ANNUAL REPORT

and

CONSOLIDATED FINANCIAL STATEMENTS

2017-01-01—2017-12-31

of

Asarina Pharma AB
556698-0750

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ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS OF ASARINA PHARMA AB

The board of Directors and chief executive officer of Asarina Pharma AB hereby present the annual report and consolidated financial statements for fiscal year January 1, 2017 to December 31, 2017.

DIRECTORS REPORT

BUSINESS DESCRIPTION
The company is domiciled in Solna county and conducts research and development of pharmaceuticals for treatment of premenstrual ailments in women contriving so called PMDD, and related operations.

The table reflects ownership in Inhalation Asarina Pharma AB on December 31, 2017

Name	No. shares	Share capital
Kurma Biofund 1	60 662 944	34.1%
Rosetta Capital IV S.a.r.l.	43 038 321	24.2%
Östersjöstiftelsen	32 261 221	18.1%
Idinvest Patrimoine n° 6	6 632 727	3.7%
Nordkild	5 578 100	3.1%
Umecrine AB	5 251 186	3.0%
Ergomed plc.	4 610 922	2.6%
KDev Investments AB	4 410 578	2.5%
Objectif Innovation Patrimoine n° 8	3 975 757	2.2%
Idinivest Patrimoine n° 5	3 646 061	2.0%
Objectif Innovation Patrimoine n° 9	2 792 727	1.9%
Idinivest Patrimoine 2015	2 346 667	1.3%
Hormonkonsult HB	2 039 050	1.0%
Bäckström	593 235	0.3%
KCIF Co-Investment Fund KB	340 571	0.2%
Total	**178 180 067**	**100%**

Significant events during the fiscal year

Asarina Pharma AB established the wholly owned Danish subsidiary, Asaraina Pharma ApS, in March, 2017. In connection thereto, Asarina Pharma AB transferred the intangible property rights to Sepranolone to Asarina Pharma ApS, as well as the majority of consulting and CRO agreements related to the clinical development of Sepranolone.
The Danish subsidiary will be the primary responsible in the development of the Phase ll study and for other clinical studies. The Danish subsidiary will under certain conditions be able to benefit from the Danish tax system in which R&D companies may collect compensation for their R&D costs.

Development of operations, financial position and results (group)

SEK 000's	2017
Net sales	0
Operating income	-32 531
Income after financial items	-32 305
Total assets	12 875
Equity ratio*	76.6%
Return on shareholders equity**	-154.8%
Return on total equity***	-140.2%
Average number of employees	2

* Adjusted shareholders equity/total assets. Adjusted shareholders equity equals shareholders equity plus non-taxed reserves reduced by deferred tax liability

** Income/Average adjusted shareholders equity

*** (Income after financial income and costs + interest costs)/Average total assets

Parent company

SEK 000's	2017	2016	2015/2016**	2014/2015**	2013/2014**
Income after financial items	-11 143	-7 704	-8 919	9 471	-25 573
Total assets	28 276	27 476	8 730	8 789	20 622
Equity ratio*	97.1%	97.1%	88.6%	66.2%	61.9%

* Adjusted shareholders equity/total assets. Adjusted shareholders equity equals shareholders equity plus non-taxed reserves reduced by deferred tax liability

** Fiscal year May 1 to April 30

Significant risks and uncertainties

Risk management

The board of Directors of the company continuously and systematically assess risks in order to identify risks and to take action on them. The internal control environment is primarily comprised of the following five components: control environment, risk assessment, control activities, information and communication and review. Mitigating actions are developed for each identified material risk.

Dependent on development of a single product

The value of Asarina is to a high degree dependent on the success of its main product, Sepranolone, in particular regarding the successful completion of the clinical Phase ll study in PMDD and that licensing or sale of the intangible property rights can be consummated. There is a risk that the Phase ll study does not generate results required to conduct a Phase lll study and the subsequent market approval. Should the Phase ll study not be successful, Asarina may focus on other projects, however, there is a risk that such projects will not succeed.

Regulatory risk

Asarina Pharma develops medical products and is dependent on assessments and decisions by relevant authorities such as the EMA in Europe and the FDA in the USA. It cannot be guaranteed Asarina will be granted the regulatory decisions required to continue clinical studies and market approval. In order to mitigate this risk regarding regulatory risks the services of leading experts are retained regarding regulatory issues and protocol of clinical studies.

Expected future development

The board of Directors expect that the Phase ll study of Sepranolone in PMDD will be finalized latest during the fourth quarter of 2019. In parallel, Asarina aims to conduct clinical studies with Sepranolone in other indications, potentially in menstrual migrane. The company is also reviewing a possible listing on First North.

Research and development
Historically, Asarina focused on the development of Sepranolone, a candidate discovered by Asaraina for the treatment of PMDD (premenstrual dysforic disorder). During 2017, Asarina mainly devoted time to prepare for the Phase ll study of Sepranolone. The Phase ll study commenced in the beginning of April, 2018 and will be conducted at clinical sites in 4 countries. In addition, Asarina conducted preparatory studies of Sepranolone in other indications.

Going concern
The group has limited income and it may take considerable time before the company's product may be sold commercially and to generate ongoing cash flows from its operations. The company is therefore dependent upon generating capital or credit facilities in order to finance operations. The company has made two share issues for each SEK 8.9m thus far in 2018, and the board of Directors plan further new share issues in Q2 and Q3, 2018 and in 2019, in order to allow continuous operations and further development of the company's product. In case the company does not obtain adequate additional financing, continuous operations are potentially at risk.

Recommendation of appropriation of profits (SEK)

At the disposal of the AGM are the following profits	
Surplus reserve	46 263 872
Income carried forward	-9 437 539
Result for the period	-11 142 328
	25 684 005
The board of directors recommend that	
to be carried forward	**25 684 005**
	25 684 005

Regarding results and financial position for the parent company and the group please refer to the following income statements and balance sheets statements of shareholders equity, cach flow statements and accompanying notes. All amounts are stated in SEK unless otherwise stated. This is the initial year in which group accounts are presented, thus there is no statement of shareholders equity for the group.

Consolidated Income statement

SEK 000	Note	2017 jan-dec
Operating income		
Net sales		0
Other operating income		1 674
Operating costs		
Development costs		-22 988
Other external costs	4	-3 460
Personnel costs	5	-3 878
Depreciation and write-downs of tangible and intangible non-current assets		-3 879
Operating loss		**-32 531**
Result from financial items		
Other interest income and similar profit/loss items	6	251
Interest expense and similar profit/loss items	7	-25
Result after financial items		**-32 305**
Income taxes		
Tax on current year income	8	4 009
Result for the period		**-28 296**
Attributable to:		

Consolidated balance sheet

SEK 000	Note	31 Dec 2017
ASSETS		
Non-current assets		
Financial non-current assets		
Other non-current equities	13	1
Total non-current assets		**1**
Current assets		
Current receivables		
Current tax receivables		4 227
Other receivables		160
Prepaid expenses and accrued income	14	103
Total current assets		**4 490**
Cash and cash equivalents		8 384
Total current assets		**12 874**
TOTAL ASSETS		**12 875**
EQUITY AND LIABILITIES		
Equity		
Share capital (178 180 067 shares)		1 782
Other capital contributions		46 284
Other capital including current period income		-38 178
Total equity attributable to parent company shareholders		**9 888**
Total equity		**9 868**
Current liabilities		
Accounts payable		1 812
Other current liabilities		677
Accrued expenses and prepaid income	15	518
Total current liabilities		**3 007**
TOTAL EQUITY AND LIABILITIES		**12 875**

Consolidated statement of changes in equity

SEK 000	*Shareholders equity attributable to parent company shareholders*			
	Share capital	Other capital contributions	Other shareholders equity including current period income	Total equity attributable to parent company shareholders
Opening equity on January 1, 2017	**0**	**0**	**0**	**0**
Current period income			-28 296	-28 296
Changes in reported values of assets and liabilities:				
Group establishment	1 601	34 521	-8 800	27 322
Restating variance			-1 082	-1 082
Total change in values	**1 601**	**34 521**	**-9 882**	**26 240**
Shareholder transactions				
Share-and offsetting issue	181	11 743		11 924
Total shareholder transactions	**181**	**11 743**		**11 924**
Closing equity on December 31, 2017	**1 782**	**46 264**	**-38 178**	**9 868**

Share capital amounts to 1 781 801 SEK, allocated to 2 813 367 common shares, 116 937 595 class A preference shares and 58 429 105 class B preference shares. All shares carry one vote and have a quota value of 0.01 SEK per share.

Consolidated statement of cash flows

SEK 000	Note	31 Dec 2017
Operating activities		
Operating profit/loss		-32 531
Adjustment for non - cash flow affecting items:		
Depreciation		31
Write-downs		3 848
Interest income		251
Interest expense		-25
Income taxes paid		-81
Cash flow from operating activities before changes in working capital		**-28 507**
Cash flow from changes in working capital		
Decrease (+)/increase (-) in inventory		1 571
Decrease (+)/increase (-) in receivables		-66
Decrease (+)/increase (-) in liabilities		2 006
Cash flow from operating activities		**-24 996**
Financing activities		
Share issue		11 923
Cash flow from financing activities		**11 923**
Cash flow for the period		**-13 073**
Cash and cash equivalents at the beginning of the year		21 457
Cash and cash equivalents at the end of the year		**8 384**

Income statement

Parent company

SEK 000	Note	2017 jan-dec	2016 Jan-Dec
Operating income			
Other operating income		1 674	-
		1 674	**0**
Operating costs			
Development costs		-5 715	-5 668
Other external costs	4	-1 932	-950
Personnel costs	5	-1 801	-1 065
Depreciation and write-downs of tangible and intangible non-current assets		-3 878	-35
Operating loss		**-11 652**	**-7 718**
Result from financial items			
Other interest income and similar profit/loss items	6	509	14
Result after financial items		**-11 143**	**-7 704**
Tax on current year income	8	0	0
Result for the period		**-11 143**	**-7 704**

Balance sheet

Parent company

SEK 000	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Intangible non-current assets			
Activated costs for development and similar costs	9	0	3 848
		0	**3 848**
Tangible non-current assets			
Machinery and equipment	10	0	30
		0	**30**
Financial non-current assets			
Shares in group companies	11	1	0
Receivable from froup companies	12	24 775	0
Other non-current equities	13	1	1
		24 777	**1**
Total non-current assets		**24 777**	**3 879**
Current assets			
Inventories, etc.			
Raw materials and supplies		0	1 571
		0	**1 571**
Current receivables			
Current tax receivables		111	137
Other current receivables		86	169
Prepaid expenses and accrued income	14	48	263
		245	**569**
Cash and cash equivalents		**3 254**	**21 457**
Total current assets		**3 499**	**23 597**
TOTAL ASSETS		**28 276**	**27 476**
Equity and liabilities			
Equity			
Restricted equity			
Share capital (178 180 067 shares)		1 782	1 601
		1 782	**1 601**
Unrestricted equity			
Share premium reserve		46 264	34 521
Profits or losses carried forward		-9 437	-1 734
Current period income		-11 143	-7 704
		25 684	**25 083**
Total equity		**27 466**	**26 684**
Liabilities			
Current liabilities			
Accounts payable		230	433
Other current liabilities		62	58
Accrued expenses and prepaid income		518	301
		810	**792**
TOTAL EQUITY AND LIABILITIES		**28 276**	**27 476**

Statement of changes in equity

Parent company

SEK 000	Restricted equity	Unrestricted equity			
	Share capital	Share premium reserve	Accumulated losses	Net profit/loss for the period	Total equity
Opening equity on January 1, 2016	**1 197**	**8 285**	**7 186**	**-8 919**	**7 749**
Appropriation of previous year results				**-8 919**	**8 919**
Current year results				-7 704	-7 704
Shareholder transactions					
Share issue 2016-07-07	404	26 236			26 640
Total shareholder transactions	**404**	**26 236**			**26 640**
Closing equity on December 31, 2016		**1 601**	**34 521**	**-1 733**	**-7 704**

Share capital amounts to 1 601 146 SEK, allocated to 2 813 367 common shares, 116 937 595 class A preference shares and 40 363 637 class B preference shares. All shares carry one vote and have a quota value of 0.01 SEK per share.

Opening equity on January 1, 2017	**1 601**	**34 521**	**-1 733**	**-7 704**	**26 685**
Appropriation of previous year results			-7 704	7 704	0
Current year results				-11 143	-11 143
Shareholder transactions					
Offset share issue 2017-05-23	47	2 997			3 044
Share issue 2017-09-21	134	8 746			8 880
Total shareholder transactions	**181**	**11 743**			**11 924**
Closing equity on December 31, 2017		**1 735**	**46 264**	**-9 437**	**-11 143**

Share capital amounts to 1 781 801 SEK, allocated to 2 813 367 common shares, 116 937 595 class A preference shares and 58 429 105 class B preference shares. All shares carry one vote and have a quota value of 0.01 SEK per share.

Notes

Note 1 General information

Asarina Pharma AB, Reg. No. 556698-0750 is a limited company registered in Sweden with its registered office in Solna. The head office address is Fogdevreten 2, 171 65 Solna. The company's and its subsidiaries (group's) activities include research, development, sales and licensing activities in the pharmaceutical field.

Note 2 Accounting principles and valuation principles

The company applies the Swedish Annual Accounts Act (1995: 1554) and the Accounting Standards Board BFNAR 2012: 1 Annual Report and consolidated financial statements ("K3").

Consolidated accounts

The consolidated accounts are comprised of the parent company Asarina Pharma AB and such companies in which the parent company directly or indirectly has controlling interest (subsidiary). Controlling interest entitles the right to define another company's financial and operational strategies in order to gain economic benefits.
The assessment regarding controlling interest requires consideration of holdings of financial instruments potentially providing voting rights and which without delay may be utilized or converted into voting right instruments or shareholder equity instruments. Consideration shall also include if the company has the right to control operations through an agent. Controlling interest normally applies when the parent company directly or indirectly owns shares representing in excess of 50 % of the votes.

Income and costs of a subsidiary are included in the consolidated accounts from the time of acquisition until the parent company no longer has controlling interest over the subsidiary. See the section Business acquisitions below for reporting of acquisitions and divestments of subsidiaries.

The accounting principles for subsidiaries are identical to those of the parent company. All transactions within the group, intercompany events and unrealized profits and losses related to intercompany transactions have been eliminated in the preparation of the consolidated financial statements.

This is the initial year that the group exists and therefore no comparative figures are presented for the group.

Business combinations

Business combinations are reported according to the acquisition method.
The purchase price for the acquisition is valued at fair value at the acquisition date, which is calculated as the sum of the fair values per acquisition date of assets acquired, accrued or assumed liabilities, and issued equity instruments and expenses directly attributable to the business combination. Examples of expenses are transaction costs. The purchase price includes conditional purchase price, provided that at the acquisition date it is probable that the purchase price will be adjusted at a l ater date and that the amount can be estimated reliably. An acquisition value for the acquired entity is adjusted on the balance sheet date and when the final purchase price is determined, but not later than one year after acquisition date.

The identifiable acquired assets and liabilities assumed are reported at fair value at acquisition date with the following exceptions
• Pension commitments are determined according to K3 chapter 28 Employee benefits,
• Deferred tax assets and deferred tax liabilities are determined in accordance with K3 chapter 29 Income taxes,
• Liabilities for share-based payments are determined according to K3 capital 26 Share-based payments,
• Intangible assets outside active market, as well
• contingent liabilities that are valued according to K3 chapter 21 Provisions, contingent liabilities and contingent assets.

A provision relating to expenses for restructuring of the acquired entity's business is included in the acquisition analysis only to the extent that acquired entity already before the acquisition date meets the terms for reporting a provision.

Valuation of minority share of assets and liabilities at acquisition date
When acquiring fewer than all shares of the acquired entity, the value of the minority's share is added to the acquisition value. The minority share of the acquired entity's assets and liabilities, including goodwill or negative goodwill, is valued at fair value.

Goodwill and negative goodwill
In the case of acquisitions where the amount of the purchase price, fair value of minority interests and fair value at the acquisition date of previous shareholdings exceeds fair value at acquisition date on identifiable acquired net assets, the difference is reported as goodwill in the consolidated balance sheet. If the difference is negative, the value of identifiable assets and liabilities shall be reviewed. Negative goodwill corresponding to expected future losses is recognized as income as losses arise. Negative goodwill corresponding to the fair value of non-monetary assets is dissolved in the income statement over the remaining weighted average useful life of the assets. The portion of negative goodwill that exceeds the fair value of the identifiable non-monetary assets is reported directly in the income statement. See also Goodwill section below.

Changes in the holding
Acquisitions or divestments of shares in companies that are subsidiaries both before and after the change are considered to be a transaction between the owner and the effect of the transaction are reported directly in equity.

If additional shares are acquired in a company that is not a subsidiary so that controlling influence arises, the original shares in the consolidated financial statements are considered divested. The gain or loss, calculated as the difference between fair value and consolidated carrying amount, is reported in the consolidated income statement.

When the parent loses controlling influence over a subsidiary, all shares are divested and the gain or loss arising from the divestment is recognized in the consolidated income statement. If the shares remain after the divestment, they are reported in accordance with Chapter 11 Financial instruments valued based on acquisition value [alt. Chapter 12 Financial instruments valued according to 4:14 a-e ÅRL], Chapter 14 Associated companies or Chapter 15 Joint Ventures at fair value at the date of sale as acquisition value.

Income
Revenue is reported at the fair value of the consideration received or will be obtained, less VAT, rebates, returns and similar deductions.

Dividend and interest income
Dividend income is reported when the owner's right to receive payment has been determined.

Interest income is recognized over the term using the effective interest rate method. The effective interest rate is the interest rate which means that the present value of all future payments and deposits during the fixed-interest period will be equal to the carrying amount of the claim.

Leases
A finance lease is an agreement whereby the economic risks and benefits associated with ownership of an asset are essentially transferred from the lessor to the lessee. Other leases are classified as operating leases.

Leasing fees under operating leases are expensed on a straight-line basis over the lease term, unless another systematic way better user's economic benefits over time.

Foreign currency
The parent company's accounting currency is Swedish kronor (SEK).

Translation of items in foreign currency
At each balance sheet date, monetary items denominated in foreign currencies are translated at the closing date. Non-monetary items, which are valued at historical cost in a foreign currency, are not recalculated. Exchange rate differences are reported in operating income or as financial items based on the underlying business event, in the period they arise, except for hedging transactions that meet the terms of hedge accounting for cash flows or net investments.

Net investments in foreign operations
A monetary item which is a claim or liability for a foreign operation, where a regulation is not planned or likely to be in the foreseeable future, is considered to be part of the Group's net investment in foreign operations. Exchange rate differences relating to monetary items that form part of the company's net investments in foreign operations and which are valued based on the acquisition value are reported in the Group's translation reserve in equity. When selling a net investment in foreign operations, the exchange rate difference is recognized in the income statement.

Translation of subsidiaries and foreign operations
When preparing consolidated accounts, foreign subsidiaries' assets and liabilities are translated to Swedish kronor at the closing date. Revenue and expense items are translated at the average exchange rate of the period unless the exchange rate fluctuated significantly during the period when instead the exchange rate of the transaction date is used. Any translation differences that arise are reported directly against equity. Upon disposal of a foreign subsidiary, such translation differences are reported in the income statement as part of the capital gain.

Employee benefits
Employee benefits in the form of salaries, bonuses, paid holidays, paid sick leave, etc., as well as pensions are recognized as income. Regarding pensions and other post-employment benefits, these are classified as defined contribution or defined benefit plans. The Group has only defined contribution pension plans. There are no other long-term employee benefits.

Defined contribution plans
For defined contribution plans, the Group pays fixed fees to a separate independent legal entity and has no obligation to pay additional fees. The Group's income is charged for expenses as the benefits are earned, which usually coincides with the time when premiums are paid.

Share-based compensation
Share-based payments that are regulated by equity instruments
Share-based payments that are regulated by equity instruments are valued at fair value, excluding any impact from non-market-related terms, at the grant date, which is the date when the company concludes an agreement for share-based compensation. The fair value determined at the grant date is recognized as an expense with the corresponding adjustment in equity distributed over the vesting period, based on the Group's estimate of the number of shares expected to be redeemable. Fair value has been calculated using the Black-Scholes valuation model. Social charges attributable to share-based payments are accrued in the same way as the cost of the services received and the liability is revalued at each accounting period until it is regulated.

Income taxes
The tax expense consists of the sum of current tax and deferred tax.

Current tax
Current tax is calculated on the taxable profit for the period. Taxable income differs from the reported profit or loss in the income statement as it has been adjusted for non-taxable income and not deductible expenses as well as for income and expenses that are taxable or deductible in other periods. The Group's current tax liability is calculated according to the tax rates applicable at the balance sheet date.

Deferred tax
Deferred tax is reported on temporary differences between the carrying amount of assets and liabilities in the financial statements and the tax value used for calculating taxable profit. Deferred tax is reported according to the so-called balance sheet method. Deferred tax liabilities are recognized in principle for all taxable temporary differences, and deferred tax assets are recognized in principle for all deductible temporary differences to the extent that it is likely that the amounts can be utilized against future taxable surpluses. Deferred tax liabilities and tax assets are not recognized if the temporary difference is attributable to goodwill.

Deferred tax liabilities are reported for taxable temporary differences attributable to investments in subsidiaries except in cases where the Group can control the timing of reversal of temporary differences and it is not clear that the temporary difference will be reversed in the foreseeable future.

The reported value of deferred tax assets is recalculated on each balance sheet date and reduced to the extent that it is no longer likely that sufficient taxable income will be available for full or partial use against the deferred tax asset.

The valuation of deferred tax is based on how the company expects to recover the carrying amount of the corresponding asset at the balance sheet date or adjust the carrying amount of the corresponding liability. Deferred tax is calculated based on the tax rates and tax rules that have been decided before the balance sheet date.

Deferred tax assets and tax liabilities are deducted as they relate to income taxes charged by the same authority and when the Group intends to settle the tax with a net amount.

Current and deferred tax for the period
Current and deferred tax is reported as an expense or income in the income statement, except when the tax is attributable to transactions reported directly to shareholders' equity. In such cases, the tax should also be reported directly to equity. In the case of current and deferred taxes arising from the recognition of business combinations, the tax effect is reported in the acquisition calculation.

Tangible fixed assets
Property, plant and equipment are reported at cost less accumulated amortization and any write-downs.

The acquisition value consists of the purchase price, expenses directly attributable to the acquisition to put it in place and in order well as estimated costs of dismantling and disposing of the asset and restoring its location. Additional expenses are included in th reported as a separate asset when it is probable that future economic benefits associated with the item will accrue to the Group an acquisition value thereof can be measured reliably. All other costs for repairs and maintenance and additional expenses are recogn income statement for the period in which they arise.

Since the difference in the consumption of significant assets of a tangible fixed asset is deemed significant, the asset is allocated t components.

Amortization of property, plant and equipment is expensed so that the asset's acquisition value, possibly reduced by the estimated the end of the useful life, is amortized on a straight-line basis over its estimated useful life. If an asset has been divided into differ each component is written separately over its useful life. Depreciation is commenced when the tangible fixed assets can be used. useful lives are estimated at:

Machinery and other technical facilities:	
Machinery and equipment	5 years

Estimated useful lives and depreciation methods are reconsidered if there are indications that expected consumption has changed significantly compared with the estimate at the previous balance sheet date. When the company changes the assessment of useful lives, the asset's residual value will also be reviewed. The effect of these changes is reported in the future.

Removal from balance sheet
The carrying amount of a tangible fixed asset is derecognised from the balance sheet on disposal or disposal, or when no future economic benefits are expected from the use or disposal / disposal of the asset or component. The gain or loss that arises when a tangible fixed asset or component is removed from the balance sheet is the difference between what may be obtained after deduction of direct selling expenses and the carrying amount of the asset. The capital gain or capital gain that arises when a tangible fixed asset or component is removed from the balance sheet is reported in the income statement as an operating income or other operating expenses.

Intangible assets

Acquisition through separate acquisitions
Intangible assets acquired separately are reported at cost less accumulated amortization and any accumulated impairment losses. Depreciation takes place linearly over the asset's estimated useful life, which is estimated at 5 years. Estimated useful lives and depreciation methods are reconsidered if there is an indication that these have changed compared to the estimate at the previous balance sheet date. The effect of any changes in estimates and assessments is presented in the future. Depreciation begins when the asset can be used.

Acquisition as part of a business combination
Intangible assets acquired in a business combination are identified and reported separately from goodwill when they meet the definition of an intangible asset and their fair values can be calculated reliably. The cost of such intangible assets is their fair value at the acquisition date.

After the initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and any accumulated impairment losses in the same way as separately acquired intangible assets.

Acquisition through internal development
The Group applies the activation model, which means that the work on obtaining an internally generated intangible fixed asset is divided into a research phase and a development phase. All expenses arising from the Group's research phase are reported as costs when they arise. All development costs are reported as an asset if all of the following conditions are met:

• It is technically possible to complete the intangible asset so that it can be used or sold,
• the company intends to complete the intangible fixed asset and to use or sell it,
• there are conditions for using or selling the intangible asset,
• it is likely that intangible fixed assets will generate future economic benefits,
• There are the necessary and adequate technical, financial and other resources to complete the development and to use or sell the intangible fixed assets, and
• The expenses attributable to the intangible asset during its development can be calculated reliably.

After initial reporting, internally generated intangible fixed assets are reported at cost less accumulated amortization and any accumulated impairment losses. Depreciation begins when the asset can be used.

Removal from balance sheet
An intangible fixed asset is derecognised from the balance sheet on disposal or disposal or when no future economic benefits are expected from use or disposal / disposal of the asset. The gain or loss that arises when an intangible fixed asset is derecognised from the balance sheet is the difference between what may be obtained after deduction of direct selling expenses and the carrying amount of the asset. This is recognized in the income statement as an operating income or other operating expenses.

Impairment of tangible fixed assets and intangible assets excluding goodwill
At each balance sheet date, the Group analyzes the reported values of tangible fixed assets and intangible assets to determine if there is any indication that these assets have decreased in value. If so, the asset's recoverable amount is calculated in order to determine the value of any write-down. Where it is not possible to calculate the recoverable amount of an individual asset, the Group calculates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less cost of sale and value in use. Fair value less selling costs, the price that the Group expects to be able to receive from sales of knowledgeable, independent parties, and which has an interest in the transaction being carried out, less costs directly attributable to the sale. When calculating the value in use, estimated future cash flow is discounted at present value with a discount rate before tax reflecting current market assessment of the money's time value and the risks associated with the asset. To calculate future cash flows, the Group has used budget for the next five years.

If the recoverable amount of an asset (or cash-generating unit) is determined at a lower value than the carrying amount, the carrying amount of the asset (or cash-generating unit) is written down to the recoverable amount. An impairment loss is recognized immediately in the income statement.

At each balance sheet date, the Group assesses whether the previous impairment is no longer justified. If so, the impairment loss is reversed in part or in full. When a write-down is reversed, the asset's (cash-generating) unit's reported value increases. The reported value after reversal of impairment must not exceed the carrying amount that would be determined if no impairment of the asset (cash-generating unit) has been made in previous years. A reversal of an impairment loss is reported directly in the income statement.

Cash
Cash and cash equivalents include cash and bank balances with banks and other credit institutions, as well as other short-term liquid investments that can easily be converted into cash and are subject to an insignificant risk of value fluctuations. To be classified as liquid assets, the maturity may not exceed three months from the date of acquisition.

Contingent liabilities
A contingent liability is a possible obligation as a result of occurrences and whose occurrence will only be confirmed by the occurrence or absence of one or more uncertain future events, which are not entirely within the control of the company, or an existing obligation arising from occurrences, but which are not reported as liabilities or provisions because it is unlikely that an outflow of resources will be required to settle the obligation or the obligation size cannot be estimated with sufficient reliability. Contingent liabilities are recognized off balance sheet.

Contingent assets
A contingent asset is a possible asset due to events occurring and whose occurrence will only be confirmed by the occurrence or absence of one or more uncertain future events that are not entirely within the control of the company. A contingent asset is not recognized as an asset in the balance sheet.

Cash Flow Analysis
The cash flow statement shows the Group's changes in the company's liquid assets during the fiscal year. The cash flow statement has been prepared in accordance with the indirect method. The reported cash flow includes only transactions that have resulted in payments and payments.

Accounting principles for the Parent Company

The differences between the Parent Company and the Group's accounting policies are described below:

Subsidiary
Shares in subsidiaries are reported at acquisition value. Dividends from subsidiaries are reported as income when the right to receive dividends is assessed as collateral and can be calculated reliably.

Shares in associated companies and joint ventures
Shares in associated companies and joint ventures are reported at cost less any impairment losses. Dividends from participations in associated companies and joint ventures are reported as income in the income statement.

Net investments in foreign operations
Exchange rate differences relating to monetary items that form part of the company's net investments in foreign operations and which are valued based on cost are reported in the income statement.

Tangible fixed assets
Tangible fixed assets that are of a lesser value or can be assumed to have a financial useful life of no more than three years are reported as cost at the first reporting date, provided that the company can make corresponding deductions under the Income Tax Act.

Estimated costs of dismantling, removal or restoration of space are not included in the acquisition cost of a tangible fixed asset. T as a provision when the criteria for this are met.

Leasing
In the Parent Company, all leases are reported in accordance with the rules for operational leasing.

Note 3 Important estimates and assessments

Important sources of uncertainty in estimates
Below are the main assumptions about the future and other important sources of uncertainty in estimates at the balance sheet date, which represents a significant risk of significant adjustments in the reported values of assets and liabilities in the next financial year.

Important assessments when applying the Group's accounting principles
The following sections describe the most important assessments, except those that include estimates (see above) that management has done in applying the Group's accounting policies and which has the most significant effect on the reported amounts in the financial statements.

Currency risk
Currency risk refers to the risk that fair value or future cash flows fluctuate as a result of changes in exchange rates. The Group operates in several different geographic markets and in different currencies and is thereby exposed to currency risk. The exposure to currency risk is mainly due to payment flows in foreign currency, so-called transaction exposure, and from translation of foreign currency balance sheet items and the translation of foreign subsidiaries income statements and balance sheets to the Group's presentation currency, which is Swedish kronor, so-called balance exposure.

Note 4 Audit fees

000's	Group 2017	Group 2016	Parent company 2017	Parent company 2016
Ernst & Young AB				
Auditing	179	0	140	0
Audit services in addition to audit	45	0	0	0
Other services	71	0	0	0
PwC AB				
Auditing	100	18	100	18
Other services	196	0	196	0
Total	**591**	**18**	**436**	**18**

Auditing refers to fees regarding legally required auditing. The audit is comprised of review of the annual report, the consolidated financial statements and accounting, and management by the Board of Directors and CEO and fees for audit advice provided in relation to the audit assignment.

Note 5 Employees, salaries, other compensation and social costs

Average number of employees	2017 Number employees	2017 Of which male	2016 Number employees	2016 Of which male
Parent company				
Sweden	1	0	1	0
Total	**1**	**0**	**1**	**0**
Subsidiary				
Asarina Pharma ApS	1	1	-	-
Total subsidiary	**1**	**1**	**0**	**0**
Total group	**2**	**1**	**1**	**0**

Management allocation on the balance sheet date	Group 2017-12-31	Parent company 2017-12-31	Parent company 2016-12-31
Male:			
Board of Directors	6	6	6
Total	6	6	6

Salaries, other compensation, etc., 000's	2017 Salaries and other compensation	Social costs (of which pension costs)	2016 Salaries and other compensation	Social costs (of which pension costs)
Parent company	1 166	613	712	363
		(287)		(191)
Subsidiary	2 072	3		
Total group	**3 238**	**616**	**712**	**363**
		(287)		**(191)**

Salaries and other compensation allocated between board members and employees, 000's	2017 Board of Directors and CEO (of which bonus etc.)	Other employees	2016 Board of Directors and CEO (of which bonus etc.)	Other employees
Parent company	0	1 166	0	712
Subsidiary	0	2 072		
Total group	**0**	**3 238**	**0**	**712**

Pensions

Group costs for fee based pension compensation amounted to 287 KSEK (191). Parent company costs for fee based pension compensation amounted to 287 KSEK (191). The group carries no benefit based pension plans.
Of group pension costs 0 KSEK (0) related to group board of Directors and CEO. The groups remaining pension committment for them amounted to 0 KSEK (0).

Of parent company pension costs 0 KSEK (0) related to group board of Directors and CEO. The company's remaining pension committment for them amounted to 0 KSEK (0).

Severance pay agreement

The parent company and group have no Severance pay agreements.

Note 6 Other interest income and similar items

	Group	Parent company	
	2017	2017	2016
Interest income	251	509	14
Total	**251**	**509**	**14**

Note 7 Interest cost and similar items

	Group	Parent company	
	2017	2017	2016
Interest cost	-25	0	0
Total	**-25**	**0**	**0**

Note 8 Income taxes on current year income

	Group	Parent company	
	2017	2017	2016
Current tax	4 009	0	0
Total	**4 009**	**0**	**0**

Reconciliation of current year tax costs

	Group	Parent company	
	2017	2017	2016
Reported income before taxes	-32 305	-11 143	-7 704
Tax computed by Swedish tax rate (22%)	7 107	2 451	1 695
Tax effect from non-deductible costs			
regarding	-19	-19	-7
Tax effect from non-taxable income			
regarding			
Non-activated taxable losses	-3 079	-2 432	-1 689
Total	**4 009**	**0**	**0**
Current year reported tax cost	**4 009**	**0**	**0**

The parent company has non-activated taxable losses amounting to 116 696 KSEK (114 264 KSEK).

Note 9 Intangible non-current assets

	Parent company	
Activated development costs, 000's	2017-12-31	2016-12-31
Opening accumulated costs	3 848	3 848
Write-down	-3 848	0
Reported accumulated cost	**0**	**3 848**
Carrying amount at end of the period	**0**	**4 171**

Note 10 Machinery, equipment and installations

	Group	Parent company	
000's	2017-12-31	2017-12-31	2016-12-31
Opening cost	341	341	341
Write-down	-323	-323	0
Reported accumulated cost	**18**	**18**	**341**
Opening depreciation according to plan	-311	-311	-276
Sales/obsolete	323	323	0
Current year depreciation according to plan	-30	-30	-35
Reported accumulated depreciation according to plan	**-18**	**-18**	**-311**
Carrying amount at end of the period	**0**	**0**	**30**

Not 11 Shares in subsidiary

Name	Reg. No. CVR	Domicile, country	Capital	Votes	No. Shares	Parent company Book value 2017-12-31	Parent company Book value 2016-12-31
Asarina Pharma ApS	38 49 57 12	Copenhagen, Denmark	100%	100%	50 000	1	0
Total, KSEK						**1**	**0**

Note 12 Receivable from group company

000's	Parent company 2017-12-31	Parent company 2016-12-31
Other receivables	24 775	0
Reported accumulated cost	**24 775**	**0**
Carrying amount at end of the period	**24 775**	**0**

Note 13 Other long term equities

000's	Group 2017-12-31	Parent company 2017-12-31	Parent company 2016-12-31
Opening cost	1	1	1
Reported accumulated cost	1	1	1
Reported accumulated cost	**1**	**1**	**1**

Refers to 1 share at quota value SEK 1 000 and equals a share of 0.33% in LFF Service AB, 556197-9211.
The share is mortgaged and provides the right for Läkemedelsföreningen Service AB to purchase the share at its quota value SEK 1 000 should Asarina Pharma AB no longer be party in the agreement.

Note 14 Prepaid costs and accrued income

000's	Group 2017-12-31	Parent company 2017-12-31	Parent company 2016-12-31
Other items	103	48	263
Total	**103**	**48**	**263**

Note 15 Accrued costs and prepaid income

000's	Group 2017-12-31	Parent company 2017-12-31	Parent company 2016-12-31
Other items	518	518	301
Total	**518**	**518**	**301**

Note 16 Off balance sheet items

The group and parent company have no pledged assets or committments.

Note 17 Acquisition of subsidiary/operation

During the fiscal year the operations of the subsidiary Asarina Pharma ApS commenced.

Note 18 Related party transactions

Transactions between the company and its related parties have occurred at arms-length.

Note 19 Events after the balance sheet date

The company generated approximately SEK 8.9m in liquid assets in a share issue in February, 2018. the company generated an additional SEK 8.9m in another share issue in April.

Note 20 Appropriation of profits

At the disposal of the AGM are the following profits	
Surplus reserve	46 263 872
Income carried forward	-9 437 539
Result for the period	-11 142 328
	25 684 005
The board of directors recommend that	
to be carried forward	**25 684 005**
	25 684 005

Nb: This is a translation of the Swedish annual report. If any discrepancies exist, the Swedish version shall prevail.

Solna

Ola Flink
Chairman

Peter Nordkild
Chief executive officer

Thierry Laguel

Graham Fagg

Miroslav Reljanovic

Otto Skolling

Our Audit report was presented on

Ernst & Young AB

Stefan Andersson-Berglund

Auditor in charge

Authorized accountant