

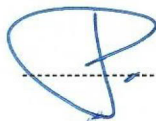
Asarina Pharma ApS

Ole Maaløes Vej 3, 2200 København N

CVR no. 38 49 57 12

Annual report 2018

Approved at the Company's annual general meeting on *22 May 2019*
Chairman:



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CONTENT

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	7
Notes to the financial statements	10

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 1 January - 31 December 2018.

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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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

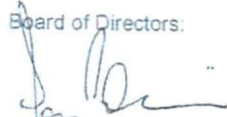
We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 15 May 2019
Executive Board:



Peter Hviid Nordkild

Board of Directors:



Paul de Potocki
Chairman



Peter Hviid Nordkild



Jakob Dynnes Hansen

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 1 January - 31 December 2018, 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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 Company 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 skepticism throughout the audit. We also:

- 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
- 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
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management
- 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

Independent auditor's report

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

- 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.

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, 15 May 2019
Ernst & Young

Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Christian Schwenn Johansen
State Authorised Public Accountant
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	Copenhagen
Financial year	1 January – 31 December
Website	www.asarinapharma.com
Telephone	+45 5132 3698
Board of Directors	Paul de Potocki Peter Hviid Nordkild Jakob Dynnes Hansen
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 a novel and targeted product to treat women with PMDD, allowing these women to remain in control of their own life. Furthermore, Asarina is aiming to pursue other indications related to the menstrual cycle, incl. menstrual migraine.

During 2018, the Company initiated clinical phase IIB study with Sepranolone. This study will encompass more than 200 women.

Unusual matters having affected the financial statements

Going concern

At 31 December 2018, the Company had a cash position of approximately DKK 1,217 thousand. The phase IIB study is financed by loans from the parent company.

In September 2018, the parent company Asarina Pharma AB was listed on First North in Stockholm.

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 1 January - 31 December

Income statement

Note	DKK	2018	2017
		12 months	10 months
	Other external expenses	-891,919	-1,181,241
	Gross margin	-891,919	-1,181,241
3	Staff costs	-2,457,910	-1,603,449
	Amortisation/depreciation of intangible assets	-3,973,000	-3,145,000
3	Research and development costs	-28,859,802	-13,339,420
	Profit/loss before net financials	-36,182,631	-19,269,110
	Financial income	578,175	170,144
4	Financial expenses	-1,174,884	-388,274
	Profit/loss before tax	-36,779,340	-19,487,240
5	Tax for the year	5,500,000	3,111,030
	Profit/loss for the year	-31,279,340	-16,376,210
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-31,279,340	-16,376,210
		-31,279,340	-16,376,210

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2018	2017
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Acquired intangible assets	52,672,000	56,645,000
		<u>52,672,000</u>	<u>56,645,000</u>
	Investments		
	Deposits, investments	21,970	0
		<u>21,970</u>	<u>0</u>
	Total fixed assets	52,693,970	56,645,000
	Non-fixed assets		
	Receivables		
	Corporation tax receivable	5,500,000	3,111,030
	Other receivables	61,258	54,888
	Prepayments	0	42,125
		<u>5,561,258</u>	<u>3,208,043</u>
	Cash	1,216,660	3,877,896
		<u>1,216,660</u>	<u>3,877,896</u>
	Total non-fixed assets	6,777,918	7,085,939
	TOTAL ASSETS	59,471,888	63,730,939
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	50,000	50,000
	Retained earnings	12,012,389	43,291,729
		<u>12,062,389</u>	<u>43,341,729</u>
	Total equity	12,062,389	43,341,729
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Payables to group enterprises	40,320,829	18,737,274
		<u>40,320,829</u>	<u>18,737,274</u>
	Current liabilities other than provisions		
	Bank debt	25,168	0
	Trade payables	6,813,567	1,195,834
	Other payables	249,935	456,102
		<u>7,088,670</u>	<u>1,651,936</u>
	Total liabilities other than provisions	47,409,499	20,389,210
	TOTAL EQUITY AND LIABILITIES	59,471,888	63,730,939
1	Accounting policies		
2	Going concern uncertainties		
9	Contractual obligations and contingencies, etc.		
10	Collateral		
11	Related parties		

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2018	50,000	43,291,729	43,341,729
Transfer through appropriation of loss	0	-31,279,340	31,279,340
Equity at 31 December 2018	<u>50,000</u>	<u>12,012,389</u>	<u>12,062,389</u>

Notes to the financial statements

1 Accounting policies

The annual report of Asarina Pharma ApS for 2018 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.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

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

Income statement

Research and development 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 cost

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.

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.

Income tax of the year comprised refundable tax credits for costs incurred in connection with research and development activities under the Danish Tax Credit Regime.

Notes to the financial statements

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.

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.

Notes to the financial statements

Other payables

Other payables are measured at net realisable value.

2 Going concern uncertainties

At 31 December 2018, the Company had a cash position of approximately DKK 1,217 thousand. The phase IIB study is financed by loans from the parent company.

In September 2018 the parent company Asarina Pharma AB was listed on First North in Stockholm.

In addition, the Company has received a financial comfort letter from its Parent stating that the necessary capital will be made available to the Company in the next financial year.

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

	2018	2017
DKK	12 months	10 months
3 Staff costs		
Wages/salaries	2,431,000	1,600,000
Pensions	12,500	0
Other social security costs	6,228	1,993
Other staff costs	8,182	1,456
	<u>2,457,910</u>	<u>1,603,449</u>
Average number of employees	<u>2</u>	<u>1</u>
4 Financial expenses		
Interest expenses, group entities	1,159,338	361,377
Other financial expenses	15,546	26,897
	<u>1,174,884</u>	<u>388,274</u>
5 Tax for the year		
Estimated tax charge for the year	-5,500,000	-3,111,030
	<u>-5,500,000</u>	<u>-3,111,030</u>

Estimated tax for the year comprises recognised tax credits for the income year 2018 with reference to LL §8X regarding tax credits for research and development expenditures.

6 Intangible assets

DKK	Acquired intangible assets
Cost at 1 January 2018	<u>59,790,000</u>
Cost at 31 December 2018	<u>59,790,000</u>
Impairment losses and amortisation at 1 January 2018	3,145,000
Amortisation for the year	<u>3,973,000</u>
Impairment losses and amortisation at 31 December 2018	<u>7,118,000</u>
Carrying amount at 31 December 2018	<u>52,672,000</u>

Acquired intangible assets include patents with a carrying amount of DKK 52,672 thousand.

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

Notes to the financial statements

7 Deferred tax asset

The Company has deferred tax at a carrying amount of DKK 3,867 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 as of 31/12 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Payables to group enterprises	40,320,829	0	40,320,829	0
	<u>40,320,829</u>	<u>0</u>	<u>40,320,829</u>	<u>0</u>

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company has contractual obligations related to contracts with CROs and other vendors for research and development activities that have been initiated and are non-cancelable as of December 31, 2018, which establishes contractual commitments of approximately DKK 5 million.

The Company has entered into an operating lease for its office in Denmark with a non-cancelable lease term of six months, which as of 31 December 2018 constitutes a contractual obligation of DKK 35 thousand (2017: DKK 30 thousand).

10 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2018.

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