	-108,8
Other comprehensive income for the period	–	2,8
Comprehensive profit/loss for the period	*-36,9*	*-106,0*
Transfer from revaluation reserve	–	1,1
New share issue	47,1	–
Balance at close of period	**87,9**	**77,7**

Condensed consolidated cash-flow statement	Jan-Dec	
SEK M	2018	2017
Loss after financial items	**-36,9**	**-109,9**
Adjustment for non-cash items, etc.	0,4	56,6
Cash flow from operating activities before changes in working capital	**-36,4**	**-53,3**
Changes in working capital	-4,2	6,9
Cash flow from operating activities	**-40,6**	**-46,4**
New share issue	47,1	–
Loans raised/amortization of loan liabilities	-6,1	-6,1
Cash flow from financing activities	**41,0**	**-6,1**
Cash flow for the period	**0,4**	**-52,5**
Opening cash and cash equivalents	**25,2**	**77,7**
Closing cash and cash equivalents	**25,6**	**25,2**

	Dec 31	
Key figures	**2018**	**2017**
Shareholders equity, SEK M	87,9	77,7
Equity per share, SEK	0,61	0,80
Equity/assets ratio in the Parent Company	87,3%	78,8%
Equity/assets ratio in the Group	29,1%	25,6%
Average number of annual employees	16	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	Q4
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**	**4,8**
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	-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	-9,4
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**	**-7,1**
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	-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**	**-8,9**
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**	**-8,9**

Active Biotech Parent Company - Income Statement, condensed	Oct-Dec		Jan-Dec	
SEK M	2018	2017	2018	2017
Net Sales	**5,7**	**5,8**	**23,2**	**23,4**
Administration expenses	-2,6	-7,4	-10,9	-36,6
Research and development costs	-9,6	-13,7	-47,2	-57,1
Other operating expenses	–	-56,3	–	-56,3
Operating profit/loss	**-6,5**	**-71,7**	**-34,8**	**-126,6**
Profit/loss from financial items:				
Interest income and similar income-statement items	0,0	0,0	–	0,0
Interest expense and similar income-statement items	-0,1	0,0	-0,1	-0,2
Profit/loss after financial items	**-6,5**	**-71,7**	**-34,9**	**-126,8**
Tax	–	–	–	–
Net profit/loss for the period	**-6,5**	**-71,7**	**-34,9**	**-126,8**
Statement of comprehensive income parent company				
Net profit/loss for the period	-6,5	-71,7	-34,9	-126,8
Other comprehensive income	–	–	–	–
Total comprehensive profit/loss for the period	**-6,5**	**-71,7**	**-34,9**	**-126,8**

Active Biotech Parent Company - Balance sheet, condensed	Dec 31	
SEK M	2018	2017
Goodwill	–	–
Tangible fixed assets	–	–
Financial fixed assets	40,5	40,5
Total fixed assets	**40,5**	**40,5**
Current receivables	9,8	5,4
Short-term investments	20,6	19,7
Cash and bank balances	3,6	1,5
Total current assets	**34,0**	**26,5**
Total assets	**74,5**	**67,0**
Sareholders equity	65,0	52,8
Current liabilities	9,5	14,2
Total equity and liabilities	**74,5**	**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	**Oct-Dec**		**Jan-Dec**	
SEK M	**2018**	**2017**	**2018**	**2017**
Research services	0,1	0,6	1,1	2,7
Rental revenues	3,8	4,0	16,0	15,0
Service revenues	0,9	0,7	2,9	2,5
Other	–	–	–	0,0
Total	**4,8**	**5,4**	**20,1**	**20,2**

Not 3: Fair value of financial instruments	**Dec 31, 2018**	**Dec 31, 2017**
SEK M	Level 2	Level 2
Short-term investments	20,6	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

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, February 14, 2019
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 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.