

Asarina Pharma ApS

Ole Maaløes Vej 3, 2200 København N

CVR no. 38 49 57 12

Annual report 2017

(As of the establishment of the Company 16 March - 31 December 2017)

Approved at the Company's annual general meeting on

May 28th 2018

Chairman:



.....
Peter Hviid Nordkild





Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Financial statements for the period 16 March - 31 December 2017	8
Income statement	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Asarina Pharma ApS for the financial year as of the establishment of the Company 16 March - 31 December 2017.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year as of the establishment of the Company 16 March - 31 December 2017.

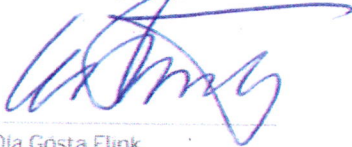
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 30 April 2018
Executive Board.

Peter Hviid Nordkild

Board of Directors:



Ola Gosta Flink
Chairman

Sten Gunnar Otto Skolling

Erik Graham Fagg

Claude Thierry Laugel

Miroslav Reljanovic

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Copenhagen, 30 April 2018
Executive Board:



Peter Hviid Nordkild

Board of Directors:

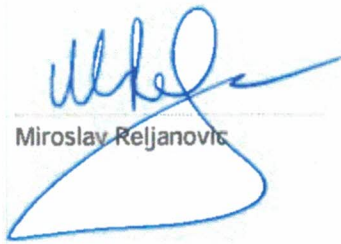
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Peter Hviid Nordkild

Board of Directors:

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Ola Gösta Flink
Chairman

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We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 30 April 2018
Executive Board:

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Peter Hviid Nordkild

Board of Directors:

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Ola Gösta Flink
Chairman

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Sten Gunnar Otto Skolling

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Erik Graham Fagg


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Claude Thierry Langel

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Miroslav Reljanovic

Independent auditor's report

To the shareholder of Asarina Pharma ApS

Opinion

We have audited the financial statements of Asarina Pharma ApS for the financial year as of the establishment of the Company 16 March - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year as of the establishment of the company 16 March - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- u Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- u Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- u Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- u Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- u Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

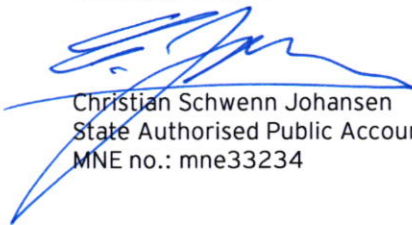
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 30 April 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Christian Schwenn Johansen
State Authorised Public Accountant
MNE no.: mne33234



Management's review

Company details

Name	Asarina Pharma ApS
Address, Postal code, City	Ole Maaløes Vej 3, 2200 København N
CVR no.	38 49 57 12
Established	16 March 2017
Registered office	København
Financial year	16 March - 31 December 2017
Website	www.asarinapharma.com
Telephone	+45 70 70 29 80
Board of Directors	Ola Gösta Flink, Chairman Sten Gunnar Otto Skolling Erik Graham Fagg Claude Thierry Laugel Miroslav Reljanovic
Executive Board	Peter Hviid Nordkild
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

Asarina Pharma ApS was established by the parent company Asarina Pharma AB (Sweden) on 16 March 2017 through contribution-in-kind of certain intangible assets.

Premenstrual dysphoric disorder (PMDD) is a disorder characterized by recurrent emotional and physical symptoms that consistently occur during the latter part of the menstrual cycle. Approximately 5% of all women will experience this disorder during their fertile years from the onset of menstruation till menopause. The symptoms prevent these women from living a normal working life or even taking care of their family during these difficult and recurring days of their menstrual cycle.

Asarina Pharma is developing novel and targeted products to treat women with PMDD, allowing these women to remain in control of their own life.

Sepranolone, the company's proprietary lead product candidate, is an endogenous small molecule and with a new and well-characterized Mechanism of Action. Sepranolone, the first therapy specifically being developed for PMDD, is a non-hormonally active compound that inhibits the disease-provoking effect of the progesterone metabolite, allopregnanolone, in women suffering from PMDD. This GABA-A modulating steroid antagonist (GAMSA) is a first-in-class compound, shown to be highly efficacious and safe in 120 women in a phase IIa clinical study.

During 2017, the Company focused on preparing for the next clinical study with Sepranolone. This phase 2b study is planned to start in April 2018 and will encompass more than 200 women.

Unusual matters having affected the financial statements

Going concern

At 31 December 2017, the Company had a cash position of approximately DKK 3,878 thousand. The planned phase 2b study, which is expected to start in 2018, will require additional funding in order to complete, and the cash burn for 2018 is expected to be higher than the cash in hand end of year.

In 2018, the parent company in Sweden has already obtained new funding from the current investors, and is further negotiating additional funding from existing investors to secure further clinical development. Additional funding in the parent company will allow the parent company to support the Danish company further financially.

The management has concluded that if the parent company is not successful in obtaining the additional funding during 2018, the Company may be immediately downsized so as to allow operations to be continued until 31 December 2018.

Consequently, it is the Management's conclusion that the requirements for the going concern assumption are satisfied.

Reference is made to note 2 for more details.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements for the period 16 March - 31 December 2017

Income statement

Note	DKK	2017 10 months
	Other external expenses	-1,181,241
	Gross margin	-1,181,241
3	Staff costs	-1,603,449
	Amortisation/depreciation of intangible assets	-3,145,000
	Research and development costs	-13,339,420
	Profit/loss before net financials	-19,269,110
	Financial income	170,144
4	Financial expenses	-388,274
	Profit/loss before tax	-19,487,240
5	Tax for the year	3,111,030
	Profit/loss for the year	-16,376,210
	Recommended appropriation of profit/loss	-16,376,210
	Retained earnings/accumulated loss	-16,376,210

Financial statements for the period 16 March - 31 December 2017

Balance sheet

Note	DKK	2017
	ASSETS	
	Fixed assets	
6	Intangible assets	
	Acquired intangible assets	56,645,000
		<u>56,645,000</u>
	Total fixed assets	<u>56,645,000</u>
	Non-fixed assets	
	Receivables	
	Corporation tax receivable	3,111,030
	Other receivables	54,888
	Prepayments	42,125
		<u>3,208,043</u>
	Cash	<u>3,877,896</u>
	Total non-fixed assets	<u>7,085,939</u>
	TOTAL ASSETS	<u><u>63,730,939</u></u>
	EQUITY AND LIABILITIES	
	Equity	
	Share capital	50,000
	Share premium account	0
	Retained earnings	43,291,729
	Total equity	<u>43,341,729</u>
	Liabilities other than provisions	
8	Non-current liabilities other than provisions	
	Payables to group enterprises	18,737,274
		<u>18,737,274</u>
	Current liabilities other than provisions	
	Trade payables	1,195,834
	Other payables	456,102
		<u>1,651,936</u>
	Total liabilities other than provisions	<u>20,389,210</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>63,730,939</u></u>

- 1 Accounting policies
- 2 Going concern uncertainties
- 9 Contractual obligations and contingencies, etc.
- 10 Collateral
- 11 Related parties



Financial statements for the period 16 March - 31 December 2017

Statement of changes in equity

DKK	Share capital	Share premium account	Retained earnings	Total
Established through contribution-in-kind	50,000	59,740,000	0	59,790,000
Expenses, capital increase	0	0	-72,061	-72,061
Transfer through appropriation of loss	0	0	-16,376,210	-16,376,210
Transferred from share premium account	0	-59,740,000	59,740,000	0
Equity at 31 December 2017	50,000	0	43,291,729	43,341,729

Financial statements for the period 16 March - 31 December 2017

Notes to the financial statements

1 Accounting policies

The annual report of Asarina Pharma ApS for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

There are no comparative figures since this is the first annual report of Asarina Pharma ApS.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Income statement

Research costs

The item includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to administration, premises, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation

The item comprises amortisation/depreciation and impairment of intangible assets (patents).

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	10-20 years
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Management has applied their knowledge of the useful life of the acquired intangibles, which comprise of patents. Management has decomposed the intangible value into key patents and applied key assumptions for the useful life of each key patent including the expiry dates of the patents and any consideration for prolongation of the expiry dates of the patents.

Management has concluded that the useful life of the decomposed patents is in the range of 10-20 years depending on expiry of the patent and expected lifetime.

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised. In case of changes in the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements for the period 16 March - 31 December 2017

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Intangible assets include patent assets and other acquired intangible rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Impairment of fixed assets

The carrying amount of intangible assets is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise bank deposits.

Financial statements for the period 16 March - 31 December 2017

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

2 Going concern uncertainties

At 31 December 2017, the Company had a cash position of approximately DKK 3,878 thousand. The planned phase 2b study, which is expected to start in 2018, will require additional funding in order to complete, and the cash burn for 2018 is expected to be higher than the cash in hand end of year.

In 2018, the parent company in Sweden has already obtained new funding from the current investors, and is further negotiating additional funding from existing investors to secure further clinical development. Additional funding in the parent company will allow the parent company to support the Danish company further financially.

The management has concluded that if the parent company is not successful in obtaining the additional funding during 2018, the Company may be immediately downsized so as to allow operations to be continued until 31 December 2018.

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Financial statements for the period 16 March - 31 December 2017

Notes to the financial statements

	2017 10 months
DKK	
3 Staff costs	
Wages/salaries	1,600,000
Other social security costs	1,993
Other staff costs	1,456
	<u>1,603,449</u>
Average number of full-time employees	<u>1</u>
4 Financial expenses	
Interest expenses, group entities	361,377
Other financial expenses	26,897
	<u>388,274</u>
5 Tax for the year	
Estimated tax charge for the year	<u>-3,111,030</u>
	<u>-3,111,030</u>

Estimated tax for the year comprises recognised tax credits for the income year 2017 with reference to LL §8X regarding tax credits for research and development expenditures.

	Acquired intangible assets
DKK	
Cost at 16 March 2017	59,790,000
Cost at 31 December 2017	59,790,000
Impairment losses and amortisation at 16 March 2017	0
Amortisation for the year	3,145,000
Impairment losses and amortisation at 31 December 2017	3,145,000
Carrying amount at 31 December 2017	<u>56,645,000</u>

Acquired intangible assets include patents with a carrying amount of DKK 56,645 thousand.

Management has not identified any evidence of impairment relative to the carrying amount of the patents.

Financial statements for the period 16 March - 31 December 2017

Notes to the financial statements

7 Deferred tax assets

The Company has deferred tax at a carrying amount of DKK 1,176 thousand at 22% corporation income tax rate. As it is uncertain if this deferred tax asset can be utilised within a foreseeable future (3-5 years), their carrying amount has not been recognised in the financial statements.

8 Non-current liabilities other than provisions

DKK	Total debt at 31/12 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Payables to group enterprises	18,737,274	0	18,737,274	0
	<u>18,737,274</u>	<u>0</u>	<u>18,737,274</u>	<u>0</u>

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

There are no contractual obligations or contingencies at 31 December 2017.

10 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2017.

11 Related parties

Asarina Pharma ApS' related parties comprise the following:

Significant influence

Related party	Domicile	Basis for significant influence
Asarina Pharma AB	Fogdevreten 2, Solna, Stockholm, Sweden	Shareholder