

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, HONG KONG, JAPAN, CANADA, SINGAPORE, SOUTH AFRICA OR NEW ZEALAND OR IN ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OF THIS PRESS RELEASE WOULD BE UNLAWFUL.

Active Biotech strengthens its financial position: rights issue of approximately SEK 225 million

On 4 November 2014, the board of directors of Active Biotech AB (publ) ("Active Biotech" or the "Company") resolved, subject to approval by the shareholders' meeting, on a rights issue with pre-emptive rights of approximately SEK 225 million, at full subscription. The rights issue strengthens Active Biotech's financial position and its position in discussions with existing and new potential new partners.

- The shareholders of the Company have pre-emptive rights to subscribe for the new shares, whereby five existing shares entitle the subscription of one new share.
- The subscription price is SEK 15 per share. Subscription shall be made during the period 8 – 22 December 2014.
- Active Biotech's largest shareholders, with total holdings of approximately 49 per cent of the Company's shares and votes, have undertaken to subscribe for their respective pre-emptive parts of the rights issue.
- Extraordinary shareholders' meeting to be held on 1 December 2014 for approval of the board's resolution.

Background and reasons

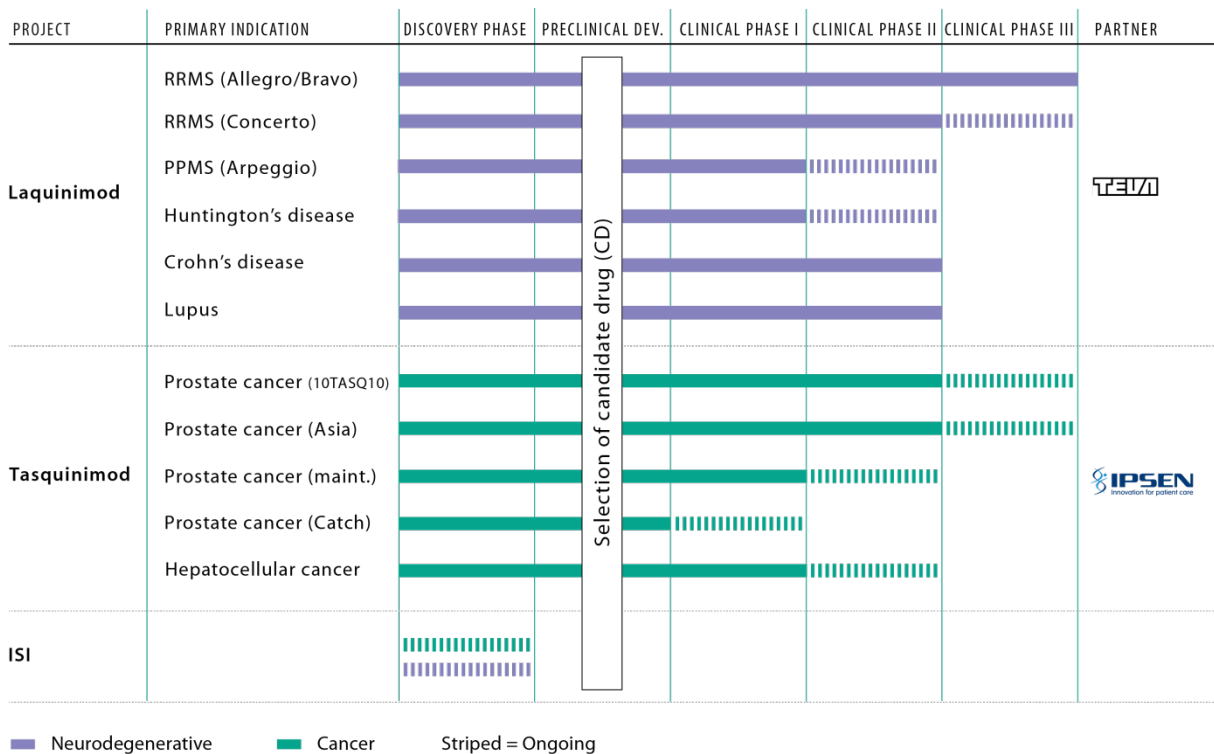
The Board of Directors of Active Biotech has decided to focus the company's resources on the two projects in late clinical phase and on new proprietary molecules discovered in-house. After completed clinical studies, no further scientific activities will be performed with respect to the projects ANYARA and paquinimod. The two projects in late clinical phase are both out-licensed. However, the company has retained all the commercial rights for tasquinimod in North and South America as well as Japan for out-licensing once Phase III results have been obtained.

The laquinimod project is focused on the treatment of neurodegenerative diseases. The three diseases in which clinical development is ongoing are relapsing remitting multiple sclerosis (RRMS), primary progressive multiple sclerosis (PPMS) and Huntington's disease. Study results are expected in the first six months of 2016 which, if positive, will be considered pivotal. The project has undergone, and is currently undergoing, a highly comprehensive clinical development program, and completed and ongoing investments in the project by Active Biotech and its partner are estimated to total about SEK 5 billion.

The tasquinimod project is being developed for the treatment of cancer, primarily metastatic Castrate Resistant Prostate Cancer (mCRPC). Study results are expected in the first six months of 2015 which, if

positive, will be considered pivotal. Completed and ongoing investments in the project by Active Biotech and its partner are estimated to total about SEK 2 billion.

In addition, Active Biotech is pursuing a preclinical project, ISI. This project is based on preclinical studies and has potential treatment applications in both degenerative diseases and cancer. The initial selection of a candidate drug (CD) for cancer therapy is planned for 2015.



The rights issue at hand will provide Active Biotech with the financial stability required pending the outcome of the ongoing Phase III studies, where both projects have significant commercial potential. If the pivotal results for tasquinimod are obtained in the first six months of 2015, the Company is of the opinion that this financial stability will be required to maximize the project's commercial value in negotiations with potential partners for the Company's own territories.

The Company's current liquidity and this proposed new share issue, combined with revenues from existing and anticipated agreements are, according to present-day plans, assumed to be sufficient to finance operations until such time as a positive cash flow can be generated.

The rights issue

On 4 November 2014, the Board of Directors of Active Biotech resolved, subject to approval by the shareholders' meeting, to increase the Company's share capital with not more than SEK 56,482,529.18 through issue of not more than 14,984,716 new shares. The subscription price is SEK 15 per share, whereby Active Biotech will be provided with approximately SEK 225 million at full subscription, before issue expenses.

The shareholders of the Company have pre-emptive rights to subscribe for the new shares, whereby five existing shares entitle to subscription for one new share. Shares not subscribed for with pre-

emptive rights shall be allocated to persons that have subscribed for shares by exercise of subscription rights and declared their interest to subscribe for shares also without pre-emptive rights, whereby allocation shall be made in relation to the number of subscription rights such persons have exercised for subscription. Thereafter, allocation shall be made to persons that have declared their interest to subscribe for shares without pre-emptive rights.

The record date for the right to participate in the rights issue is 4 December 2014. Subscription for new shares shall be made during the period 8 – 22 December 2014.

The Company's largest shareholders MGA Holding AB, Nordstjernan AB and Investor AB through Duba AB, as well as Peter Thelin (privately and through companies), with a combined holding of approximately 49 per cent of the number of shares and votes of the Company, have undertaken to subscribe for their respective pre-emptive parts of the rights issue.

The resolution of the board is subject to approval by the extraordinary shareholders' meeting that will be held on 1 December 2014. The above-mentioned shareholders have also undertaken to vote in favor of the rights issue at the shareholders' meeting. Notice to the shareholders' meeting will be published through a separate press release today.

A prospectus relating to the rights issue will be made public before the commencement of the subscription period.

Indicative timetable

1 December	Extraordinary shareholders' meeting for approval of the board's resolution.
2 December	Last day of trading in the Active Biotech share including the right to participate in the rights issue.
3 December	First day of trading in the Active Biotech share excluding the right to participate in the rights issue.
4 December	Record date for the right to participate in the rights issue.
8 – 18 December	Trading in subscription rights.
8 – 22 December	Subscription period.

Advisor

Advokatfirman Vinge is legal advisor to Active Biotech in connection with the rights issue.

For further information, please contact:

Tomas Leanderson, CEO

Tel: +46 (0)46 19 20 95

E-mail: tomas.leanderson@activebiotech.com

Hans Kolam, CFO

Tel: +46 (0)46 19 20 44

E-mail: hans.kolam@activebiotech.com

Active Biotech AB

Box 724, SE-220 07 Lund, Sweden

Phone +46 (0)46 19 20 00



Fax +46 (0)46 19 11 00

Active Biotech AB (NASDAQ OMX NORDIC: ACTI) is a biotechnology company with focus on neurodegenerative diseases and cancer. In pivotal phase is laquinimod, an orally administered small compound with unique immunomodulatory properties for the treatment of multiple sclerosis and tasquinimod, an orally administered compound with immunomodulatory, metastatic restraining properties for the treatment of prostate cancer. The pre-clinical project ISI has the aim of generating new, patentable chemical compounds for the treatment of the diseases within the company's areas of focus. Please visit www.activebiotech.com for more information

Active Biotech is required to publish the information contained in this press release in accordance with the Swedish Securities Market Act. This information was provided to the media for publication at 8:31 am CET on 5 November 2014.

Important information

This press release is not an offer to subscribe for shares in Active Biotech. A prospectus relating to the rights issue referred to in this press release will be made public by the Company prior to the commencement of the subscription period. This press release is not a prospectus and investors should not subscribe for or purchase any securities referred to in this press release, except on the basis of information provided in the prospectus.

This press release may not be made public, released or distributed, directly or indirectly, in or into the United States, Australia, Hong Kong, Japan, Canada, Singapore, South Africa or New Zealand or in any other jurisdiction in which the distribution of this press release would be unlawful. Further, this press release does not constitute an offer to sell new shares, paid subscribed for shares ("BTA") or subscription rights to any person in any jurisdiction in which it is unlawful to make such offer to such person or where such action would require additional prospectuses, registration or other measures other than those pursuant to Swedish law. The prospectus, application form and other documents associated with the rights issue may not be distributed in or to any country where such distribution or the rights issue would require such measures set forth in the preceding sentence or be in violation of the regulations of such country.

The new shares, BTAs and subscription rights have not been recommended by a United States federal or state securities commission or regulatory authority. No new shares, BTAs, subscription rights or other securities issued by Active Biotech have been or will be registered under the U.S. Securities Act of 1933, or under the securities legislation in any state of the United States or any province in Canada. Accordingly, no new shares, BTAs, subscription rights or other securities issued by Active Biotech may be transferred or offered for sale in the United States or Canada, other than in such exceptional cases that do not require registration. The securities issued in the rights issue will not be offered to the public in the United States.

Active Biotech has not authorized any offer of securities to the public in any country in the European Economic Area ("EEA") other than Sweden. In other member states in the EEA which have implemented the Directive 2003/71/EC (the "Prospectus Directive") (each, a "Relevant Member State"), no action has been undertaken and will not be undertaken to make an offer of securities to the public requiring publication of a prospectus in any Relevant Member State. As a result, the securities may only be offered in Relevant Member States to (a) any legal entity which is a qualified investor as defined in the Prospectus Directive; or (b) any person falling within Article 3(2) of the Prospectus Directive.

The rights issue is only directed at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") and (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2) of the Order (all such persons together being referred to as "relevant persons"). The securities issued in the rights issue will only be available to and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.