

Asarina Pharma ApS

Ole Maaløes Vej 3, 2200 København N

CVR no. 38 49 57 12

Annual report 2020

Approved by shareholder resolution on

21 April 2021

Chairman:

Paul de Potocki

Paul de Potocki (21. Apr 2021 20:15 GMT+2)

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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 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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 by a shareholder resolution.

Copenhagen, 21 April 2021

Executive Board:



[peter nordkild \(22. Apr 2021 08:55 GMT+2\)](#)

Peter Hviid Nordkild

Board of Directors:



[Paul de Potocki \(21. Apr 2021 20:15 GMT+2\)](#)

Paul de Potocki
Chairman



[peter nordkild \(22. Apr 2021 08:55 GMT+2\)](#)

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 2020, 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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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, 21 April 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Christian Schwenn Johansen
State Authorised Public Accountant
mne33234


Anders Roe Eriksen
State Authorised Public Accountant
mne46667

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	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

Asarina Pharma ApS ("the Company") was established by the parent company, Asarina Pharma AB (Sweden) on 16 March 2017 through contribution-in-kind of certain intangible assets. The Company is the operating vehicle for the major part of the R&D activities in the Asarina Pharma Group ("Asarina").

Asarina is developing novel pharmaceutical products, including its lead compound, Sepranolone, for treatment of neurological diseases such as menstrual migraine and Tourette Syndrome, allowing patients to remain in control of their life.

During 2020, the Company concluded its phase IIb study in Pre-menstrual Dysphoric Disorder (PMDD). The study did not meet its clinical end-point and as a consequence, the Company has discontinued further clinical development of PMDD. Asarina continued its phase IIa study with Sepranolone in menstrual migraine, the results of which are expected in mid-2021. Around the same time, the Company plans to initiate a phase IIa study in Tourette Syndrome.

The Company has been moderately impacted by the Covid-19 pandemic, primarily through a 3 months' delay in the recruitment for the phase IIa study in menstrual migraine. This has increased the total costs of the study by an estimated DKK 3 million.

Going concern

At 31 December 2020, the Company had a cash position of approximately DKK 9,920 thousand. The parent company finances the Company's activities by tax-free group contributions, which in 2020 amounted to a total of DKK 44,554 thousand. Based on the consolidated cash position, the Company expects to be able to complete both phase IIa studies by mid-2022.

Reference is made to note 2 for more details.

Events after the balance sheet date

No event has occurred after the balance sheet date which could have a material impact on the Company's financial position.

Financial statements 1 January - 31 December

Income statement

Note	DKK	<u>2020</u>	<u>2019</u>
	Other external expenses	-1,890,785	-1,446,125
	Gross margin	-1,890,785	-1,446,125
4	Staff costs	-5,268,173	-5,123,583
7	Amortisation/depreciation of tangible and intangible assets	-4,036,188	-3,973,776
4	Research and development costs	-45,047,285	-45,078,294
	Profit/loss before net financials	-56,242,431	-55,621,778
	Financial income	247,869	450,899
5	Financial expenses	-1,033,684	-2,716,136
	Profit/loss before tax	-57,028,246	-57,887,015
6	Tax for the year	5,500,000	5,500,000
	Profit/loss for the year	-51,528,246	-52,387,015
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-51,528,246	-52,387,015
		-51,528,246	-52,387,015

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2020	2019
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Acquired intangible assets	44,725,336	48,698,224
		<u>44,725,336</u>	<u>48,698,224</u>
8	Tangible assets		
	Fixtures and fittings, other plant and equipment	1,357,861	0
	Assets under construction	0	1,266,006
		<u>1,357,861</u>	<u>1,266,006</u>
	Investments		
	Deposits, investments	22,629	22,629
		<u>22,629</u>	<u>22,629</u>
	Total fixed assets	46,105,826	49,986,859
	Non-fixed assets		
	Receivables		
	Corporation tax receivable	5,500,000	5,500,000
	Receivables from group enterprises	0	177,546
	Other receivables	80,759	216,089
	Prepayments	0	89,682
		<u>5,580,759</u>	<u>5,983,317</u>
	Cash	9,920,555	7,790,206
		<u>9,920,555</u>	<u>7,790,206</u>
	Total non-fixed assets	15,501,314	13,773,523
	TOTAL ASSETS	61,607,140	63,760,382
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	50,000	50,000
	Retained earnings	44,027,253	51,001,938
		<u>44,077,253</u>	<u>51,051,938</u>
	Total equity	44,077,253	51,051,938
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Payables to group enterprises	8,316,190	0
		<u>8,316,190</u>	<u>0</u>
	Current liabilities other than provisions		
	Bank debt	0	54,458
	Trade payables	8,105,968	11,635,738
	Other payables	1,107,729	1,018,248
		<u>9,213,697</u>	<u>12,708,444</u>
	Total liabilities other than provisions	17,529,887	12,708,444
	TOTAL EQUITY AND LIABILITIES	61,607,140	63,760,382

- 1 Accounting policies
- 2 Financing
- 3 Events after the balance sheet date
- 9 Deferred tax asset
- 10 Contractual obligations and contingencies, etc.
- 11 Collateral

Financial statements 1 January - 31 December

12 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2019	50,000	12,012,389	12,062,389
Group contribution from parent company (note 2)	0	91,376,564	91,376,564
Transfer through appropriation of loss	0	-52,387,015	-52,387,015
Equity at 31 December 2019	50,000	51,001,938	51,051,938

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2020	50,000	51,001,938	51,051,938
Group contribution from parent company (note 2)	0	44,553,561	44,553,561
Transfer through appropriation of loss	0	-51,528,246	-51,528,246
Equity at 31 December 2020	50,000	44,027,253	44,077,253

Notes to the financial statements

1 Accounting policies

The annual report of Asarina Pharma ApS for 2020 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 patent lifetime. The expected lifetime of the current assets are as follows:

Acquired intangible assets	10-20 years
Manufacturing equipment	5 years

Management has applied their knowledge of the useful life of the acquired intangibles, which comprise patents covering Asarina's lead compound, Sepranolone. Management has decomposed the intangible value into key patents and applied key assumptions for the lifetime 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 remaining lifetime of the decomposed patents is in the range of 10-20 years.

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

Notes to the financial statements

development activities under the Danish Tax Credit Regime.

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.

Tangible assets

Tangible assets include plant and equipment and assets under construction.

Tangible assets are measured at cost less accumulated depreciation and amortisation.

When assets under construction are completed, they will be recognized under plant and equipment and depreciation and amortization will be initiated.

Gains and losses on the sale of tangible 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 tangible and 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.

Notes to the financial statements

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 Financing

As of 31 December 2020, the Company had a cash position of DKK 9,921 thousand.

In general, the Company's operations are financed by tax-free group contributions from Asarina Pharma AB. In 2020, the Company received total tax-free group contributions of DKK 44,554 thousand from its parent company.

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.

3 Events after the balance sheet date

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

Notes to the financial statements

DKK	2020	2019
4 Staff costs		
Wages/salaries	5,248,252	5,087,178
Other social security costs	12,501	11,682
Other staff costs	7,420	24,723
	<u>5,268,173</u>	<u>5,123,583</u>
Average number of employees	<u>2</u>	<u>3</u>
5 Financial expenses		
Interest expenses, group entities	245,872	2,556,917
Other financial expenses	787,812	159,219
	<u>1,033,684</u>	<u>2,716,136</u>
6 Tax for the year		
Estimated tax charge for the year	-5,500,000	-5,500,000
	<u>-5,500,000</u>	<u>-5,500,000</u>

Estimated tax for the year comprises recognised tax credits for the income year 2020 with reference to LL §8X regarding tax credits for research and development expenditures.

7 Intangible assets	Acquired intangible assets
DKK	
Cost at 1 January 2020	<u>59,790,000</u>
Cost at 31 December 2020	<u>59,790,000</u>
Impairment losses and amortisation at 1 January 2020	11,091,776
Amortisation for the year	<u>3,972,888</u>
Impairment losses and amortisation at 31 December 2020	<u>-15,064,664</u>
Carrying amount at 31 December 2020	<u>44,725,336</u>

Acquired intangible assets include patents with a carrying amount of DKK 44,725 thousand. At the balance sheet date, the patents are used for the studies relating to menstrual migraine and Tourette Syndrome.

As of 31 December 2020, Management has performed an evaluation of the patent assets to determine any need for impairment. The Company has obtained an external valuation of its current projects in menstrual migraine and Tourette Syndrome. The valuation indicates a combined value of the two programs which significantly exceeds the book value of the intangible assets. Furthermore, the market capitalisation of the Asarina Pharma AB shares exceeds the book value of the intangible assets. As a consequence, Management does not see a basis for an impairment.

Notes to the financial statements

8 Tangible assets

DKK	Fixtures and fittings, other plant and equipment	Assets under construction
Cost at 1 January 2020	0	1,266,006
Additions	155,155	0
Transferred	1,266,006	-1,266,006
	<hr/>	<hr/>
Cost at 31 December 2020	1,421,161	0
	<hr/>	<hr/>
Depreciation and amortisation at 1 January 2020	0	0
Depreciation and amortisation for the year	63,300	0
	<hr/>	<hr/>
Depreciation and amortisation at 31 December 2020	63,300	0
	<hr/>	<hr/>
Carrying amount at 31 December 2020	1,357,861	0

9 Deferred tax asset

The Company has deferred tax at a carrying amount of DKK 97,450 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), the carrying amount has not been recognised in the financial statements.

10 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company has contractual obligations related to CROs and other vendors for contracts that have been initiated and are non-cancelable, which establishes contractual commitments of approximately DKK 10 million as of 31 December, 2020.

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 2020 constitutes a contractual obligation of DKK 66 thousand (2019: DKK 35 thousand).

11 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.

12 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












Asarina Pharma ApS_Årsregnskab 2020

Endelig revisionsrapport

2021-04-22

Oprettet:	2021-04-21
Af:	Dorte Dannemann (dorte.dannemann@asarinapharma.com)
Status:	Underskrevet
Transaktions-id:	CBJCHBCAABAA0i3cyVwjVpmO7Szy0luOXYgSGUEWJLBJ

Oversigt over "Asarina Pharma ApS_Årsregnskab 2020"

-  Dokument oprettet af Dorte Dannemann (dorte.dannemann@asarinapharma.com)
2021-04-21 - 17:10:11 GMT- IP-adresse: 80.162.21.72
-  Dokumentet blev sendt til Paul de Potocki (paul.depotocki@telia.com) til underskrivelse
2021-04-21 - 17:12:22 GMT
-  Dokumentet blev sendt til peter nordkild (peter.nordkild@asarinapharma.com) til underskrivelse
2021-04-21 - 17:12:22 GMT
-  Dokumentet blev sendt til Jakob Dynnes Hansen (jakob.dynnes@asarinapharma.com) til underskrivelse
2021-04-21 - 17:12:22 GMT
-  E-mail blev vist af Paul de Potocki (paul.depotocki@telia.com)
2021-04-21 - 18:13:23 GMT- IP-adresse: 195.198.156.195
-  Dokumentet blev e-underskrevet af Paul de Potocki (paul.depotocki@telia.com)
Dato for signatur: 2021-04-21 - 18:15:00 GMT - tidskilde: server- IP-adresse: 195.198.156.195
-  E-mail blev vist af Jakob Dynnes Hansen (jakob.dynnes@asarinapharma.com)
2021-04-21 - 19:14:20 GMT- IP-adresse: 87.59.118.220
-  Dokumentet blev e-underskrevet af Jakob Dynnes Hansen (jakob.dynnes@asarinapharma.com)
Dato for signatur: 2021-04-21 - 19:14:44 GMT - tidskilde: server- IP-adresse: 87.59.118.220
-  E-mail blev vist af peter nordkild (peter.nordkild@asarinapharma.com)
2021-04-21 - 19:57:05 GMT- IP-adresse: 89.23.224.122
-  Dokumentet blev e-underskrevet af peter nordkild (peter.nordkild@asarinapharma.com)
Dato for signatur: 2021-04-22 - 06:55:32 GMT - tidskilde: server- IP-adresse: 89.23.224.122
-  Aftale fuldført.
2021-04-22 - 06:55:32 GMT