

INTERIM REPORT

FIRST QUARTER 2015



Research and development of protein-based
therapeutics to improve the lives of patients
with severe diseases



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Key Events during the First Quarter 2015

Affibody Medical AB (publ) (“Affibody” or “the Company”), a Swedish biotech company focused on developing next generation biopharmaceuticals based on its unique proprietary technology platforms: Affibody[®] molecules and Albumod[™], today issued its Interim Report for the first quarter 2015.

Financial Highlights

- » Revenue for the 1st quarter 2015 was SEK 18.9 (9.9) million
- » Operating result for the period amounted to SEK 2.8 (-2.8) million
- » EBITDA for the period amounted to SEK 2.9 (-2.7) million
- » Net result for the period amounted to SEK 2.9 (-3.1) million
- » Cash and cash equivalents at the end of the period amounted to SEK 29.9 (31.2) million
- » Cash flow for the period was SEK -6.0 (-1.8) million

Significant Events during the First Quarter

- » The ongoing work with our proprietary programs have intensified during the period and are developing well
- » Strong development of revenues during the quarter, mainly driven by a very positive development of royalties
- » Financial costs have been reduced while the payment terms related to royalties from a product have been extended, thus the underlying cash and cash equivalents at the end of the period amounted to SEK 41.9 (31.2) million

(SEKk)	2015 (3m)	2014 (3m)	2014 (12m)
Revenue	18 924	9 880	57 623
Operating result	2 829	-2 841	5 270
Operating margin	15%	-29%	9%
Net result	2 879	-3 063	3 730

CEO Statement

Affibody is a company driven by a long-term commitment to research and development that can improve the lives of patients with severe diseases. We believe that our unique protein drug platforms have an important role to play in the treatment of many diseases. Our license-driven business model combined with a focused research strategy and an efficient organization contributes to a company that has the unique ability to create great values without taking the high financial risk that is common in research companies.

2014 was an important year for us at Affibody. We took the historic decision to bring a therapeutic project to the clinic with our own resources. It means that we are currently going through the costly phase to produce material for use in humans. I would say that there are few small companies that can do this without external funding. For me this is a clear proof that the license-driven business model that we launched a few years ago has really borne fruit. When we see the results from our first study in the next year we have really changed our business fundamentally.

At Affibody we believe that new and effective treatments have good possibilities to improve the lives of an aging population. We are confident that these treatments will be discovered through consistent and long-term commitment to research and development. The key to long term work in a research-intensive way, we believe, is to conduct our business cost-effectively, working with many clients in many different projects, thereby improving the chances of getting a drug all the way to the market and earn money through royalty payments.

We remain convinced that the key to success for Affibody in the coming period is to continue the transformation of our company from a preclinical company to a clinical company operating multiple proprietary projects in the clinic. In 2015, we aim to send in an application to start clinical trials with a completely proprietary substance. By taking this step, we can continue to deliver value to our shareholders for the foreseeable future.

Solna, May 2015

David Bejker
President and CEO





Our mission is to improve the lives of patients with serious diseases by being a research-driven company with a long-term commitment to development of protein-based drugs.

About Affibody

Affibody is a Swedish biotech company focused on developing next generation biopharmaceuticals based on its unique proprietary technology platforms: Affibody[®] molecules and Albumod[™].

Affibody is developing a portfolio of innovative drug projects and, in addition, offers the half-life extension technology, Albumod[™], for outlicensing.

Affibody has ongoing commercial relationships with several companies such as Algeta, Amylin, Swedish Orphan Biovitrum, GE Healthcare, Daewoong, Daiichi Sankyo, Nordic Nanovector and Thermo Fisher.

Affibody was founded in 1998 by researchers from the Royal Institute of Technology and the Karolinska Institute and is based in Solna, Sweden. The major shareholder in the company is Investor AB. Further information can be found at: www.affibody.com

Mission

Our mission is to improve the lives of patients with serious diseases by being a research-driven company with a long-term commitment to development of protein-based drugs.

Business Model

Affibody shall operate a self-sustaining business that develops and commercializes products based on the company's technology platforms in collaboration with other companies for considerations including licensing- and royalty fees.

Business Goal

Affibody's goals are to:

- » Annually enter into one new partnership agreement.
- » Annually develop one internal project to candidate drug.

Strategy

Affibody prioritizes a partner-based development model that reduces the financial exposure. To increase the value of licensing agreements, Affibody also runs its own development projects in early clinical phases.

Operations are conducted by highly qualified resources in research and development and are based on the company's proprietary technology platforms.

Operational review

Products on the Market

GE Healthcare

The product MabSelect Sure™ was launched by GE Healthcare Bio-Sciences AB in 2004, as a result of a collaboration with Affibody for the development of affinity ligands for large scale affinity purification. The product generates royalties and constitutes Affibody's largest revenue source. The product generates royalties until 2019 and contributes to that Affibody, unlike many other biotech companies, conducts operations that can generate balanced cash flows.

ThermoFisher

Thermo Fisher (formerly Finnzymes Oy) and Affibody has collaborated on the development of an Affibody® molecule for a hot start PCR application. The collaboration resulted in the product Phusion™ Hot Start High-Fidelity DNA Polymerase, launched by Finnzymes Oy in 2006. This product generates royalties until the end of 2015.

Projects in Clinical Development

GE Healthcare

In 2012 Affibody signed an agreement with GE Healthcare for collaboration on the development of an agent for HER2-targeted imaging of breast and gastric cancer. Under the collaboration, Affibody conducts early clinical trials together with academic groups.

Sobi

In 2009, Affibody signed an agreement with Sobi. The collaboration aims to develop new targeted therapies for inflammatory and autoimmune diseases. Sobi has gained access to Affibody's both technology platforms for the development of drugs against a defined target. In November 2013, Sobi announced its intention to bring a novel investigational biopharmaceutical drug candidate, SOBI002, into a phase I trial. SOBI002 works as a potent and selective inhibitor of complement protein C5, a key protein in human immunological and inflammatory processes and central to a number of important diseases. In October 2014, Sobi decided to place the phase I study of SOBI002 on clinical hold as adverse events were observed in the first-in-human study. All subjects that have been dosed with SOBI002 are well. Sobi is now working to understand these adverse events.

Projects in Preclinical Research and Development

Algeta

In 2011 Algeta ASA acquired a license to Affibody's technology platforms to develop new tumor targeting drug candidates based on the alpha emitter Thorium-227.

Amylin

In 2010 Affibody signed a license agreement with Amylin regarding the use of Albumod™. The technology will be applied to a number of molecules from Amylin's library of proprietary compounds to enhance the efficacy by extending their half-life in the circulation.

Daewoong

In 2013 Affibody signed a license agreement with Daewoong regarding the use of Albumod™. The technology will be applied to increase the efficacy of one of Daewoong's patented compounds by prolonging the half-life in the circulation.

Daiichi Sankyo

In 2013 Affibody signed a license agreement with Daiichi Sankyo regarding the use of Albumod™. The technology will be applied to increase the efficacy of one of Daiichi Sankyo's patented compounds by prolonging the half-life in the circulation.

Nordic Nanovector

In November 2014 Nordic Nanovector ASA and Affibody AB announced that the companies have entered into a three-year collaborative research agreement to discover and develop new advanced radio-immunotherapies (RIT) for multiple myeloma, a collaboration backed by a Eurostars grant.

Sobi

In 2012 Affibody signed another agreement with Sobi in order to develop new treatments for interleukin-1(IL-1)-driven inflammatory diseases. The agreement includes a research license period during which Sobi has an option to enter into a license agreement with worldwide exclusive rights to any or all of the development projects.

Financial Summary - First Quarter 2015

Significant Events During the Reporting Period and After Close of the Reporting Period

The ongoing work with our proprietary programs have intensified during the period and are developing well. During the quarter we saw strong development of revenues, mainly driven by a very positive development of royalties. Financial expenses have considerably been reduced while the payment terms related to royalties from a product has been extended, thus the underlying cash and cash equivalents were higher than recorded.

Revenue

Revenue for the quarter amounted to SEK 18.9 (9.9) where the majority of the revenue comes from royalties and research payments from commercial partners.

Operating Costs

Total operating costs for the quarter amounted to SEK 16.1 (12.7) million. The costs consisted of research and development costs of SEK 13.8 (10.1) million, administrative costs of SEK 1.7 (2.4) million and marketing and sales costs of SEK 0.6 (0.3). Depreciation of fixed assets amounted to SEK 0.1 (0.1) and were related to laboratory equipment. Of the operating costs, SEK 0.4 (0.6) were related to the incentive programs.

Operating Result

The operating result for the quarter amounted to SEK 2.8 (-2.8) million.

Financial Items

Financial income for the quarter amounted to SEK 0.1 (0.1) and consisted of interest income. Financial costs for the quarter amounted to SEK 0.0 (0.3) million and consisted in 2014 of considerations to a partner for

the prepayment of royalties. Financial cost have been reduced while the payment terms related to royalties from a product has been extended.

Taxes

No corporate income tax was reported during the period (-). The Group's unutilized tax losses have not been assigned any value in the balance sheet as they are not expected to be utilized within the conventional period.

Net Result

Net result for the quarter amounted to SEK 2.9 (-3.1) million.

Cash Flow

Cash flow from current operations, before changes in working capital, amounted to SEK 3.4 (-2.3) million including non-cash items of SEK 0.5 (0.7) million mainly related to the depreciation of tangible assets and employee stock ownership plans. The cash flow from working capital changes for the period amounted to SEK -9.4 (0.5) million, a consequence of the extended payment terms related to royalties from a product. Capital expenditure for the quarter amounted to SEK 0.1 (0.0) million. Cash flow for the quarter amounted to SEK -6.0 (-1.8) million.

Financial Position

As of March 31, 2015, cash amounted to SEK 29.9 (31.2) million. The equity ratio at the end of the quarter was 73 (64) %. As the payment terms related to royalties from a product has been extended, the underlying cash and cash equivalents at the end of the period amounted to SEK 41.9 (31.2) million.

Shareholders' Equity

Total equity in the Group as of March 31, 2015 was SEK 40.1 (28.3) million.

Parent Company

Affibody Medical AB's revenue for the period amounted to SEK 1.4 (1.2) million. The costs, mainly consisting of administrative costs in relation to management and financing activities amounted to 1.7 (1.6) million. Net result amounted to SEK -0.3 (-0.4) million. Cash and cash equivalents as of March 31, 2015 amounted to SEK 7.6 (7.9) million and the equity amounted to 245.3 (246.2) million.

Employees

Per March 31, 2015 the number of employees amounted to 26 (22).

Incentive Program

Per the end of the reporting period, a total of 12 800 000 Employee Stock Options (ESOPs) were outstanding. Twenty options give the holder a right to subscribe to one new share in Affibody Medical. Affibody holds a total of 16 250 000 warrants of which 12 800 000 are issued to ensure delivery of shares under the employee stock option above and the remainder for hedging of social security contributions and other costs related to the programs. Twenty warrants entitle the holder to subscribe for one new ordinary share. For more information about incentive programs see the Annual Report.

Significant Risks and Uncertainties

No changes in the company's risk assessment have taken place during the period. A detailed presentation of significant risks and uncertainties is available in the Annual Report.

General Information

Affibody Medical AB (previously Affibody Holding AB) (publ) (registration number 556714-5601) is a public limited company with registered office in Stockholm in Sweden. "Affibody" and "the Company" refers to Affibody Medical AB, and where appropriate, including subsidiaries.

AGM

An Annual General Meeting (AGM) held on May 8, 2014 elected Håkan Åström, Jakob Lindberg, Mathias Uhlén and Jonathan Knowles as Directors of the Board. The Annual General Meeting (AGM) in 2015 will be held on June 23 at 13.00 at the company's premises at Gunnar Asplunds Allé 24 in Solna.

The Share

As of March 31, 2015 the registered share capital amounted to 52 899 770 SEK divided into 10 579 954 shares. Together with the warrants held, the total number of shares, after full exercise of these warrants, amounts to 11 392 454. Affibody Medical AB has only one share-class and the shares carry one vote each and are entitled to equal shares of distributable earnings.

Accounting Principles

This report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting principles are in accordance with International Financial Reporting Standards (IFRS), and the EU-approved interpretations of those standards, International Financial Reporting Interpretations Committee (IFRIC) and Chapter 9 of the Annual Accounts Act. This report has been prepared using the same accounting policies and methods of computation as the Annual Report for

2014. No new IFRS standards effective from 2014 will have an effect on Affibody's financial statements. The extent and nature of financial assets and liabilities are essentially the same as at 31 December 2014. Similar to what was the case at the end of 2014, the recorded values are the same as fair values. The Parent Company follows the Swedish Financial Reporting Board and the recommendation RFR 2, meaning that the parent company, in the reporting of the legal entity, shall apply all EU-approved IFRS and statements as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act and considering the relationship between accounting and taxation.

Forward-looking Statement

This interim report includes statements that are forward-looking. Actual results may differ from those stated. Internal factors such as the successful management of research and intellectual property rights may affect future results. There are also external conditions such as the economic climate, political changes and competing research that may affect Affibody's results.

Other

Amounts are expressed in SEKk (thousands Swedish kronor) unless otherwise stated. Figures in parentheses refer to the corresponding period last year. The Board of Directors and the CEO of Affibody Medical provide their assurance that the interim report provides a fair and true overview of the parent company's and the group's operations, financial position and results, and describes material risks and uncertainties faced by the parent company and the companies in the group. See under the heading "Significant Risks and Uncertainties" and in other information provided for a description of the operational risks.

Stockholm on May 20, 2015

Håkan Åström **Jonathan Knowles**
Chairman Board Member

Mathias Uhlén **Jakob Lindberg**
Board Member Board Member

David Bejker
President and CEO

This report has not been subject to review by the company's auditor.

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Financial Calender

- » The interim report for January-June 2015 will be published on August 21, 2015.
- » The interim report for January-September 2015 will be published on November 20, 2015.

Affibody Medical AB (publ)

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Financial Statements for the Group

Income Statement

(SEKk)	jan-mar 2015	jan-mar 2014	12m 2014
Sales	17 812	9 880	55 509
Other revenue	1 112	-	2 114
	18 924	9 880	57 623
Operating costs			
Marketing and sales costs	-605	-260	-1 843
Administrative costs	-1 658	-2 378	-9 126
Research and development costs	-13 831	-10 084	-41 384
Total operating costs	-16 095	-12 722	-52 353
Operating profit / loss	2 829	-2 841	5 270
Net financial items			
Other interest income and similar profit/loss items	52	104	294
Other interest expense and similar profit/loss items	-1	-325	-1 834
Total net financial items	50	-221	-1 540
Profit / loss after financial items	2 879	-3 063	3 730
Income tax	-	-	-
Net result	2 879	-3 063	3 730
Other comprehensive income	-	-	-
Comprehensive income	2 879	-3 063	3 730

The result for the period is in total attributable to the parent company's shareholders.

Consolidated Balance Sheet

(SEKk)	2015-03-31	2014-03-31	2014-12-31
ASSETS			
Non-current assets			
Property, plant and equipment	1 445	1 515	1 507
Total non-current assets	1 445	1 515	1 507
Current assets			
<i>Other receivables</i>			
Accounts receivable	5 221	4 435	1 533
Other receivables	901	312	171
Prepaid expenses and accrued income	17 144	6 653	12 864
Total receivables	23 265	11 400	14 568
Cash and cash equivalents	29 883	31 241	35 919
Total current assets	53 148	42 641	50 488
Total assets	54 593	44 156	51 995

(SEKk)	2015-03-31	2014-03-31	2014-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	52 900	52 705	52 900
Other capital contribution	577 033	575 142	576 706
Accumulated result including result for the period	-589 866	-599 537	-592 745
Total equity	40 067	28 310	36 861
Non-current liabilities			
Provisions	2 753	2 468	2 665
Total non-current liabilities	2 753	2 468	2 665
Current liabilities			
Accounts payable	5 526	3 357	5 203
Other payables	1 271	1 834	1 325
Accrued expenses and deferred income	4 975	8 188	5 941
Total current liabilities	11 772	13 378	12 469
Total equity and liabilities	54 593	44 156	51 995
Pledged assets	-	-	-
Contingent liabilities	-	-	-

Consolidated Changes in Equity

(SEKk)	Share capital	Other capital contribution	Accumulated losses	Total
Closing balance Dec 31 2013	52 705	574 651	-596 475	30 881
Net result Jan-Mar 2014	-	-	-3 063	-3 063
Employee StockOwnership Plan	-	492	-	492
Closing balance Mar 31 2014	52 705	575 142	-599 537	28 310
Closing balance Dec 31 2014	52 900	576 706	-592 745	36 861
Net result Jan-Mar 2015	-	-	2 879	2 879
Employee StockOwnership Plan	-	327	-	327
Closing balance Mar 31 2015	52 900	577 033	-589 866	40 067

The equity is in total attributable to the parent company's shareholders.

Cash Flow Analysis

(SEKk)	jan-mar 2015	jan-mar 2014	12m 2014
Current operations			
Profit / loss after financial items	2 879	-3 063	3 730
Adjustments for non-cash flow items			
Depreciation	119	102	442
Other non-cash flow items	416	618	1 793
Cash flow from current operations before income tax	3 414	-2 343	5 965
Income tax paid	-	-	-
Cash flow from current operations before changes in working capital	3 414	-2 343	5 965
Cash flow from working capital changes			
Change in trade, other receivables and current assets	-8 697	4 294	1 127
Change in trade, other payables and other current liabilities	-697	-3 782	-4 693
Cash flow from current operations	-5 980	-1 831	2 400
Investment activities			
Investments in property, plant and equipment	-56	-	-333
Sale of property, plant and equipment	-	-	-
Cash flow from investment activities	-56	-	-333
Financing activities			
New issue	-	-	780
Other	-	-	-
Cash flow from financing activities	-	-	780
Cash flow for the period	-6 036	-1 831	2 847
Cash and cash equivalents at beginning of period	35 919	33 073	33 072
Cash and cash equivalents at end of period	29 883	31 241	35 919

Financial Statements for the Parent Company

Income for the Parent Company

(SEKk)	jan-mar 2015	jan-mar 2014	12m 2014
Revenue	1 360	1 200	4 800
Total	1 360	1 200	4 800
Operating expenses			
Marketing and sales costs	-	-	-
Administrative costs	-1 686	-1 599	-6 631
Research and development costs	-	-	-
Total operating expenses	-1 686	-1 599	-6 631
Operating profit / loss	-326	-399	-1 831
Net financial items			
Other interest income and similar profit/loss items	19	37	116
Other interest expense and similar profit/loss items	-	-1	-1
Total net financial items	19	35	115
Profit / loss after financial items	-307	-364	-1 716
Income tax	-	-	-
Net loss	-307	-364	-1 716
Other comprehensive income	-	-	-
Comprehensive income	-307	-364	-1 716

Parent Company Balance Sheet

(SEKk)	2015-03-31	2014-03-31	2014-12-31
ASSETS			
Non-current assets			
Shares in group companies	220 200	220 200	220 200
Total non-current assets	220 200	220 200	220 200
Current assets			
<i>Other receivables</i>			
Accounts receivable	100	-	-
Other receivables	73	71	82
Receivables from group companies	19 684	22 843	20 047
Total receivables	19 857	22 914	20 129
Cash and cash equivalents	7 608	7 862	7 652
Total current assets	27 465	30 776	27 781
TOTAL ASSETS	247 665	250 976	247 981

(SEKk)	2015-03-31	2014-03-31	2014-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	52 900	52 705	52 900
Total restricted equity	52 900	52 705	52 900
<i>Non restricted equity</i>			
Share premium reserve	215 113	214 529	215 113
Profit/loss brought forward	-22 435	-20 720	-20 719
Accumulated loss for the period	-307	-363	-1 716
Total non restricted equity	192 372	193 446	192 679
Total equity	245 272	246 150	245 578
Current liabilities			
Accounts payable	158	178	71
Other payables	672	914	777
Accrued expenses and deferred income	1 563	3 734	1 555
Total liabilities	2 393	4 826	2 403
TOTAL EQUITY AND LIABILITIES	247 665	250 976	247 981
Pledged assets	-	-	-
Contingent liabilities	-	-	-

The Parent Company's Changes in Equity

(SEKk)	RESTRICTED EQUITY		NONE RESTRICTED EQUITY		Total equity
	Share capital	Share premium reserve	Profit/loss brought forward	Accumulated loss for the year	
Closing balance Dec 31 2013	52 705	214 529	-14 485	-6 235	246 514
Result for the period Jan - Mar 2014	-	-	-	-364	-364
Accounting of loss 2013	-	-	-6 235	6 235	-
Closing balance March 31 2014	52 705	214 529	-20 720	-363	246 150
Closing balance Dec 31 2014	52 900	215 113	-20 719	-1 716	245 578
Result for the period Jan - Mar 2015	-	-	-	-307	-307
Accounting of loss 2014	-	-	-1 716	1 716	-
Closing balance March 31 2015	52 900	215 113	-22 435	-307	245 272

Cash Flow Statement for the Parent Company

(SEKk)	jan-mar 2015	jan-mar 2014	12m 2014
Current operations			
Profit / loss after financial items	-307	-1 716	-1 716
Adjustments for non-cash flow items			
Other non-cash flow items	-	-	-
Cash flow from current operations before income tax	-307	-1 716	-1 716
Income tax paid	-	-	-
Cash flow from working capital changes			
Change in trade, other receivables and current assets	272	3 242	3 242
Change in trade, other payables and other current liabilities	-10	-2 250	-2 250
Cash flow from current operations	-44	-723	-723
Investment activities			
Investments	-	-	-
Cash flow from investment activities	-	-	-
Financing activities			
New issue	-	780	780
Loan from shareholders	-	-	-
Transaction costs new issue	-	-	-
Shareholders contribution & group contribution	-	-	-
Cash flow from financing activities	-	780	780
Cash flow for the period	-44	57	57
Cash and cash equivalents at beginning of period	7 652	7 595	7 595
Cash and cash equivalents at end of period	7 608	7 652	7 652



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