A leading force in the fight against mitochondrial disease.

ANNUAL REPORT 2018

Content

Introduction

2 About NeuroVive
2 Reading instructions
2 Trademarks
2 Content
3 2018 in brief
4 CEO's statement
6 Strategy

Statutory Administration Report

Research and development

14 Project portfolio
16 Program for traumatic brain injury (TBI)
18 Program for genetic mitochondrial disorders
20 Program for non-alcoholic steatohepatitis (NASH)
21 Program for liver cancer (HCC)
22 Organization and expertise
24 The share
26 Operations
30 Financial information
31 Five-year summary
32 Risk factors
34 Corporate Governance
44 NeuroVive's Board
45 NeuroVive's Management

Financial statements

The Group

48 Consolidated Statement of Comprehensive Income
49 Consolidated Statement of Financial Position
50 Consolidated Statement of Changes in Equity
51 Consolidated Statement of Cash Flows

The Parent Company

52 Income Statement
52 Statement of Comprehensive Income
53 Company Balance Sheet
54 Statement of Changes in Equity
55 Statement of Cash Flows

Notes

56 Notes on the consolidated and parent company statements

Other information

70 Board of Directors' declaration
71 Audit Report
74 Glossary
76 Milestones

About NeuroVive

NeuroVive Pharmaceutical AB is a leader in mitochondrial medicine, with one project in clinical phase I (KL1333) for genetic mitochondrial diseases and one project in preparation for a clinical phase II efficacy study for the prevention of moderate to severe traumatic brain injury (NeuroSTAT®). The R&D portfolio also consists of projects for genetic mitochondrial disorders, NASH and cancer.

The company advances drugs for rare diseases through clinical development into the market with our without partners. For projects for common indications the goal is out-licensing in the preclinical phase. A subset of compounds under NeuroVive's NVP015 program was in 2018 licenced to Fortify Therapeutics, a BridgeBio company, for local treatment of Leber's Hereditary Optic Neuropathy (LHON). NeuroVive is listed on Nasdaq Stockholm, Sweden (ticker: NVP). The share is also traded on the OTCQX Best Market in the US (OTC: NEVPF).

What is mitochondrial medicine?

Mitochondrial medicine is an area spanning from cell protection in acute and chronic medical conditions to the regulation of energy production and cell proliferation. Mitochondria are found inside the cells and can be considered as the cells' power plants. They give us the amount of energy we need to move, grow and think.

NeuroVive's project portfolio includes a large number of cyclophilin inhibitors that serve as organ protection by increasing the mitochondrial resistance to various types of stress and by reducing the development of fibrosis. NeuroVive is also working with several molecules in the project portfolio, focused on the regulation of mitochondrial energy production, in both genetic mitochondrial disorders and prevalent metabolic diseases such as NASH. NeuroVive also has a liver cancer project in which the company is working with a completely new treatment strategy, involving cyclophilin inhibition, for this disease.

Reading instructions. The figures in brackets, unless otherwise specified, refer to 2017 operations. Swedish kronor (SEK) are used throughout.
Trademarks. NeuroSTAT® is a trademark of NeuroVive Pharmaceutical AB (publ) and is registered in Sweden and other countries.
Swedish version prevails. This Annual Report is published in Swedish and English. In the event of any difference between the English version and the Swedish original, the Swedish version shall prevail.

2018 in brief

KL1333

Positive clinical results
Positive KL1333 phase I clinical study results.

Important regulatory approval
KL1333 clinical trial regulatory approval from the UK regulatory authority (MHRA).

Orphan Drug Designation
KL1333 receives Orphan Drug Designation in the US.

NeuroSTAT, NV354 and NVP025

Early signal of efficacy (NeuroSTAT)
Signal of clinical efficacy of NeuroSTAT from successful biomarker measurements in samples from the CHIC TBI-study.

Collaboration (NeuroSTAT)
NeuroVive initiates collaboration with TRACK-TBI, a world leading US TBI research organization.

Preclinical results (NV354 & NVP025)
Positive in vivo efficacy data in an advanced experminental model for the NV354 project.

The NVP025 project's model compound shows positive effects.

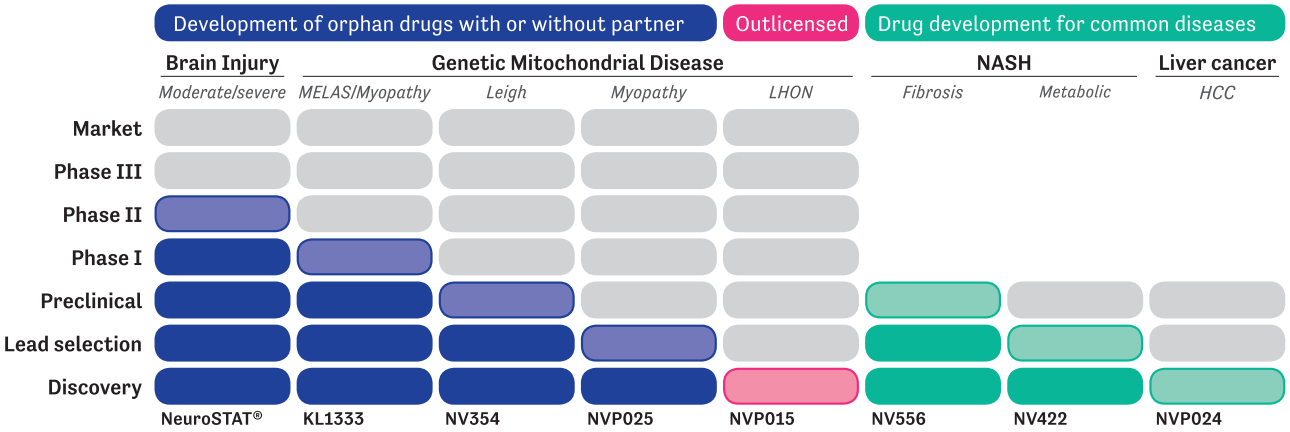
Business development and financing

Out-licensing agreement
NeuroVive out-licenses targeted LHON (Leber's Hereditary Optic Neuropathy) therapy to BridgeBio Pharma's new subsidiary Fortify Therapeutics.

Research grant
NeuroVive has been awarded SEK 1.5 million as a first tranche of total SEK 5 million in funding from Vinnova, for intensified development in the NVP015 project.

Capital
NeuroVive resolved on a rights issue, which provided the company with MSEK 64.2 after issue costs.

NeuroVive's project portfolio



Many mitochondrial disorders affect young children. Nearly all of these disorders lack adequate therapies, which leads to a great deal of human suffering and premature death. We at NeuroVive would like to change this, by developing new pharmaceutical therapies.

COMMENTS FROM CEO ERIK KINNMAN

In summarizing 2018, we can say that it was a very successful year for our focus projects. Not as visible, but just as important, is our intensive business development and search for alternate financing to establish new revenue streams and increase the possibilities to increase the value of NeuroVive. The out-licensing to BridgeBio/Fortify and the funding from Vinnova were the most tangible results of this work in 2018.

In 2019, we plan and prepare the initiation of two important clinical studies.

There is a broad range of serious mitochondrial disorders. These disorders are relatively rare (12 persons per 100,000) but the consequences are serious, especially when the mitochondrial function is severely reduced and when the symptoms onset in children and juveniles. These illnesses lead to chronic impairment of organ functions, and almost always entail a significantly shorter expected life span. Apart from a drug for the treatment of the eye disorder Leber's Hereditary Optic Neuropathy (LHON), there are currently no approved drugs for treatment of mitochondrial diseases. In other words, there is a substantial unmet medical need, and the commercial opportunities are significant.

NeuroVive is focusing its current resources on two projects, KL1333 and NV354, aimed at producing effective therapies for mitochondrial disorders. If we succeed at this, it will mean we can continue to improve the quality of life for a group of patients who today completely lack effective treatment options. Improving the lives of these patients, especially children and young people, is the major driving force for everyone working at NeuroVive.

Developing drugs for genetic mitochondrial disorders

KL1333. Out of all our drug candidates for the treatment of mitochondrial disorders, the one that has come the furthest is KL1333, which was developed for the treatment of MELAS syndrome, PEO, Kearns-Sayre syndrome and Pearson syndrome. After having our application for a Phase Ia/b trial with patients and healthy volunteers granted by the Medicines and Healthcare Products Regulatory Agency (MHRA), a supervisory agency in the UK, we began this study in March 2019.

NV354. Our other drug candidate for the treatment of mitochondrial disorders is NV354, which is an alternate source of energy in genetic mitochondrial disorders. The initial experimental results are very positive and we will continue preclinical development in 2019, with the aim of starting clinical trials in 2020.

NeuroSTAT — for treatment of traumatic brain injury

Traumatic brain injury (TBI) is caused by an external physical force to the head, with immediate injury and nerve cell damage as a result. The initial injury continues to worsen over several days after the initial trauma. More than 50 million new cases occur every year, and TBI is believed to burden the global economy by nearly USD 400 billion annually in direct and indirect healthcare costs. NeuroSTAT, our focus project, achieved very positive results in 2018 from analyses of biomarkers from the Phase II trial (the Copenhagen Head Injury Cyclosporin study, or CHIC) at the Rigshospitalet in Copenhagen. The results indicate that NeuroSTAT, precisely as intended, inhibits the secondary injury cascades resulting from brain trauma. Bolstered by these positive results, which means that NeuroSTAT is now scientifically of even greater interest than ever, we are now preparing a future clinical Phase II trial. We plan to finance this trial in part with our own funds and primarily with external, non-dilutive financing. Our ambition is to begin the trial in 2019.

It is important to keep in mind that all drug development is linked with a great deal of uncertainty, and it is never possible to guarantee positive results.

Outcome in our rights issue and directed issue makes us capitalised for clinical progress

I would like to thank all existing shareholders who have participated in the issue for your continued support and warmly welcome our new shareholders including institutional longterm investors. We are in a very exciting period in the Company's development. The financial resources now provided ensure the implementation of crucial value-creating activities in the coming year, primarily in our clinical phase projects.

Alternative sources of capital to create value

Our shareholders have been crucial to our success in 2018, which we are extremely grateful for. At the same time, it is our ambition to provide the company with different types of capital, and NeuroVive is intensely developing its business and is searching alternative financing to establish new revenue flows and financing of the company's projects. This mainly involves three activities. We actively seek *strong partners* who can contribute capital and knowledge to all of our active projects, but above all, to the projects that have progressed furthest in their development. In parallel with this, we look for various forms of *external, non-dilutive funding*. The funding of SEK 5 million from Vinnova for the intensified development of candidate compound NV354 is one result of this work. In addition to this, we are continuing our work on *out-licensing*, as in the case with BridgeBio/Fortify. The current focus is NV556, which is being developed for the treatment of liver fibrosis in connection with nonalcoholic steatohepatitis (NASH). The aim is to be able to sign an out-licensing agreement in the first half of 2019.

Erik Kinnman
CEO
March 2019

STRATEGY

The company's strategy is to collaborate with international partners to take orphan drugs for rare disorders through to marketing authorization, and to take specialty drugs for common diseases to pre-clinical stage and subsequently out-license these projects. NeuroVive's overall vision and objective is to develop innovative drugs in areas of disorders associated with a major unmet medical need, creating value for both patients and the company's owners.

The annual sales potential for drugs against genetic mitochondrial disorders is estimated at SEK 15 billion (Monocl Strategy 2017).

Strategic focus 1: Groundbreaking research and development

NeuroVive's goal is to improve the lives of those suffering from some form of mitochondrial disorder by developing medicinal therapies that preserve the integrity and function of mitochondria. NeuroVive is conducting mitochondrial research and development in four areas that currently lack adequate therapies: genetic mitochondrial disorders, traumatic brain injury, NASH and hepatocellular carcinoma.

Genetic mitochondrial disorders

The goal in the field of mitochondrial disorders is to develop adequate medicinal therapies for Alpers syndrome, Leigh syndrome, Kearns-Sayre syndrome, MELAS syndrome, MERRF syndrome, Pearson syndrome and PEO, all of which are disorders that create a great amount of suffering for those affected and their families. The disorders produce severe symptoms in various organs and a shortened lifespan, which for the worst sufferers is only a few years. The clinical symptoms can vary widely, depending among other things on to which extent the mitochondrial function is reduced in different organs. Characteristic of all the disorders is that the symptoms gradually worsen over time, in pace with the deteriorating function of the organs affected.

Traumatic brain injury (TBI)

External trauma against the head can give rise to severe brain injuries. The most frequent causes of traumatic brain injuries are falls, sports accidents, traffic accidents and abuse. Acute trauma leads to immediate damage to the brain's nerve cells. The damage continues to worsen after the initial trauma, and it is this secondary process that NeuroVive intends to treat and limit. Calculations show that 50 million people suffer from traumatic brain injury every year, and that the annual cost totals USD 400 billion. Limiting the scope and breadth of the damage would mean both major gains as regards improved quality of life for those affected, and lower healthcare costs. NeuroVive has a project in clinical Phase II intended to limit the damage in connection with traumatic brain injuries.

NASH

NASH is a condition that can lead to cirrhosis of the liver or liver cancer (hepatocellular carcinoma). There is a strong link between NASH and other disorders such as diabetes and obesity. There are no approved drugs for treating NASH at the present time, but with forthcoming therapies, the NASH market is expected to exceed USD 25 billion, globally, by 2026. (Global Data, OpportunityAnalyzer: NASH – Opportunity Analysis and Forecasts to 2026). NeuroVive has two projects in the preclinical phase, aimed at treating liver fibrosis from NASH in ways that are not possible today.

Hepatocellular carcinoma

Hepatocellular carcinoma (liver cancer) is the third deadliest form of cancer in the world[1]. While surgery, chemotherapy and radiotherapy are important starting points for the treatment of liver tumors, there is a major medical need for supplementary medical therapies to reduce the side effects and increase the survival rate. NeuroVive has a project in the early preclinical phase.

Patents

A key aspect of NeuroVive's strategy is to protect its expertise with strong patents. Patent protection covers discoveries of chemical compounds, methods and production processes related to the company's operations in core markets. NeuroVive has built a strong position in the field of patents through strategically defined patent families, mainly in the fields of cyclosporine formulation, sanglifehrin-based compounds and other novel, and completely independent, compounds in its NVP015 (including NV354) and NV422 projects. Patents and patent applications are mainly concentrated in the key commercial markets of Europe, the US and Asia.

Customers

The main customers of NeuroVive's products include patients, specialist healthcare and institutions that pay for medicines. End users are future patients. Primary prescribers and providers of NeuroVive's future drugs include highly specialized physicians at national and regional centers for trauma care and at centers of expertise for genetic metabolic disorders and cancer. An additional goal of NeuroVive's drug development project for traumatic brain injury is that the drug may eventually also be administered by paramedics at the scene of the accident. Thus, for all NeuroVive's drug development projects, the future customers are a relatively concentrated group of specialists, decision makers and patients.

NeuroVive's research projects are based on innovative pharmaceutical strategies for severe diseases where there are currently no effective treatments.

Magnus Hansson
Chief Medical Officer

1) Altekruse SF, McGlynn KA, Reichman ME: Hepatocellular carcinoma incidence, mortality, and survival trends in the United States from 1975 to 2005. J Clin Oncol 27 (9):1485-91, 2009.

Strategic focus 2: Two paths to success

NeuroVive's development projects can in general be divided into two categories: orphan drugs for genetic mitochondrial disorders and traumatic brain injury, and development of drug candidates aimed at more common illnesses treated in specialist health care, such as NASH and liver cancer.

Since the markets and requirements during clinical development differ markedly between orphan drugs and ordinary drugs, NeuroVive has chosen two different development paths:

- Drugs with the potential of being classified as orphan drugs will be developed all the way to market by NeuroVive, or alternately NeuroVive with partners
- Development of drug candidates for the treatment of commonly occurring illnesses will be out-licensed in the preclinical phase.

Developing orphan drugs

Medicines that address genetic mitochondrial disorders have excellent prospects for orphan drug designation while they are being developed and being granted orphan drug status following market approval. This means that the development work is facilitated in several ways: the European Medicines Agency and the US Food and Drug Administration have reduced fees for development projects with the orphan drug designation and can assist with scientific support, while the documentation requirements are less comprehensive than for traditional drugs. This means that the development of orphan drugs goes more quickly and has greater prospects of reaching the market than drugs that do not have the orphan drug designation. Orphan drug status can be granted after the drug has received market approval, providing seven or ten years of market exclusivity in the US and Europe, respectively. Owing to the obvious advantages that an orphan drug designation entails, NeuroVive believes that the company has the conditions — either by itself or with some partner — to take these drugs all the way to the market, thereby maximizing the commercial outcome. NeuroVive has been granted orphan drug designation for NeuroSTAT and KL1333 in the US and Europe.

Developing drugs for more common illnesses

Deep knowledge and research in mitochondrial medicine has also led to the development of drug candidates that target illnesses treated in specialist health care, such as NASH and liver cancer. These projects are advanced to preclinical stage for subsequent out-licensing to a pharmaceutical company for further clinical development and commercialization. This second element of the business model creates opportunities for revenue in the short term, while building further value for the company in the medium to long term.

Value creation at limited cost and risk

By choosing these two paths, NeuroVive maximizes the commercial possibilities in the orphan drug field, while innovation in common disorders can be industrialized and create revenue flows early on in development work through out-licensing and/or partnership.

The model is based on estimations by NeuroVive and illustrates the difference between developing orphan drugs and drugs that do not have an orphan drug designation.

Strategic focus 3: Financial efficiency

All drug development requires extensive resources to be successful. Drug development is also a carefully regulated process. After preclinical studies in which the drug is tested in various experimental models, extensive clinical studies begin in order to ensure that the drug is both safe to use and delivers the intended effect. The costs from preclinical experiments to approved drug are significant.

Conducting such cost-intensive operations as drug development places great demands on financial governance and efficiency in operations. NeuroVive conducts extensive research and development, comprising both discovery research and clinical development. This work is carried out both in-house, and in collaboration with well known and respected partners. The flexible network organization aims to deliver high-quality research and development that is time and cost-efficient.

In parallel with conducting operations as efficiently as possible, NeuroVive works continually on creating resources for further development.

Future revenue

NeuroVive works under two main scenarios for establishing future revenue: sales revenue for the drugs the company intends to bring all the way to market, and revenue from out-licensing, milestone payments or royalties from the drug candidates licensed out. In 2018, NeuroVive out-licensed parts of the NVP015 project to BridgeBio/Fortify with a potential total value of USD 60 million, including any royalty payments. In addition to the financial value of this business, the agreement with BridgeBio/Fortify also underpins the ability to deliver NeuroVive's business model in practice.

NeuroVive takes part in relevant partnering conferences and has constructed a broad network among potential partners. The company's ambition is to gradually increase revenue from out-licensing projects.

At present, NeuroVive is conducting three projects in genetic mitochondrial disorders, which the company intends to take all the way to the market itself or alternately with a partner. One of these projects is in clinical Phase I, while the other two are preclinical.

External funding

NeuroVive has received a total of SEK 5 million in funding from Vinnova, Sweden's innovation agency, through its Swelife call for proposals for intensified development in the NVP015 project, the goal of which is to prepare the candidate compound NV354 for clinical studies. Furthermore, the company's partner Children's Hospital of Philadelphia (CHOP) received a four million dollar grant for research within the NVP015 project. The company's ambition in the NeuroSTAT project is similarly to conduct a clinical efficacy study with non-dilutive funds or via a partnership.

The capital market remains important

NeuroVive's operations have to date largely been financed by the capital market. Even with a positive trend in NeuroVive's out-licensing activities, it is realistic to assume that the company will need further capital contributions.

NeuroVive works under two main scenarios for establishing future revenue: sales revenue and partnering.

Catharina Johansson
CFO

INTERVIEW WITH ROGER KJELL WHO HAS THE GENETIC MITOCONDRIAL DISEASE MELAS

"I had CAT scans and x-rays, I went to a thoracic clinic, an infectious disease specialist, and a neurophysiologist and had a number of tests. As I said, after three years they concluded that it was indeed MELAS."

"I'm seeing a kidney doctor, a doctor for the diabetes, a neurologist and an eye doctor, who are all keeping tabs on my different symptoms and disabilities. I'd like it if they had another doctor coordinating them."

"Though I'll probably need a kidney transplant in the future, but I'll be far down on the list. But I'm trying not to worry about that now. I have 30% of my kidney capacity left."

Today, some 12 people out of every 100,000 are living with some form of mitochondrial disorder. The symptoms are often varied, with different degrees of severity; they usually involve several different organs, with gradual deterioration. At present, there is only one approved drug, in Europe, for the mitochondrial eye disorder LHON (Leber's hereditary optic neuropathy). Roger Kjell suffers from the genetic mitochondrial disorder MELAS (mitochondrial encephalopathy, lactic acidosis, and stroke-like episodes) which, according to the Swedish National Board of Health and Welfare, some 100–150 people in Sweden are living with today.

What is MELAS?
"It is a mitochondrial disorder in which there is a genetic error in all the body's cells that causes other diseases as symptoms."

How does MELAS manifest itself for you?
"I have hearing loss, a type of diabetes and impaired kidney function. All due to MELAS."

When did you discover you had this disorder?
"Eight years ago, I began having problems with my eyes. So I went to the eye specialist. They thought it was inflammation of the optic nerve, and told me to go to the ER the next day. The emergency neurologist examined my eyes and said it wasn't an inflammation."

"Then they started taking blood samples and running tests. After eight hours, they decided to admit me for elevated blood sugar. They said they couldn't see that I had diabetes, but I had elevated blood sugar."

When did they determine it was MELAS?
"It took nearly three years for them to figure out what it was. Everyone wondered how it was possible to have diabetes without having the tiny antibodies in the blood that indicate Type 1 diabetes. And how do diabetes and hearing loss go together, along with the eye problem?"

"I had CAT scans and x-rays, I went to a thoracic clinic, an infectious disease specialist, and a neurophysiologist and had a number of tests. As I said, after three years they concluded that it was indeed MELAS."

How did your life change when you got the diagnosis?
"It was really just another handicap because I'd had hearing loss from the beginning, so it probably wasn't as big a change as it would be for someone who had been completely healthy and suddenly got diabetes."

Is the hearing loss a symptom of your MELAS?
"Yes, apparently. I got it when I was around ten years old. The eardrum and ossicle on my right side broke apart. I had several ear infections as a child, so they thought the hearing loss was due to that."

How does your hearing loss affect you?
"Most of the hearing loss is now in the range of human speech. It's hard to hear someone calling from behind me. I can't determine the direction of a sound behind me, either. It's hard to hear s, v, p and t outside of a quiet environment."

Is it tough for you, having this disorder?
"Sometimes it's mentally difficult to know that I have to go around all the time with two different disabilities and a medical handicap. I'll never be able to do certain things that regular people do anymore — like eat candy. I have to watch what I eat all the time, and how much I move. I have to have a fixed sleeping routine. I can't be up as late as I want, because then my body starts acting strangely."

What does your medication look like?
"I take insulin, and medicine to increase my blood pressure and to decrease my lipoproteins and potassium. Potassium apparently accumulates in my blood. It hardens the arteries, which can cause a stroke. I also try not to eat things that contain potassium, such as bananas, spinach, broccoli or citrus fruits."

How many doctors are you seeing?
"I'm seeing a kidney doctor, a doctor for the diabetes, a neurologist and an eye doctor, who are all keeping tabs on my different symptoms and disabilities. I'd like it if they had another doctor coordinating them."

Are there other symptoms you think you might suffer due to MELAS?
"I hope there won't be any more symptoms. Though I'll probably need a kidney transplant in the future, but I'll be far down on the list. But I'm trying not to worry about that now. I have 30% of my kidney capacity left."

Are you worried that the disorder will give rise to more symptoms?
"MELAS first manifested as hearing loss at age ten, then high blood sugar and diabetes at age 30. Three years later, they found I was also having problems with my kidneys. The hearing loss and kidney problems go together with MELAS. I hope my kidneys won't be that much worse, since I've changed my diet. There really isn't anything to do about my hearing. It's probably just going to get worse. I hope there will be better hearing aids in the future. They're doing a lot of research into diabetes, but the question is whether I'll be cured of it or if they'll solve the problem with insulin."

How do you think MELAS impacts your life, in general?
"I suppose it's the different illnesses MELAS causes. They're what make you change your life and find new routines: how you eat, how you move, if you play games and sports or go to the gym, how you work — that is, how much energy you spend, mostly for the sake of the diabetes. You have to adapt your existence in accordance with your disabilities."

STATUTORY ADMINISTRATION REPORT

The Board of Directors and Chief Executive Officer of NeuroVive Pharmaceutical AB (publ), corporate identity number 556595-6538, hereby present the Annual Accounts and Consolidated Accounts for the financial year 1 January 2018 - 31 December 2018. The Company is registered in Sweden and has its registered office in Lund.

NeuroVive's researchers are working intensively to develop drugs for a range of genetic and acquired mitochondrial disorders. The overall research objective for NeuroVive is that these disorders will become treatable in the future to improve the quality of life for those affected.

PROJECT PORTFOLIO

NeuroVive has a broad project portfolio. Two projects are in clinical trials, while other projects are at various stages of preclinical development. In addition, NeuroVive has out-licensed compounds for the treatment of the eye disorder LHON to US BridgeBio/ Fortify.

Significant progress in the project for mitochondrial disorders and first sign of clinical efficacy of NeuroSTAT.

NeuroVive's project portfolio

Important progress and significant out-licensing agreement

2018 included several important milestones for NeuroVive's project portfolio. In particular, the KL1333 project developed favorably during the year with a successful first clinical Phase Ia trial in Korea. In 2018, NeuroVive also concluded a significant out-licensing agreement with the out-licensing of compounds in the NVP015 project to the US company BridgeBio. The agreement has a total potential value of USD 60 million for NeuroVive.

Several significant advances in NeuroVive's project for mitochondrial disorders

The key KL1333 project developed very positively in 2018. In May, the first Phase Ia clinical trial was concluded in South Korea. The trial found that KL1333 has a highly favorable and very distinct dose-proportional pharmacokinetic profile. In October, the next significant step was taken when the application by NeuroVive for a clinical Phase I trial with KL1333 for patients and healthy volunteers was approved by the Medicines and Healthcare Products Regulatory Agency (MHRA), a supervisory agency in the UK.

In April 2018, KL1333 was granted orphan drug designation by the US Food and Drug Administration (FDA). Orphan drug designation offers the KL1333 program extra access to regulatory and scientific advisory services and interactions with the FDA, as well as enabling a focused development program and a swift approval process.

A breakthrough was made in the NVP025 project early in 2018. An experimental study conducted jointly with researchers at the Karolinska Institute demonstrated that the project's model compound had beneficial effects in preventing the disease progression of mitochondrial myopathies (muscle weakness).

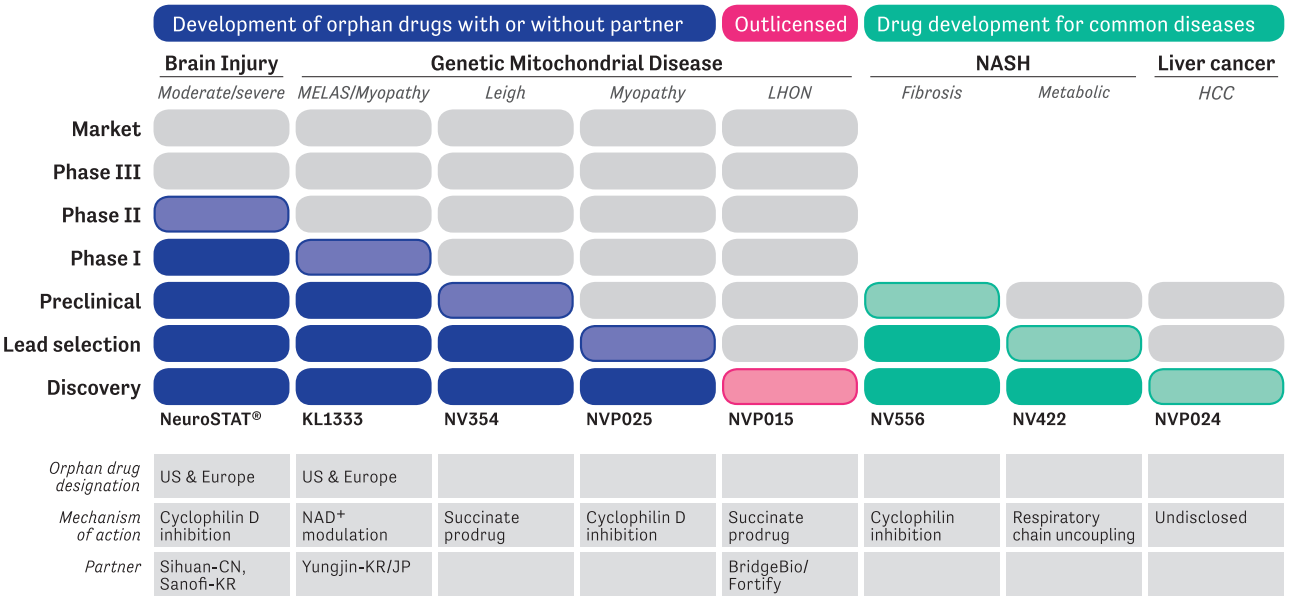
Out-licensing of targeted treatment of the eye disorder LHON

In June 2018, NeuroVive carried out an important out-licensing transaction when the company signed an exclusive licensing agreement with the US company BridgeBio. The agreement pertains to a subgroup of succinate prodrugs within NeuroVive's NVP015 program. The license agreement has a total potential value of approximately USD 60 million and includes milestone payments and royalties.

The first sign of clinical efficacy of NeuroSTAT in traumatic brain injury

In October 2018, NeuroVive presented the results of the analyses of biomarkers undertaken with samples from the company's clinical trials of patients with severe traumatic brain injury (CHIC trial) using the company's drug candidate NeuroSTAT. The results are very encouraging and reflect an early signal of efficacy based on the coincidence in time between changes to biomarkers and the administration of NeuroSTAT.

In the autumn of 2018, NeuroVive received a positive opinion from the FDA regarding the development plan for NeuroSTAT, which includes the design of the planned Phase II efficacy trials for NeuroSTAT against TBI.



Traumatic brain injury (TBI)

Traumatic brain injury (TBI) is caused by external force to the head resulting in immediate damage to nerve cells. The damage continues to worsen for several days after the acute trauma. The most common causes for TBI are trips and falls, traffic accidents, and assault and battery.[1] With more than 50 million new cases occurring each year, TBI is estimated to cost the global economy nearly 400 billion dollars annually in direct and indirect healthcare costs.[2] A large number of patients suffer moderate to severe functional disabilities requiring intensive care and various forms of lifelong support.

Market potential

Traumatic brain injury poses an enormous health and socioeconomic burden, with a major unmet need for effective therapies. There is no drug currently available that can prevent the progression of neurological and functional deficits after TBI.

The Company's candidate drug NeuroSTAT targets moderate to severe TBI, where the number of patients is estimated to be about 450,000 annually in the US and Europe, and consulting firm Monocl Strategy Services predicts that revenues for NeuroSTAT could amount to USD 1.6 billion per year.

1) www.internetmedicin.se/page.aspx?id=1178
2) Maas A Et al. Traumatic brain injury: integrated approaches to improve prevention, clinical care, and research. The Lancet Neurology. 2017 Nov; 16(12):987.

NeuroSTAT – candidate drug in clinical phase II study

Treatment objective
The aim for NeuroSTAT is to prevent the emergence of neurological and functional secondary brain damage after a traumatic injury, and thereby establish a therapy that will lead to increased survival, improved quality of life and preserved neurological function.

Project status: candidate drug in clinical phase II
NeuroSTAT, has been evaluated in a Phase II clinical study (Copenhagen Head Injury Ciclosporin-CHIC) at Copenhagen University Hospital in Denmark. The study, which ended in May 2017, studied safety, tolerability and pharmacokinetics, i.e. the effect of two different doses of the active ingredient ciclosporin as well as passage to the brain in patients with severe traumatic brain injury. In addition, samples from the patients have been included in a study where brain cell damage biomarkers have been analyzed.

The protective effects in traumatic brain injury and the relationship between efficacy and drug concentrations in the brain, were also assessed in an experimental study at the University of Pennsylvania (Penn). The NeuroSTAT candidate drug has orphan drug designation in both Europe and the US.

Milestones and important events 2018
- Publication/presentation of results from the CHIC study and from the experimental study in collaboration with Penn.
- Positive FDA feedback (pre-IND meeting) on the NeuroSTAT TBI development plan.
- Partnership with US world leading network of TBI specialists and researchers - TRACK-TBI.
- First signal of NeuroSTAT clinical efficacy from biomarker measurements in samples from the CHIC TBI study.

Objectives for 2019
- Secure external non-dilutive financing for upcoming Phase II efficacy study.
- Receive approval of IND application for clinical deve-lopment in the US.
- Start clinical phase II efficacy study if external financing is received

Genetic mitochondrial diseases

Genetic mitochondrial diseases are metabolic diseases that affect the ability of cells to convert energy. The disorders can manifest differently depending on the organs affected by the genetic defects and are viewed as syndromes. An estimated 12 in every 100,000 people suffer from a mitochondrial disease. Mitochondrial diseases often present in early childhood and lead to severe symptoms, such as mental retardation, heart failure and rhythm disturbances, dementia, movement disorders, stroke-like episodes, deafness, blindness, limited mobility of the eyes, vomiting and seizures.

Market potential

Mitochondrial disorders usually present in early childhood. Successful drug candidates in genetic mitochondrial disorders may be eligible for orphan drug designation in the US and Europe while under clinical development, enabling a faster and less costly route to market, and a higher price if the drug is approved and receives orphan drug status. NeuroVive's candidate drug in the KL1333 project has already been granted orphan drug designation in Europe and the United States, and there is also potential for obtaining orphan drug designation for the future drug candidates in the NVP015/NV354 and NVP025 projects. In 2017, the total orphan drug market amounted to USD 127 billion and are calculated to reach USD 262 billion in 2024. The average annual cost for the treatment of a single patient was an estimated USD 147,000[1)]. Swedish consultancy Monocl Strategy & Communication has estimated KL1333 and NVP015/NV354 to reach USD 1,8 billion and 1,3 billion respectively in annual revenues.

1) EvaluatePharma Orphan Drug Report 2017. http://info.evaluategroup.com/rs/607-YGS-364/images/EPOD17.pdf

KL1333 – candidate drug in clinical phase I

Treatment objective
KL1333 is a potent modulator of the cellular levels of NAD+, a central coenzyme in the cell's energy metabolism. KL1333 has in preclinical models been demonstrated to increase mitochondrial energy output, reduce lactate accumulation, diminish the formation of free radicals, and to have longterm beneficial effects on energy metabolism. The candidate drug is intended for oral treatment in primary genetic mitochondrial disorders such as MELAS, KSS, PEO, Pearson and MERRF.

Project status: candidate drug in clinical phase I
KL1333 has been evaluated in a clinical phase I study and the next phase Ia/b study is estimated to start during the first half of 2019.

Milestones and important events 2018
- KL1333 receives FDA orphan drug designation for treatment of mitochondrial diseases
- Positive topline results after data base lock in the phase Ia single ascending dose (SAD) clinical study of KL1333 in Korea.
- KL1333 mechanism of action published in scientific journal.
- The UK Medicines and Healthcare products Regulatory Agency (MHRA) has approved NeuroVive's application for a clinical KL1333 study.

Objectives for 2019
- Start clinical phase Ia/b study in Europe during first half of 2019.
- Present initial results from the clinical phase Ia/b study.
- Prepare for phase II efficacy studies.

NVP015/NV354 – candidate drug in pre-clinical development

Treatment objective
One of the most common causes of mitochondrial diseases relates to Complex I dysfunction, i.e. when energy conversion in the first of the five protein complexes in the mitochondrion that are essential for effective energy conversion does not function normally. This is apparent in disorders including Leigh syndrome and MELAS, both of which are very serious diseases with symptoms such as muscle weakness, epileptic fits and other severe neurological manifestations. The NVP015 project is based on a NeuroVive innovation in which the body's own energy substrate, succinate, is made available in the cell via a prodrug technology. A prodrug is an inactive drug that is activated first when it enters the body by the transformation of its chemical structure.

Project status: candidate drug in pre-clinical development
Within the project a lead compound, NV354, has been selected for further development in the program based on tolerability, oral bioavailability, plasma stability and organ delivery, specifically to the brain.

Milestones and important events 2018
- Final results from the collaborative project with Dr. Marni Falk at CHOP for studies of NVP015 compounds in experimental disease models.
- Initial results from CHOP studies of NeuroVive's NVP015 compounds as a therapeutic option for chemical threats.
- Continued experimental in vivo efficacy studies of the selected compound, NV354.
- Outlicensing NVP015 compounds for targeted LHON therapy to BridgeBio's new subsidiary Fortify Therapeutics.
- Major research grant to Children's Hospital of Philadelphia to accelerate the NVP015 project.
- Preclinical NV354 efficacy results in a model for mitochondrial disease.
- In total 5 MSEK in funding from Vinnova (Sweden's Innovation Agency), to accelerate NV354 towards clinical development.

Objectives for 2019
- Present further results from preclinical in vivo dose-response studies.
- Scale up compound production.
- Initiate toxicology studies.
- Run experimental studies in cooperation with CHOP, financed by Department of Defense grants.

NVP025 – selection of lead candidate

Treatment objective
NVP025 is focused on chronic treatment of mitochondrial myopathies by utilizing a potent cyclophilin inhibitor from NeuroVive's Sangamide class of compounds. Mitochondrial myopathies manifest in the MELAS, PEO, KSS, and MERRF syndromes.

The goal is to develop a treatment that protects the mitochondria in the muscles from disturbed calcium handling and subsequent muscular dystrophy, thus preventing the muscle weakness associated with these diseases. In collaboration with the Karolinska Institute in Stockholm, NeuroVive has demonstrated that cyclophilin inhibitors can slow the disease progression and increase survival rates in an experimental mitochondrial myopathy model.

Project status: selection of lead candidate
The company will conduct follow-up dose-response studies in 2019 to be able to choose the optimized drug candidate and route of administration.

Milestones and important events 2018
- In an experimental study carried out in collaboration with researchers at Karolinska Instutet in Stockholm, Sweden, the project's model substance has shown favourable effects which may counter disease progression in mitochondrial myopathy.
- NVP025 selected for an oral presentation at the prestigious Mitochondrial Medicine 2018 conference held on 9-11 May in Cambridge, UK.

Objectives for 2019
- Perform dose-response studies for selection of candidate substance and route of administration during 2019.
- Select candidate compound

Non-alcoholic steatohepatitis (NASH)

Non-alcoholic fatty liver disease (NAFLD) affects 20-25 percent of the global population. When fat deposits in the liver are combined with inflammation and scar tissue (fibrosis), the disease has progressed to non-alcoholic steatohepatitis (NASH) – a condition that may lead to liver cirrhosis or hepatocellular carcinoma (liver cancer).

Market potential

NAFLD is one of the most common liver diseases in the world. An estimated 20 percent of the world population suffers from NAFLD, and about one-third of the US population. There is a strong link between NASH and several other metabolic disorders, such as diabetes and obesity. About 3-5 percent of all Americans (about 15 million people) suffer from NASH and there are currently no registered treatments. The prevalence of NASH is slightly lower in Europe, but higher in Asia and the Arab countries. The global market is expected to exceed USD 25 billion by 2026[1].

NV556 – candidate drug in pre-clinical development

Treatment objective
NV556 is a candidate drug with a directly acting anti-fibrotic mechanism of action targeting NASH patients who have progressed from the initial metabolic stage characterized by fat storage and inflammation. NV556 is a potent cyclophilin inhibitor derived from NeuroVive's Sangamide class of compounds. The anti-fibrotic effect can also be developed for other diseases involving liver fibrosis, such as Primary Biliary Cholangitis (PBC) and Primary Sclerosing Cholangitis (PSC).

Project status: candidate drug in pre-clinical development
Preclinical results have shown that the greatest potential for the project is within the subgroup of NASH patients with liver fibrosis, meaning at a later stage of disease progression. This makes NV556 best suited as a complement to NASH therapy focused on the early metabolic stage of the disease. Furthermore, it provides an opportunity to develop projects targeting other types of fibrotic disease. The goal is to reach an agreement with a suitable partner for this niched NASH product.

Objectives for 2019
- Out-licensing and/or partnership within liver fibrosis and NASH with an opportunity to expand treatment options to other types of fibrotic disease during the first six months of 2019.

NV422 – evaluation of candidate compound

Treatment objective
NV422 targets the metabolic components of NASH by using mild, liver-targeted protonophores to uncouple energy-linked functions and increase energy expenditure in the liver. This removes excess fat storage and thereby counteracts the pathophysiological processes in NASH.

Project status: evaluation of candidate compound
NeuroVive has evaluated various substances within the project in 2018 and has selected a candidate substance, NV422, based on favorable pharmacokinetic profile and good tolerability.

Milestones and important events 2018
- Selection of candidate compound.

Objectives for 2019
- Carry out dose-response studies of NV422 in a pre-clinical NASH model.

1) Global Data, OpportunityAnalyzer: NASH–Opportunity Analysis and Forecasts to 2026

Liver cancer (Hepatocelluar carcinoma – HCC)

Hepatocellular Carcinoma (HCC) is the sixth most common type of cancer and the third most deadly type of cancer worldwide. In Europe, HCC is the 14th most common type of cancer, with 63,500 new cases diagnosed each year. While surgery, chemotherapy and radiotherapy are important starting points for the treatment of liver tumors, there is a major medical need for more and effective complementary medical treatments to decrease side effects and increase the survival rate for people with liver cancer.[1) 2) 3) 4)]

Market potential

About 780,000 new cases of HCC are diagnosed every year. While surgery, chemotherapy and radiotherapy are important starting points for the treatment of liver tumors, there is a major unmet medical need for more, and effective, complementary medical treatments to increase survival rates for people with advanced liver cancer.[4)] Existing drugs have only showed limited effect on progression-free survival, and are associated with severe side effects.

NVP024 – evaluation of model compounds

Treatment objective
NVP024 is focused on the anticancer properties of a subset of the company's sangamide compounds. Together with international partners, NeuroVive's research team has demonstrated that these compounds show powerful anticancer effects in preclinical models of HCC.

Project status: evaluation of model compounds
Additional confirmatory tests are ongoing, for instance within the framework of a PhD project at Lund University, funded by the Foundation for Strategic Research.

Milestones and important events
- Initial results from the industrial PhD student collaboration with Lund University in Sweden.

Objectives for 2019
- Perform confirmatory tests in complementary pre-clinical experimental models.
- Select candidate compound.

1) Altekruse SF, McGlynn KA, Reichman ME: Hepatocellular carcinoma incidence, mortality, and survival trends in the United States from 1975 to 2005. J Clin Oncol 27 (9):1485-91, 2009.
2) Forner A, Llovet JM, Bruix J: Hepatocellular carcinoma. Lancet 379 (9822): 1245-55, 2012.
3) Sandhu DS1, Tharayil VS, Lai JP, Roberts LR. Treatment options for hepatocellular carcinoma. Expert Rev Gastroenterol Hepatol. 2008 Feb;2(1):81-92. doi:10.1586/17474124.2.1.81.
4) http://www.cancerresearchuk.org/health-professional/cancer-statistics/statistics-by-cancer-type/liver-cancer/incidence#heading-Nine

In 2018, the Company invested 18 million in pre-clinical phase research and 25 million in clinical phase projects. The development comprising both discovery research and clinical development.

ORGANIZATION AND EXPERTISE

NeuroVive conducts extensive research and development, comprising both clinical development and discovery research. This work is carried out both in-house, and in collaboration with high-profile partners. The flexible networking organization aims to advance high-quality research and development in a timely and cost-efficient manner.

NeuroVive's research and development is driven both by internal excellence and by collaborations with high profile partners in academia and industry.

Well-educated personnel

The average number of employees in the Group during the year was 9 (10), of which 4 (4) are women. The number of employees at year-end was 5 (7) part-time employees and 7 (8) full-time employees. Of a total of 12 (15) employees, 5 (6) were women and a total of 9 (11) were active in the Company's research and development activities.

The company's in-house resources comprise 12 full and part-time employees. All have university or college-level education and seven have a Doctor of Medical Science degree whereof three are Associate Professors. Furthermore, three are medical specialists and another two are doctors undergoing specialist training. Seven employees are engaged in pre-clinical work, and two in the company's clinical activities. NeuroVive also collaborates with several external companies and institutions. In 2018, the company invested SEK 18 (17) million in preclinical phase research and SEK 25 (16) million in clinical phase research, including personnel expenses. During the year, the company's employees were based in Sweden, although some are periodically based in the US to ensure the efficiency of various collaborative projects by working on site.

Chemistry and compound development

UK company Isomerase is one of NeuroVive's most important partners. The partnership mainly focuses on chemical development for NeuroVive's early-phase development projects with an option to scale-up the production to mid-sized volumes, but also on strategic issues and business development related to the early-phase projects.

Pre-clinical and clinical development

In pre-clinical and clinical development, NeuroVive collaborates with several partners. University of Pennsylvania (Penn) in the US contributes its expertise and studies to the development of NeuroSTAT, a drug candidate in the field of TBI. Children's Hospital of Philadelphia (CHOP) in the US collaborates with NeuroVive within the framework of the NVP015 project for genetic mitochondrial disorders. NeuroVive also collaborates with various contract research organizations (CRO) on preclinical evaluations of early-stage development projects, and other players specialized in regulatory issues and considerations in preclinical testing and clinical studies. NeuroVive collaborates the Korean pharmaceutical company Yungjin Pharm around the clinical development of the KL1333 project for genetic mitochondrial disorders, and with the Karolinska Institute in Stockholm in studies of NeuroVive's sangamide compounds in experimental mitochondrial myopathy models. NeuroVive collaborates with Lund University within HCC.

Other partnerships

Through the NeuroVive Asia Ltd. subsidiary in Hong Kong, NeuroVive has a partnership with the Chinese pharmaceutical company Sihuan, and with Sanofi in South Korea.

June 18, 2018, NeuroVive molecules from the NVP015 project was out-licensed for a local treatment of Leber's hereditary optics neuropathy (LHON) to BridgeBio Pharma's new subsidiary Fortify Therapeutics. Fortify's ambition is to further develop the in-licensed NVP015 chemistry in order to establish a therapy for LHON.

In addition to these partners, NeuroVive collaborates with a range of academic institutions all over the world.

The NeuroVive share

The NeuroVive share was listed on Nasdaq Stockholm in April 2013. The share is included in the Small Cap segment and the Health Care index. Before its Nasdaq listing, NeuroVive was quoted on the Aktietorget marketplace. On 28 December 2018 NeuroVive had 9,025 shareholders. Shares are also traded on the US marketplace OTCQX.

Share price development and turnover

Since year-end, 158,909,396 shares were traded with a value of SEK 562,175,443. NeuroVive's share price was SEK 1.38 at the end of the year, representing a decrease of 54 percent compared to previous year-end. The highest price paid for the year was SEK 5.80 on 16 July 2018 and the lowest price paid was SEK 1.26 on December 21 2018. Market capitalization was SEK 126,541,965 at year-end, compared to SEK 155,932,067 at the previous year-end.

Share capital

NeuroVive had 91,697,076 shares on 28 December 2018 and the share capital amounted to SEK 4,584,853.80 with a quotient value of SEK 0.05. All shares have equal entitlement to dividends and each share has equal voting rights. Each share has one vote at the AGM. The rights issue completed in April 2018 increased the number of shares to 91,570,841 and the share capital to SEK 4,578,542.05. In connection to redemption of warrants program TO5 the number of shares increased to 91,697,076 and the share capital increased to SEK 4,584,853.80. The table on page 25 shows the development of the number of shares.

Ownership

NeuroVive had 9,025 shareholders registered on 28 December 2018.

Dividend

The Board of Directors proposes that no dividend be paid for 2018.

Shareholder value

NeuroVive continuously seeks to develop and improve the financial information provided about the company, with the aim of ensuring a sound basis for an accurate valuation by existing and future shareholders. This includes actively participating at meetings with investors, the media and analysts.

Shareholder information on NeuroVive's website

NeuroVive's website, www.neurovive.com, continuously publishes information on NeuroVive, progress of the NeuroVive share, financial reports and contact information. A new rights issue was completed in April 2018. More information on the issue can be found on NeuroVive's website.

Share price and volume, 2018 and share data

The NeuroVive Share	
Market Place	Nasdaq Stockholm
Ticker Symbol	NVP
Sector	Health Care
Market Place, US	OTCQX
Ticker Symbol, US	NEVPF:US
ISIN-code	SE0002575340
Higesth price paid 2018	5.8
Lowest price paid 2018	1.26
Closing price 2018	1.38
Market Capitalization	
28 December 2018 (mSEK)	126.5
Number of Shares	91,697,076

Largest shareholders as of 28 December 2018

Name	No of shares (pcs.)	Votes and capital (%)
Avanza Pension Försäkrings AB**	10,622,965	11.58
EuroClear Bank S.A/N.V, W8-IMY (registered holding on behalf of Maas Biolab, LLC and Marcus Keep and others with US domicile)*	4,486,073	4.89
Danske Bank International S.A.***	4,300,000	4.69
Baulos Capital Belgium SA (fd Private Placement SPRL)	3,000,000	3.27
Nordnet Pensionförsäkring AB**	2,981,084	3.25
Handelsbanken Liv Försäkringsaktiebolag	2,108,588	2.30
Ekman, Tobias	1,350,000	1.47
Skandia, Försäkrings	870,556	0.95
Swedbank försäkring AB	762,970	0.83
Berger, Gunwald	617,036	0.67
Other owners (approx. 9,000 shareholders)	60,597,804	66.10
In total	**91,697,076**	**100.00**

Source: EuroClear Sweden AB

Marcus Keep with its stake in Maas BioLab and private holdings is NeuroVive's largest shareholder with a holding of 4.79% in total. Rothesay Limited is the second largest shareholder with a total holding of 4.69%. Fredrik Olsson with holdings in Baulos Capital Belgium SA is the third largest shareholder with a total holding of 3.27%.
*Maas Biolab, LLC ("Maas") has, together with the majority of other owners residing in the US, moved their holdings to Etrade Clearing LLC during the summer of 2012. The reason being the changed regulations regarding US citizens foreign holdings. In NeuroVives share register, these holdings have been registered in the name of EuroClear Bank S.A/N.V, W8-IMY. Maas owned 3,875,000 shares in NeuroVive per 28 December 2018 and Maas had at this point 45 shareholders. Maas was owned to 48,44 % by founder Marcus Keep and 17,09 % by CSO Eskil Elmér.

**Capital insurance

***Trustee of Rothesay Limited

Development share capital

Year	Event	Total No. of Shares	Total Share Capital
2000	Incorporation	1,000	100,000.00
2003	New Issue	1,025	102,500.00
2004	New Issue	1,100	110,000.00
2007	New Issue	1,313	131,300.00
2007	New Issue	1,433	143,300.00
2008	Offset Issue	1,493	149,300.00
2008	New Issue	1,576	157,600.00
2008	Bonus Issue	1,576	591,000.00
2008	Share Split	11,820,000	591,000.00
2008	New Issue	13,075,000	653,750.00
2010	New Issue	14,942,857	747,142.85
2012	New Issue	19,159,046	957,952.30
2013	Private Placement	21,659,046	1,082,952.30
2014	Rights Issue	27,788,093	1,389,404.65
2015	Rights Issue	29,088,093	1,454,404.65
2015	New Issue	30,735,152	1,536,757.60
2016	Non-Cash Consideration	31,473,685	1,573,684.25
2016	Rights Issue	49,458,645	2,472,932.25
2017	Warrants	49,481,973	2,474,098.65
2017	Warrants	49,485,942	2,474,297.10
2017	Private Placement	50,566,197	2,528,309.85
2017	Private Placement	52,326,197	2,616,309.85
2018	Rights Issue	91,570,841	4,578,542.05
2018	Warrants	91,697,076	4,584,853.80

Shareholdings as of 28 December 2018

Shareholding	No. of Owners	No. of Shares	Holding, (%)	Votes, (%)
1-500	3,152	546,345	0.60	0.60
501-1000	1,224	979,451	1.07	1.07
1001-5000	2,674	6,765,395	7.38	7.38
5001-10000	802	6,046,378	6.59	6.59
10001-15000	329	4,095,618	4.47	4.47
15001-20000	217	3,864,775	4.21	4.21
20001-	627	69,399,114	75.68	75.68

Operations

The foundation of the Company's projects is based on its front-line research in mitochondrial medicine, an area spanning from cell protection in acute and chronic medical conditions to the regulation of energy production and cell proliferation. The mitochondrial medicine research is conducted in close collaboration with Lund University, and with other academic groups such as Karolinska Institutet in Stockholm and the Children's Hospital of Philadelphia. Several of NeuroVive's pharmaceutical projects are being developed in collaboration with British partner Isomerase Therapeutics Ltd. on behalf of NeuroVive.

Two of the Company's projects are in clinical phase, one in phase II for traumatic brain injury (NeuroSTAT), and one in phase I for genetic mitochondrial diseases (KL1333). NeuroVive also works on two other development projects in genetic mitochondrial diseases (NVP015 / NV354 and NVP025). In addition, NeuroVive works on projects within NASH (NV556 and NV422), as well as liver cancer (NVP024).

The company's strategy is to, through international collaborations, partly develop orphan drugs for rare diseases up to market approval with or without partners, and partly to develop specialist drugs for common diseases up to preclinical phase in order to subsequently fully out-license these projects.

The Group

The Group's legal structure consists of the Parent Company, whose operations include drug development and Group-wide functions. The Group's subsidiary is the Hong Kong-registered company NeuroVive Pharmaceutical Asia Ltd., which holds the Asian license rights for NeuroSTAT and agreements with the Chinese pharmaceutical company Sihuan Pharmaceutical and with Sanofi in South Korea. NeuroVive Pharmaceutical AB owns approximately 82.47 percent of the subsidiary. The remaining 17.53 percent is owned by Neurovive's partner Foundation Asia Pacific Ltd.

Significant events in 2018

January
NeuroVive announced a breakthrough in the company's project NVP025 for developing treatment of mitochondrial myopathy. In an experimental study carried out in collaboration with researchers at Karolinska Instutet in Stockholm, Sweden, the project's model substance has shown favourable effects which may counter disease progression in mitochondrial myopathy.

February
The Board of Directors of NeuroVive resolved, subject to approval by the Extraordinary General Meeting, to issue shares and warrants with preferential rights for existing shareholders.

March
Chief Medical Officer Magnus Hansson presented the company's non-alcoholic steatohepatitis (NASH) programs NV556 and NVP022 at the 2nd Annual H.C. Wainwright NASH Investor Conference on 19 March 2018.

April
NeuroVive's partner Yungjin Pharm completed KL1333 phase I study recruitment.

NeuroVive´s KL1333 received FDA Orphan Drug designation for treatment of mitochondrial diseases.

The Company's mitochondrial myopathy project, NVP025, was selected for an oral presentation at the prestigious Mitochondrial Medicine 2018 conference held on 9-11 May in Cambridge, UK.

NeuroVive announced the outcome of the preferential rights issue of units consisting of shares and warrants, approved at the Extraordinary General Meeting on March 22, 2018. The Rights Issue was subscribed to approximately MSEK 81.9, corresponding to a subscription ratio of approximately 104 percent, raising approximately MSEK 78.5 to the Company before issue expenses.

May
The Company announced a partnership with TRACK-TBI, a network of US-based world-leading TBI clinicians and researchers. The purpose of the network that NeuroVive now will be a part of intends to create synergies, share know-how and leverage resources with the goal of bringing much-needed treatment alternatives to TBI patients.

NeuroVive and Yungjin reported positive KL1333 phase I clinical study results paving the way for further clinical development.

June
BridgeBio entered into an exclusive licensing agreement for a subset of succinate prodrug chemistry under NeuroVive's NVP015 program. BridgeBio launched a subsidiary company, Fortify Therapeutics, to further develop this chemistry for local treatment of Leber's Hereditary Optic Neuropathy (LHON).

The traumatic brain injury (TBI) experimental study of NeuroSTAT performed at University of Pennsylvania (Penn) was published in the Journal of Neurotrauma.

July
A report demonstrating the scientific rationale for KL1333 in genetic mitochondrial disease was published in the journal Frontiers in Neurology.

August
The company's research partner the Children's Hospital of Philadelphia (CHOP) received a three-year grant, in total of 4 MUSD, from the U.S. Department of Defense, Office of the Congressionally Directed Medical Research Programs (CDMRP) for studies focused on NeuroVive's NVP015 (NV354) program for genetic mitochondrial diseases

September
NeuroVive announced positive U.S. Food and Drug Administration (FDA) feedback on its NeuroSTAT clinical development plan for the treatment of moderate to severe Traumatic Brain Injury (TBI) at a pre-IND (Investigational New Drug) meeting.

October
Successful completion of biomarker analyses of samples from clinical study in severe traumatic brain injury patients (the CHIC study) using the company's investigational compound NeuroSTAT. The results provided an early signal of efficacy derived from time-based changes in biomarker levels that correlate with NeuroSTAT drug administration.

The company received approval of its clinical trial application concerning a planned phase I KL1333 study in patients and healthy volunteers from the UK regulatory authority, Medicines and Healthcare products Regulatory Agency (MHRA).

Positive experimental results for NV354, NeuroVive's preclinical lead candidate in the NVP015 program for mitochondrial diseases, was presented by Magnus Hansson, NeuroVive's Chief Medical Officer, at a scientific meeting in New York, October 18-21, 2018.

November
The company was awarded MSEK 1.5 as a first tranche of total MSEK 5 in funding from Vinnova (Sweden's innovation agency), and its Swelife call, for intensified development in the NVP015 project, the goal of which is to advance the candidate compound NV354 to clinical studies.

December
The company announced the outcome of the exercise of warrants of series 2018:1, which provided the company with approximately KSEK 480.

The Board of Directors of NeuroVive resolved, subject to approval by the Extraordinary General Meeting, to issue shares with preferential rights to existing shareholders.

Proposal for remuneration 2019

The Annual General Meeting (AGM) resolves on the remuneration of the Chairman of the Board and other Board members. The AGM also resolves on remuneration policies for the CEO and other senior executives. For more information about remuneration paid during the year, refer to Note 11 and the Corporate Governance Report on pages 40-42.

The Board proposes that remuneration for 2019 be paid as follows:

Annual variable remuneration (STI bonus)
Senior executives and other key individuals may, from time to time, be offered variable salary. Such variable salary shall be based on market terms and the outcome of predetermined financial and individual targets. The terms and rates of variable salary shall be determined for each financial year.

Variable salary is settled in the year after vesting and can be paid as either salary or a lump-sum pension premium. Payment as a lump-sum pension premium is subject to indexation so the total cost to NeuroVive is neutral. The Board determines the amount of variable remuneration in the form of an annual bonus. The basic principle is that the variable portion of annual salary is capped at an amount corresponding to a portion of the fixed annual remuneration for the current year:

CEO	Management Team	Other key individuals
30%	20%	10%

The maximum sum of the variable remuneration paid to senior executives and other key individuals is SEK 2,300,000 including social security contributions. Should the number of employees in the company increase during the year,this amount could be higher.

Variable remuneration with incentive to acquire NeuroVive shares (LTI program)
In order to incentivize senior executives and other key individuals over the long term and to encourage investment in NeuroVive shares, a long-term cash remuneration program (LTI program) has been introduced. The LTI program is a cash bonus program, in which the participants commit to using the cash bonus paid out to acquire shares in the company. The shares are acquired through customary trading on the stock market. This LTI program applies in addition to the annual variable remuneration.

The decision regarding the annual amount available in the share-savings program is built into the annual assessment of total variable remunerations to link annual performances to long term goals, increase employees' shareholding in NeuroVive and to retain employees. The amount of the share-savings program will depend on the employee's position and ability to influence the performance of NeuroVive.

The participants are required to use the full amount of the LTI bonus, net after tax, to acquire NeuroVive shares on the stock market. The company pays social security contributions on bonuses paid.

The shares acquired through participation in the LTI program will be locked in for a period of three years after the acquisition. An employee whose employment expires, due to resignation, termination by the company or otherwise, is obliged to retain the shares acquired through participation in the LTI program for the entire three-year period after the acquisition, notwithstanding the termination of their employment. In the event that an employee or former employee breaches the terms of the LTI program, such as failing to provide information on the status of their shareholding or by prematurely divesting their shares acquired through the LTI program, this will be subject to sanctions and the person concerned will be required to repay the full amount (including income tax, but excluding social security contributions) paid out under the LTI program.

The Board decides on the amount for the LTI program. The maximum bonus in the LTI program is capped at an amount corresponding to a portion of the fixed annual remuneration for the current year:

CEO	Management Team	Other key individuals
15%	10%	5%

The maximum amount of the LTI program is SEK 1,150,000 including social security contributions. Should the number of employees in the company increase during the year, this amount could be higher.

General principles for STI and LTI
When structuring variable remuneration to management that is paid in cash, the Board shall consider making the following reservations:

- disqualification from future share-saving programs for an individual who sells their shares during the three-year qualification period, and
- payment of a certain portion of such remuneration be conditional upon the performance on which vesting is based be demonstrably sustainable over time, and
- the company is able to recover such remuneration paid on the basis of information that is subsequently proved manifestly inaccurate.

Significant events after the end of the financial year

Financing
The Extraordinary General Meeting resolved to approve the Board of Directors' resolution on 10 December 2018 to increase the Company's share capital by not more than SEK 4,584,853.80 by a rights issue of not more than 91,697,076 shares with preferential rights for existing shareholders.

Approximately 55.1 percent of the Rights Issue in February 2019 was subscribed for on the basis of subscription rights, and the remainder, approximately 5.1 percent, without subscription rights. Furthermore, the guarantors are allocated approximately 19.8 percent of the total volume of the Rights Issue, which means that NeuroVive is provided with approximately MSEK 99.0 before issue costs, which are estimated to amount to approximately MSEK 17.7 (including compensation for the guarantee commitment of approximately MSEK 9.1, corresponding to 10 percent of the guaranteed amount of approximately MSEK 91.0).

NeuroVive conducted in March 2019 a directed new issue of shares, which has raised proceeds to the company of MSEK 28.2 before issue costs, which are estimated to amount to MSEK 2.4. The investors are reputable Swedish and international investors led by Nyenburgh Investment Partners.

Operational
The first healthy volunteer in the company's KL1333 phase Ia/b study was screened and enrolled into the study in March 18, 2019.

Disputes

CicloMulsion AG
In 2004, NeuroVive entered into a License Agreement with CicloMulsion AG under which NeuroVive secured the license to certain patents in relation to the use of a certain pharmaceutical technology. The development of NeuroSTAT®, for example, relates to such technology.

In March 2013, CicloMulsion AG commenced arbitration seeking declaratory relief aimed at establishing the company's rights to royalties, which CicloMulsion AG claims that NeuroVive is obliged to pay under the terms of the License Agreement. CicloMulsion AG also made other claims in relation to NeuroVive's obligations under the License Agreement. On May 25, 2016, the Court of Arbitration rendered a partial award stating, among other things, that NeuroVive has a payment obligation under the terms of the License Agreement, and that future royalty payments are to be based on sales in the countries where patents previously existed that were covered by the License Agreement (the US, the UK, Germany, France, Italy and, with certain restrictions, Japan). The obligation to pay applies for a period of 15 years following the initial launch in the respective country of such products encompassed by the License Agreement. The Court of Arbitration reserved decision on CicloMulsion's request to establish the obligation to pay royalties based on sales in countries where patents never existed but where it is alleged that know-how had been transferred, with the intention to consider the issue in final arbitration. Other claims by CicloMulsion AG were rejected.

The arbitration award was contested by both parties to the Court of Appeal for Skåne and Blekinge, which issued its

judgement on January 12, 2018. CicloMulsion AG's action against the arbitration award related to an assertion regarding a procedural error of the Arbitral Tribunal, which it claims led to CicloMulsion AG not been given the possibility to pursue its claim in a reasonable manner. NeuroVive's action against the arbitration award comprised firstly an assertion regarding a procedural error, secondly a claim that the Arbitral Tribunal had exceeded its mandate and thirdly a claim that the arbitration award is in breach of mandatory competition law. As regards the basis for the arbitration award being in breach of mandatory competition law, NeuroVive relies, inter alia, on a decision by the European Court of Justice of 2016 regarding the impact of EU competition law on licensing agreements, including the obligation to pay royalties beyond the term of licensed patents.

In its ruling, the Court of Appeal ordered all parts of the arbitration award to be set aside, with the exception of the item on which the Court of Arbitration had reserved decision. Among other items, the parts of the award relating to future royalties for countries where patent protection previously existed were thus set aside. However, the Court of Appeal dismissed NeuroVive's action to set aside the part of the arbitration award that concerned countries where no patent protection ever existed, since the Court of Appeal had concluded that the Arbitral Tribunal had not yet issued its final award in relation to this part of the arbitration.

In its ruling, the Court of Appeal stated that because the case encompassed issues that are of such importance to the correct application of law, it would allow an appeal to be made to the Supreme Court. NeuroVive has appealed parts of the ruling to the Supreme Court. This proceeding is pending and a decision by the Supreme Court is expected in the first half of 2019.

After CicloMulsion submitted a request for the release of all arbitrators from their appointment, and in response to this the Arbitral Tribunal requested their resignation l, the arbitrators were released from their appointment by a decision taken by the Arbitration Institute of the Stockholm Chamber of Commerce (SCC). The constitution of a New Arbitral Tribunal has been finalized and next material steps are expected after the decision of the Supreme Court is issued. It appears that the new Arbitral Tribunal will handle the then remaining claims from the outset and a new award should not be expected before 2020. There are currently no indications of the potential outcome of the proceedings. The ongoing dispute with CicloMulsion AG may result in future payment obligations (e.g. royalties and (partly) cost reimbursment), which could have a negative impact on the company's earnings and financial position. The Company has not reserved for any future payment obligations as the amount at this time cannot be calculated.

NeuroVive is not involved in any other disputes.

Prospects for 2019

KL1333

- Start clinical phase Ia/b study in Europe during first half of 2019.
- Present initial results from the clinical phase Ia/b study.
- Prepare for phase II efficacy studies.

NeuroSTAT

- Secure external non-dilutive financing for upcoming Phase II efficacy study.
- Receive approval of IND application for clinical development in the US.
- Start clinical phase II efficacy study if external financing is received

NVP015/NV354

- Present further results from preclinical in vivo dose-response studies.
- Scale up compound production.
- Initiate toxicology studies.
- Run experimental studies in cooperation with CHOP, financed by Department of Defense grants.

NVP025

- Perform dose-response studies for selection of candidate substance and route of administration during 2019.
- Select candidate compound.

NV556

- Out-licensing and/or partnership within liver fibrosis and NASH with an opportunity to expand treatment options to other types of fibrotic disease during the first six months of 2019.

NV422

- Carry out dose-response studies of NV422 in a pre-clinical NASH model.

NVP024

- Perform confirmatory tests in complementary pre-clinical experimental models.
- Select candidate compound.

Proposed allocation of the company's unappropriated retained earnings

The following amounts in Swedish kronor (SEK) are at the disposal of the Annual General Meeting:

Share premium reserv	62,687,040
Ackumulated profit/loss	114,060,856
Profit/loss for the year	-73,225,517
Total	**103,522,379**

The Board of Directors proposes that unappropriated retained earnings of SEK 103,522,379 be carried forward. Accordingly, no dividend is proposed.

Financial information

Revenue and results of operations

Consolidated sales 2018 amounts to SEK 5,000 (27,000). The Group's other operating income of SEK 2,461,000 (248,000) relates to research grants from BridgeBio of SEK 1,885,000 and research grants from Vinnova of SEK 576,000. Otherwise, the Company has not generated revenue.

Operating expenses amounted to SEK 75,826,000 (71,673,000). Other external costs 55,812,000 (46,415,000) have increased compared with the previous year, mainly due to changed assessment and position regarding the date of capitalization of development costs. The new assessment was implementer April 1st 2017 and is in line with the company's new strategy and the history of previously completed development projects. The new assessment means that all development costs are continuously expensed until the product has received market approval. Costs relating to pre-clinical and clinical phase development projects have affected earnings for the period by SEK 37,922,000 (27,926,000), excluding personell costs, of which 22,691,000 (12,816,000), relates to projects in clinical phase.

Personnel expenses 2018 amounts to SEK 14,454,000 (12,417,000) and is higher due to bonuses. Other operating expenses were SEK 789,000 (10,936,000) and relates to exchange losses. Previous year was other operating expenses related to disposal of subsidiary.

The consolidated operating profit/loss was SEK -73,360,000 (-71,088,000). Net financial income/expense was SEK -134,000 (-515,000). This amount relates to unrealized value changes and expenses for bridge loan. The profit/loss for the period was SEK -73,494,000 (-71,603,000).

Financial position

Consolidated total assets were SEK 115,308,000 (120,106,000) of which intangible assets were SEK 73,440,000 (74,315,000).

Cash and cash equivalents at year-end were SEK 25,951,000 (28,992,000). Equity at year-end was SEK 97,012,000 (105,846,000), and share capital was SEK 4,585,000 (2,616,000). The equity ratio was 84 percent (88) at the end of the period.

Equity per share with no non-controlling interest was SEK 1,06 (1.92). The group has no interest-bearing liabilities.

The Board of Directors continuously reviews the operations' need for financing. A Rights issue was completed in February 2019 which provided the company with approximately SEK 81,3 million after issue costs.

At the beginning of March 2019, a directed new share issue was carried out, supported by authorization from the Annual General Meeting 2018, which provided the company with approximately SEK 28.2 million before issue costs.

Cash flow

Consolidated cash flow for the year was SEK -3,046,000 (-64,258,000), with cash flow negatively affected by operating activities of SEK 63,829,000 (57,377,000) and from investments, of SEK 3,872 (15,279,000). Cash flow from financing activities was SEK 64,656,000 (9,145,000) and was wholly sourced from the rights issue consummated in April 2018 and the warrants program TO5 consummated in November 2018.

Investments

Total fixed assets amounted to SEK 86,681,000 (87,579,000) as of 31 December 2018. The change, of SEK -898,000 (2,934,000) is due to write-down of balanced patents costs for the discontinued project Toxphos and investments in other parts of the patent portfolio. Investments of SEK 82,000 (40,000) were made equipment.

Parent company

Most of the group's operations are conducted by parent company NeuroVive Pharmaceutical AB. During the year, the parent company had net sales of SEK 5,000 (27,000). Other operating income of SEK2,461,000 (248,000 relates to research contributions from Bridgebio SEK 1,885,000 and Vinnova SEK 576,000. Parent Company's Operating expenses amounts 75,556,000 (59,631,000). Interest income includes internally interest of SEK 0 (0). Cash and cash equivalents at year end were SEK 25,871,000 (28,883,000).

Five-year summary

(SEK 000) if nothing else is specified

Key ratios calculated in accordance with IFRS

INCOME STATEMENT	2018	2017	2016	2015	2014
Net sales	5	27	14	2,502	7,152
Other operating income	2,461	248	104	522	1,181
Operating expenses	-75,826	-71,363	-72,228	-94,490	-53,587
Depreciation and amortization	-4,771	-1,595	-1,121	-1,200	-441
Operating income	-73,360	-71,088	-72,110	-91,466	-45,254
Net financial income/expense	-134	-515	265	665	580
Profit/loss before tax	-73,494	-71,603	-71,845	-90,801	-44,673
Net profit for the year	-73,494	-71,603	-71,845	-90,801	-44,673

BALANCE SHEET	2018	2017	2016	2015	2014
Intangible assets	73,440	74,315	71,151	74,904	79,601
Tangible assets	140	162	274	316	344
Other current assets	2,676	3,535	2,821	2,896	1,625
Cash and cash equivalents	25,951	28,992	93,251	96,662	49,698
Assets	115,308	120,106	180,717	174,927	131,268
Equity	97,012	105,846	168,304	154,779	107,841
Short-term liabilities	18,296	14,260	12,413	20,148	23,427
Equity and liabilities	115,308	120,106	180,717	174,927	131,268

CASH FLOW STATEMENT	2018	2017	2016	2015	2014
Cash flow from operating activities before changes in working capital	-68,255	-58,260	-49,543	-61,313	-44,552
Changes in working capital	4,426	496	-7,843	-5,907	920
Cash flow from investing activities	-3,872	-15,279	-25,135	-23,445	-23,429
Cash flow from financing activities	64,656	9,145	77,332	138,406	76,599
Cash flow for the period	-3,045	-64,258	-5,180	47,741	9,537
Change in cash and cash equivalents	-3,041	-64,259	-3,411	46,964	9,706
Cash and cash equivalents at beginning of year	28,992	93,251	96,662	49,698	39,992
Cash and cash equivalents at end of year	25,951	28,992	93,251	96,662	49,698

Key ratios not calculated in accordance with IFRS

KEY RATIOS	2018	2017	2016	2015	2014
Liquidity ratio (%)	156	228	774	494	219
Equity ratio (%)	84	88	93	88	82
No. Employees at year-end	12	15	23	18	13

Financial definitions:

Liquidity ratio: Current assets (excl. Inventories) divided by current liabilities

Equity ratio: Shareholders' equity as a percentage of total assets

Risk factors

A research company like NeuroVive features high operational and financial risk, because the projects the Company is conducting are in preclinical and clinical phases. A number of parameters affect the likelihood of commercial success. The likelihood of a drug candidate reaching the market increases as the project passes the various development phases. Expenses also rise markedly in later development phases. Before commercialization can begin, up-scaling and production need to be finalized. Accordingly, drug development is generally associated with very high risk, and this also applies to NeuroVive's drug development process. NeuroVive is focused on developing new pharmaceuticals, but has yet to achieve any approved products for sale. Operations have been loss making to date, and NeuroVive judges that at present, commercialization of products on selected markets could occur no earlier than in 2024. A review of the risks identified by the company and the measures taken to limit risk follows.

Clinical studies

Before a pharmaceutical can be launched on the market, its safety and efficacy on treating humans must be ensured for each individual indication, through preclinical studies on animals and clinical studies on humans. The pharmaceutical sector generally and clinical studies in particular are associated with great uncertainty and risks in terms of delays and the outcome of studies. The outcome of preclinical studies is not always consistent with those achieved in clinical studies. Nor are the results of early clinical studies always consistent with the results of more extensive studies. There can be no guarantee that NeuroVive's planned clinical studies will reveal sufficient safety and efficacy for the Company to be able to attain the necessary regulatory permits later to enable pharmaceutical sales. If NeuroVive or its collaboration partners are not able to demonstrate that a pharmaceutical is safe and effective enough via clinical studies, NeuroVive may be negatively affected, which may mean regulatory approval is not forthcoming, and thus there is no commercialization, as well as reduced, or lost, cash flow, which can adversely affect the company's business earnings and financial position.

Regulatory standards and political risk

NeuroVive holds all the requisite permits for conducting its operations. Operations are conducted in accordance with applicable laws, but also considering environmental and ethical standards. However, there can be no guarantee that new standards levied by the authorities may not hinder operations being conducted, or that permits in place at present will be renewed on the same terms as previously, or the insurance coverage the group currently considers adequate will prove sufficient.

Marketing and selling pharmaceuticals requires permits and registration with the relevant regulatory authority on each market. NeuroVive cannot guarantee that such approval is secured to the extent necessary to be able to achieve profitability or satisfy objectives for the future.

In its research and development work, NeuroVive is active in, and through, a large number of different countries and intends to conduct global sales of pharmaceuticals to protect the mitochondria jointly with, or via, collaboration partners. Risks may arise through changes to laws, taxation, customs duties, exchange rates and other terms affecting foreign companies. NeuroVive is also affected by political and economic uncertainty factors in such countries. The above may have negative consequences for NeuroVive's operations and results of operations.

Pharmaceuticals pricing

NeuroVive's business model includes out-licensing pharmaceuticals. The general progress of pricing of pharmaceuticals lies outside NeuroVive's control. If pharmaceuticals prices generally fall, there is a risk that this may affect NeuroVive's revenue potential adversely. In some countries, the pricing of certain types of pharmaceutical is regulated. In such cases, pricing lies outside NeuroVive's control. The lower the pricing of a pharmaceutical, the worse the revenue prospects for NeuroVive. Accordingly, there is a risk that pricing of mitochondrial medicines may be lower than what NeuroVive estimates.

Product liability

Given the nature of operations, it is relevant to consider NeuroVive's product liability arising as the Company develops and commercializes products. The board of directors judges that NeuroVive's current insurance coverage is satisfactory considering the nature and scope of its operations. However, for each planned clinical study, NeuroVive will need to review its insurance coverage, and in each future planned study, there are likely to be limitations in the scope and maximum claims of insurance coverage. Accordingly, there can be no guarantee that NeuroVive's insurance coverage would fully meet potential future legal claims, which could affect NeuroVive's operations and results of operations negatively.

Commercialization and collaboration

None of NeuroVive's projects have been commercialized to date, and may never be so. Nor can there be any guarantee that products will be well received or become commercial successes. NeuroVive is now, and will remain in future, dependent on collaborations relating to the out-licensing of drug candidates for large-scale clinical studies and/or the marketing and sale of pharmaceuticals. In addition to prospects for traditional out-licensing, NeuroVive's management is evaluating various types of innovative collaboration with larger pharmaceutical companies and/or CRO partners. There can be no guarantee that agreements or collaborations are secured, nor that collaboration partners will fulfill their commitments successfully. If no collaboration agreements are secured, or collaboration partners are unsuccessful in their efforts to launch pharmaceuticals on the market, this may result in reduced or lost revenues for NeuroVive.

Brexit

Brexit will affect all Swedish companies that trade directly or indirectly with the UK. However, it is currently unclear what these effects will be. Future regulations may mean that it will be more time-consuming, lead to higher administrative fees and customs duty, and affect VAT and excise duties on services and goods imported from the UK. The import and export of drug sub-

stances, which are restricted goods, may require special documentation and procedures.[1,2] Additional costs may be incurred, since trademark protection and other intellectual property rights that apply in the EU will not apply in the UK.

Disputes and litigation
As a result of the normal operation, NeuroVive might be subject to disputes and litigation. These might be time-consuming, disrupt the day-to-day operation, pertain significant amounts and involve substantial costs and adversely affect the company's operation, results and financial position.

Competitors
There is intense competition in the pharmaceutical sector. There are many companies, universities and research institutions conducting drug research and development. If a competitor successfully develops and launches an effective and safe pharmaceutical to protect the mitochondria, this may imply risks in the form of deteriorated sales prospects for the Company. Additionally, a company with global operations that is currently working in an adjacent segment may decide to start up in NeuroVive's business segment. Increased competition may have negative impact on NeuroVive's sales and profits in the future.

Patents and other intellectual property
Patents, which are an important component of NeuroVive's assets, have finite lives. The Company cannot guarantee that existing and/or future patent portfolios and other intellectual property the Company holds may constitute fully satisfactory commercial protection. If NeuroVive is compelled to defend its patent rights against a competitor, this may cause substantial costs, which may affect the Company's operations, results of operations and financial position negatively. Additionally, there is always a risk in this type of operation that NeuroVive may, or may be alleged to, have infringed on patents held by third parties. Other parties' patents may also limit opportunities for one or more of the Company's future collaboration partners to use pharmaceuticals or production methods freely. The uncertainty associated with patent protection means that the outcome of such disputes is hard to predict.

Negative outcomes to disputes over intellectual property may result in lost protection, and prevention of continuing usage of the relevant rights or an obligation to pay damages claims. Moreover, the costs of the dispute, even given a positive outcome for the Company, may be significant, which could affect NeuroVive's results of operations and financial position negatively. The above could imply difficulties or delays in commercializing future pharmaceuticals, and accordingly, difficulties in generating revenues. The corresponding also applies for other intellectual property, such as trademarks and brands.

To some extent, NeuroVive is also dependent on know-how and commercial secrets, which are not protected by legislation in the same way as intellectual property. The Company utilizes non-disclosure agreements, and thus endeavors to secure far-reaching protection of sensitive information. However, complete protection against the unauthorized disclosure of information is not possible, which implies a risk that competitors may obtain, and benefit from, the know-how developed by the Company, to the detriment of NeuroVive.

Key individuals
NeuroVive is heavily dependent on the Company's senior executives and key individuals. If the Company were to lose any of its key employees, this could delay or cause discontinuation of development projects, or commercialization of the Company's drug candidates. The Company's ability to attract and retain qualified staff is critical to its future success. Even if NeuroVive intends to be able to attract and retain qualified staff, there can be no guarantee that this will be possible on satisfactory terms against the competition that exist from other pharmaceutical and biotech enterprises, universities and other institutions.

Financial risks
Through its operations, the group is exposed to various types of financial risk, such as market, liquidity and credit risks. Primarily, market risks consist of interest rate risk and currency risk. The Company's Board of Directors bears ultimate responsibility for the exposure, management and monitoring of the group's financial risks. The Board sets the guidelines that apply to the exposure, management and monitoring of financial risks, and these frameworks are evaluated and reviewed yearly. The Board of Directors can decide on temporary departures from these predetermined frameworks. For other information, see note 4.

Future capital requirements
Drug development in the life science sector is normally capital intensive and NeuroVive's planned clinical studies and development work imply significant costs. Accordingly, the Company is dependent on the ability to raise capital in future. Potential delays to clinical studies may involve cash flow being generated later than planned. Future capital requirements are also affected by whether the Company can secure partnership/co-financing. NeuroVive will need to raise further capital going forward depending on the scale of revenues it succeeds in generating in relation to its cost base. There can be no guarantee that the Company can raise further capital, secure partnerships or other co-financing. This may mean that development is temporarily discontinued or NeuroVive is compelled to conduct operations at a slower rate than desired, which may lead to delayed or lost commercialization and revenue.

1 MHRA Guidance: Further guidance note on the regulation of medicines, medical devices and clinical trials if there's no Brexit deal. Updated 26 February 2019 https://www.gov.uk/government/publications/further-guidance-note-on-the-regulation-of-medicines-medical-devices-and-clinical-trials-if-theres-no-brexit-deal/further-guidance-note-on-the-regulation-of-medicines-medical-devices-and-clinical-trials-if-theres-no-brexit-deal
2 EMA Guidance: Practical guidance for procedures related to Brexit for medicinal products for human and veterinary use within the framework of the centralised procedure. EMA/478309/2017 Rev. 4. 04 MArch 2019

Corporate Governance Report

NeuroVive Pharmaceutical AB (publ) (NeuroVive or the Company) is a Swedish public limited company with corporate identity number 556595-6538. NeuroVive's registered office is in the Municipality of Lund and the Company is listed on Nasdaq Stockholm and the marketplace OTCQX US. This Corporate Governance Report has been prepared by NeuroVive's Board of Directors in compliance with the Annual Accounts Act and the Swedish Code of Corporate Governance (the Code). The Corporate Governance Report is part of the Statutory Administration Report and the Company's Auditors have conducted their statutory review of the Report

NeuroVive Governance

Annual General Meeting

The Annual General Meeting (AGM) is the chief decision-making body. The AGM is planned and held to enable shareholders to exercise their influence over the Company optimally. Resolutions reached at the AGM shall adhere to the Swedish Companies Act's regulations on majority requirement

Entitlement to participate at the Annual General Meeting.

All shareholders listed in the share register maintained by Euroclear Sweden AB on the record date prior to the AGM, and who have informed NeuroVive of their intention to attend by no later than the date indicated in the invitation to the AGM, are entitled to participate in the AGM and to vote according to the number of shares held.

Initiatives from shareholders.

Shareholders wishing to raise a matter at the AGM must submit a written request to the Board of Directors by no later than seven weeks prior to the AGM.

Nomination Committee.

The Company shall have a Nomination Committee comprising one member of each the three largest shareholders in terms of voting rights based on ownership statistics maintained by Euroclear.Sweden AB.

The Board of Directors

The Board of Directors shall have a minimum of three and a maximum of eight members. Board members are appointed annually by the AGM and are elected for a period until the end of the next AGM.

Chair.

The AGM appoints the Chair. The Chair leads the Board's work, monitors the work and assumes responsibility for the Board completing its duties according to applicable legislation, the Articles of Association, the Swedish Code of Corporate Governance and the Board of Director's rules of procedure. The Chair shall monitor the Company's progress through contact with the CEO, consult with the CEO on strategic matters and ensure that strategic considerations are recorded and addressed by the Board of Directors.

The Board of Directors' duties and responsibilities.

The Board of Directors is the highest administrative body at the AGM. The Board of Directors' primary duty is to manage overall and long-term issues and matters of major significance to the Company. The Board of Directors assumes overall responsibility for the Company's operations and management and for ensuring that the accounting and fund management are controlled satisfactorily. The Board of Directors is responsible for ensuring that the Company follows applicable legislation, stipulations and the Swedish Code of Corporate Governance and that the Company is subject to satisfactory internal control procedures and formalized routines that safeguard adherence to set principles for financial reporting and internal control.

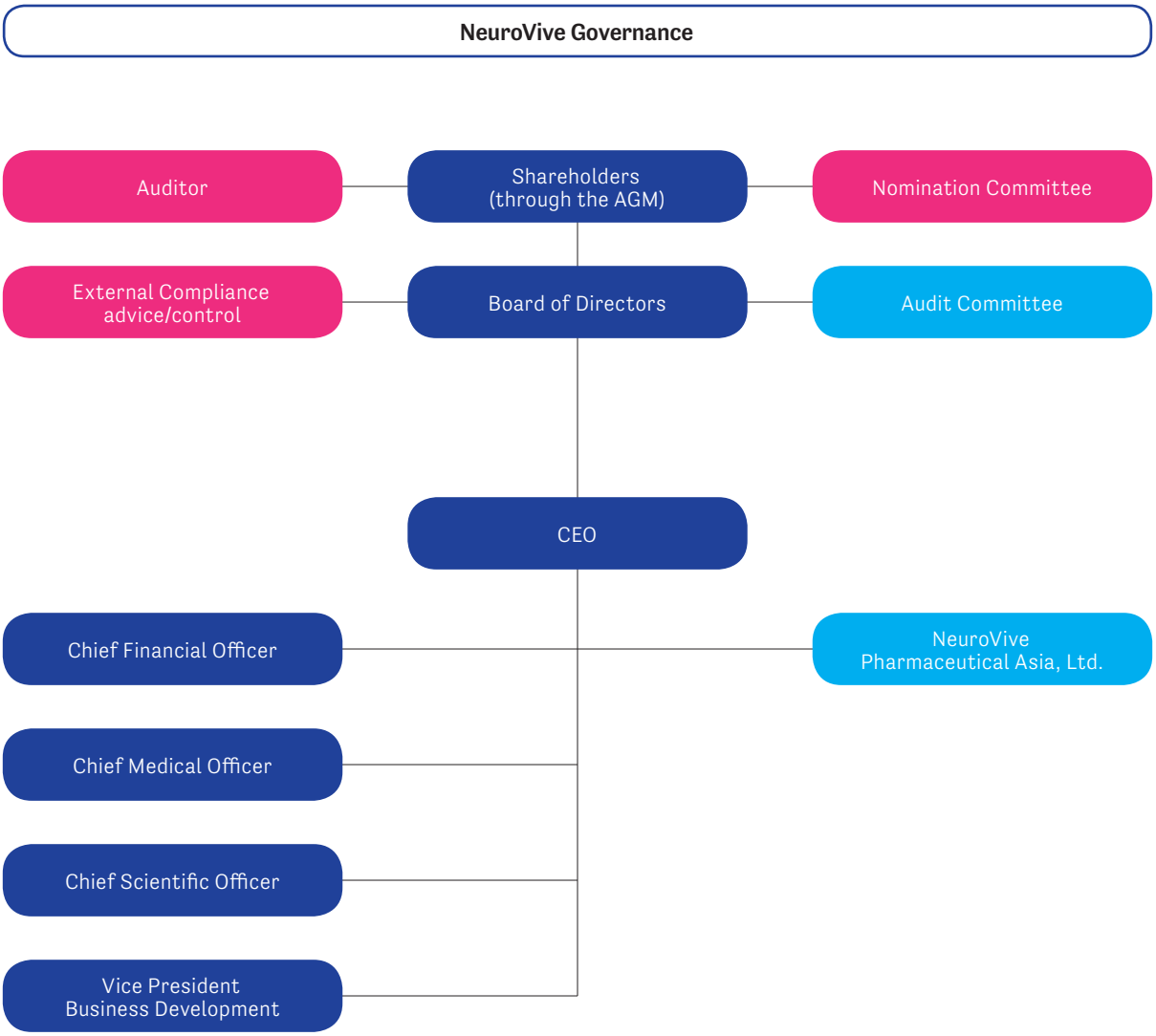
Remuneration Committee.

The Remuneration Committee shall assist the Board in matters of salary and remuneration on issues relating to salary and remuneration. The Remuneration Committee's duties include:

- consulting on the Board of Director's decisions on matters relating to remuneration principles, remuneration and other terms of employment of management,
- monitoring and evaluating ongoing and concluded (during the year) programs for variable remuneration for the corporate management, and
- monitoring and evaluating the application of guidelines for remuneration to senior executives that the AGM is legally obliged to resolve on, and applicable remuneration structures and remuneration levels in the Company.

Audit Committee.

The members of the Audit Committee are appointed by the Company's Board of Directors at the Board meeting following election and shall consist of a minimum of two Board members. The Audit Committee shall contribute to sound financial reporting that maintains market confidence in the Company by specifically monitoring and controlling the Company's


NeuroVive Governance
Auditor
Shareholders (through the AGM)
Nomination Committee
External Compliance advice/control
Board of Directors
Audit Committee
CEO
Chief Financial Officer
NeuroVive Pharmaceutical Asia, Ltd.
Chief Medical Officer
Chief Scientific Officer
Vice President Business Development

accounting principles, financial administration, risk management and the structure of internal control, resources, ongoing work and annual reporting. The Audit Committee also reviews the Auditor's non-affiliation to the Company.

CEO
The CEO is appointed by the Board of Directors. The CEO's work follows the written instructions adopted annually by the Board of Directors at the Board meeting following election.

The instructions for the CEO regulates customary areas such as the CEO's undertaking in relation to the Company and the Board of Directors, including responsibility for presenting expedient reports to the Board of Directors relevant to the Board's completion of its evaluation of the Company.

The CEO shall ensure that ongoing planning, including business plans and budgets, is completed and presented to the Board of Directors for resolution.

When departure from these plans and special events of a significant nature are feared, the CEO must inform the Board of Directors through the Chair immediately.

Application of and departure from the Swedish Code of Corporate Governance

The Code applies to all Swedish companies whose shares are listed on a regulated marketplace in Sweden and shall be applied fully at the first Annual General Meeting held following initial public offering. The Company is not obliged to adhere to all the regulations of the Code, and is free to adopt alternative solutions deemed more suitable to its circumstances, provided that potential departures are reported, the alternative solution described and the reasons explained (Comply or Explain principle) in the Corporate Governance Report.

NeuroVive has applied the Swedish Code of Corporate Governance since 8 June 2012, and this Corporate Governance Report has been prepared in accordance with the Code. In 2018, NeuroVive deviated from the Code as only Board member Jan Törnell attended the Extraordinary General Meeting on March 22, 2018, Chairman David Laskow-Pooley and Board members David Bejker, and Marcus Keep attended the extraordinary meeting on March 22, 2018 via telephone, in addition no deviations from the Code have occurred in 2018.

Organization of Corporate Governance

NeuroVive's internal controls and corporate governance are ased on applicable legislation/regulations and on sector-specific parameters considered significant to the Company. The control system encompasses all applicable regulatory frameworks as well as the specific demands NeuroVive places on its operations.

The internal control and corporate governance tool provides overall control of all critical stages relating to the Company. This provides NeuroVive's Board of Directors and management with the conditions required to control and govern operations in order to satisfy the stringent demands of the Company, the market, the stock market, the shareholders and the authorities.

The following legislation/regulations as well as the Company's own constitutional documents form the basis of NeuroVive's corporate governance:

External Regulations
- The Swedish Companies Act,
- Applicable accounting legislation,
- IFRS,
- The Swedish Code of Corporate Governance,
- Nasdaq Stockholm's regulatory framework for issuers.

Internal constitutional documents
- The Articles of Association,
- Instructions and rules of procedure for the Board of Directors, Committees and CEO,
- Guidelines for remuneration to senior executives,
- Information and communication policy,
- Ethical guidelines,
- Financial administration guidelines.

Ownership structure

NeuroVive had some 9,025 registered shareholders as of 28 December 2018. Avanza Pension Försäkring AB was the largest owner with a holding of 10,622,965 shares, corresponding to some 11.58 percent of the shares and votes. Euroclear Bank S.A/N.V, W8-IMY (registers holdings for Maas Biolab, LCC and Marcus Keep and others domiciled in the US) was the second largest shareholder with 4,486,073 shares, corresponding to some 4.89 percent of the shares and votes. Danske Bank International S.A, trustee of holdings, for Rothesay Limitedwas the third biggest shareholder with 4,300,000 shares, corresponding to some 4.69 percent of the shares and votes.

Marcus Keep, with its stake in Maas BioLab and private holdings is the largest shareholder with a total holding of 4.79 percent. Rothesay Limited is the second largest shareholder with a holding of 4,69%. Fredrik Olsson with holdings in Baulos Capital Belgium SA, is NeuroVive's third largest shareholder with a holding of 3.27 percent in total.

There were no shareholders with a holding of more than one-twentieth of the total number of shares and votes in the Company at year-end.

Share capital and voting rights

NeuroVive's share capital totaled SEK 4.584.853,80 divided between 91.697.076 shares as of 28 December 2018. There

is only a single share class. All shares have a quotient value of SEK 0.05 and one vote, and confer equal entitlement to the Company's assets and profits. NeuroVive's Articles of Association have no limitations regarding the number of votes each shareholder may cast at the AGM.

Annual General Meeting

The Annual General Meeting (AGM) is the chief decision-making body in a limited company and the shareholders exercise their decision-making rights at the AGM. The AGM is planned and held to enable shareholders to exercise their influence over the Company optimally. The invitation to the AGM and other information provided is designed to allow shareholders to reach well-founded decisions on the issues addressed at the AGM. Resolutions reached at the AGM shall adhere to the Swedish Companies Act's regulations on majority requirement. In accordance with the Articles of Association, the invitation to the AGM and Extraordinary General Meetings are published in Post- och Inrikes Tidningar and on the Company's website. An announcement that a Meeting has been convened is published in Swedish daily newspaper Svenska Dagbladet.

Entitlement to participate at the Annual General Meeting
All shareholders listed in the share register maintained by Euroclear Sweden AB on the record date prior to the AGM, and who have informed NeuroVive of their intention to attend by no later than the date indicated in the invitation to the AGM, are entitled to participate in the AGM and to vote according to the number of shares held.

Initiatives from shareholders
Shareholders wishing to raise a matter at the AGM must submit a written request to the Board of Directors by no later than seven weeks prior to the AGM. Given the Company's ownership structure and financial circumstances, NeuroVive does not consider simultaneous interpretation into other languages and translation of all of or part of the documentation relating to the AGM as justified. NeuroVive's website contains information on the Company's previous AGMs as well as information on shareholders' rights to raise matters at the AGM and the cut-off date for NeuroVive receiving such requests.

Shareholders' meetings

The AGM was held on 27 April 2018, at Scheelevägen 2 in Lund, Sweden. Ten shareholders attended the AGM, in person or through representatives. These shareholders represented 1.5 percent of the shares and votes of NeuroVive. The CEO Erik Kinnman, David Laskow-Pooley (Chair), Board members, David Bejker, Marcus Keep, Jan Törnell and the company's Auditor in Charge, Bengt Ekenberg attended the AGM.

The AGM 2018 adopted the following resolutions:

- Adopted the Balance Sheet and Income Statement and Consolidated Balance Sheet and Income Statement,
- Resolution regarding discharging the Board of Directors and CEO from liability,
- Resolution regarding remuneration to the Board of Directors, Auditors and Committee members,
- Elected the Board of Directors,
- Adopted guidelines for remuneration to senior executives,
- Adopted guidelines for the Nomination Committee.
- Adopted a resolution to sanction the Board of Directors to authorize further new issues, warrants and/or convertibles

Documentation relating to the AGM, such as invitations to meetings, minutes and the basis of decisions, is at NeuroVive's website, www.neurovive.com.

Annual General Meeting 2019

NeuroVive's AGM 2019 will be held on 25 April 2019, at 4 pm. at Medicon Village, Scheelevägen 2, in Lund, Sweden. Shareholders wishing to attend the AGM must notify the Company in advance. Information on how to apply and how to raise a matter at the AGM is on the Company's website. Information about the date and place of the AGM was uploaded to the company's website on 25 October 2018.

Nomination Committee
The Company shall have a Nomination Committee comprising one member of each of the three largest shareholders in terms of voting rights based on ownership statistics maintained by Euroclear Sweden AB. If a shareholder does not exercise its right to appoint a member, entitlement to appoint a member of the Nomination Committee shall transfer to that member who is the second largest shareholder in terms of voting rights. The Chair of the Board convenes the meetings and can be co-opted to the Nomination Committee when required. Neither the CEO nor any other member of management is permitted to be members of the Nomination Committee, nor shall Board members be a majority of the Nomination Committee members. A majority of the Nomination Committee's members shall be non-affiliated to the Company and management, if more than one Board member is included in the Nomination Committee, a maximum of one can be affiliated to the Company's major shareholders. A minimum of one of the Nomination Committee's members shall be non-affiliated to the Company's largest shareholder or group of shareholders collaborating on the Company's administration. No remuneration is payable to any of the members of the Nomination Committee.

The Nomination Committee initiates the appraisal of the incumbent Board of Directors once it has been completed. The Committee's work shall feature openness and discussion, in order to ensure a well-balanced Board of Directors. The Nom-

ination Committee then nominates members to NeuroVive's Board of Directors for the coming period of office, who are subsequently proposed to the AGM. The Nomination Committee's duty is to propose the Chair of the AGM, the Chair of the Board and Board members, the number of Board members, remuneration to Board members and Committee members as well as the election of, and remuneration to, the Auditors. The Nomination Committee also has the duty of proposing guidelines for appointing members of the Nomination Committee and the assignments of the Nomination Committee.

The composition of the Nomination Committee for the AGM 2019 was announced at the company's website on 25 October 2018. The Nomination Committee for the Annual General Meeting 2019 consists of the following members, Kristina Ingvar, appointed by Rothesay Limited, Michael Vickers (Chair), appointed by Maas Biolab LLC and Fredrik Olsson appointed by Baulos Capital Belgium SA.

The Board of Directors

Composition of the Board of Directors

NeuroVive's AGM on 27 April 2018 re-elected board members David Laskow-Pooley, David Bejker and Jan Törnell. Denise Goode was elected new Board member. David Laskow-Pooley was re-elected Chair of the Board. None of the Board members are members of the Company's management.The Board members' non-affiliation to the Company, the Company's management and the Company's major shareholders are indicated in the table below.

Chair

The AGM appoints the Chair. The Chair represents the Board of Directors externally and internally. The Chair leads the Board's work, monitors the work and assumes responsibility for the Board completing its duties according to applicable legislation, the Articles of Association, the Swedish Code of Corporate Governance and the Board of Director's rules of procedure.

The Chair shall monitor the Company's progress through contact with the CEO, consult with the CEO on strategic matters and ensure that strategic considerations are recorded and addressed by the Board of Directors. The Chair shall also ensure that the Board of Directors, through the CEO's agency, receives information on the Company on an ongoing basis in order to enable analysis of the Company's position.

The Board of Directors' duties and responsibilities

The Board of Directors is the highest administrative body under the AGM. The work of NeuroVive's Board of Directors is regulated by applicable legislation and recommendations, and by the Board of Directors' rules of procedure, which are adopted annually. The rules of procedure contain stipulations regulating the division of responsibilities between the Board of Directors and the CEO, financial reporting and audit mat-

Board work 2018

February
- Proposal to new share issue and notification Extra General Meeting.
- Year-End Report, Audit matters, determining salary and remunerations matters including variable remuneration, the Board of Directors discussion with the company's Auditor without the CEO or other members of Management being present.

March
- Audit matters, Annual Report, AGM and Corporate Governance Report, evaluation of variable remuneration.
- Extraordinary general meeting.

April
- Resolution on Prospectus.
- Resolution to allocate new shares in a rights issue
- Annual General Meeting
- Corporate Governance Policy, Rules of Procedure for the Board of Directors, Rules of Procedure for the Audit and Remuneration Committees and instructions for the CEO. Appointing members of Board Committees. Determining other policies and guidelines.

May
- Review and authorization of Q1 Interim Report.

August
- Review and authorization of Q2 Interim Report.

October
- Review of Corporate Governance, determining operational objectives and strategy.

November
- Review and authorization of Q3 Interim Report, financing matters, matters relating to Year-end Report, budget, audit matters, evaluating the Board of Directors' and senior executives' work in the year. The company's Auditor was present due to the review of the Interim Report.

December
- Proposal to new share issue and notification Extra General Meeting.

ters. At the Board meeting following election, the Board of Directors adopts other requisite rules of procedure, policies and guidelines that form the basis for the Company's internal regulatory framework.

The Board of Directors' primary duty is to manage overall and long-term issues and matters of major significance to the Company. The Board of Directors assumes overall responsibility for the Company's operations and management and for ensuring that the accounting and fund management are controlled satisfactorily. The Board of Directors is responsible for ensuring that the Company follows applicable legislation, stipulations and the Swedish Code of Corporate Governance and that the Company is subject to satisfactory internal control procedures and formalized routines that safeguard adherence to set principles for financial reporting and internal control, and that the Company's financial reporting is prepared in accordance with statutory requirements, applicable accounting standards and other demands placed on listed companies.

According to the Board of Directors' rules of procedure, the Board of Directors normally meets on seven occasions annually, including the Board meeting following election. The Board of Directors held 17 meetings during the year. Regular Board meetings covered matters such as reviewing and adopting financial reports, the business plan, budget and funding as well as strategic issues. The Board of Directors also monitors the progress of the Company's current pharmaceutical projects and financial situation continuously. The final ordinary Board meeting of the year included an appraisal of the Board of Directors and the work of the Board. Additional meetings during the year dealt with matters such as decision on new share issues, financing and corporate strategy and allocation of shares under the new issues.

The Board members' non-affiliation and attendance are indicated in the table above. For a presentation of Board members, see page 44 of the Annual Report..

Evaluation of the Board of Directors' work.
Board members have completed an evaluation document produced specifically to perform a structured evaluation of the Board's work in accordance with the guidelines in the Swedish Code of Corporate Governance. The evaluation has been presented by the Chairman to the Board of Directors at a regular Board meeting.

Evaluation of the CEO
The Board of Directors went jointly through the evaluation document produced specifically to perform a structured evaluation in with accordance with the guidelines in the Swedish Code of Corporate Governance regarding evaluating the CEO's work. The evaluation has been presented by the Chairman to the Board of Directors at a regular Board meeting.

Remuneration Committee

The Board of Directors has established a Remuneration Committee to assist the Board on issues relating to salary and remuneration. The Remuneration Committee's duties include:

- consulting on the Board of Director's decisions on matters relating to remuneration principles, remuneration and other terms of employment of management,
- monitoring and evaluating ongoing and concluded (during the year) programs for variable remuneration for the corporate management, and
- monitoring and evaluating the application of guidelines for remuneration to senior executives that the AGM is legally obliged to resolve on, and applicable remuneration structures and remuneration levels in the Company.

Board in 2018

Board member	Elected in	Board of Directors (attendence)	Audit committee (attendence)	Remuneration committee (attendence)	Non affiliated[1]
David Laskow-Pooley, Chair	2016	14/14		Chair (3/3)	Yes
Marcus Keep*	2000	6/6			Yes
David Bejker	2017	14/14	Chair (5/5)		Yes
Jan Törnell	2017	14/14	Member (4/5)	Member (3/3)	Yes
Denise Goode**	2018	9/9	Member (2/3)	Member (3/3)	Yes

[1] According to the definition in the Swedish Code of Corporate Governance

*Marcus Keep was not re-elected on the AGM on April 27 2018.

**Denise Goode was elected to the Board of Directors on April 27th 2018.

After consultation within the Remuneration Committee, the Board of Directors takes decisions on remuneration.

As a sub-committee of the Board of Directors, the Remuneration Committee has limited decision-making powers. The Committee's Rules of Procedure are determined annually by the Board of Directors at the statutory Board meeting, and indicate the tasks and decision-making powers delegated by the Board to the Committee, and the methods for reporting back to the Board of Directors

The Remuneration Committee presents ongoing reports on its work to the Board of Directors at regular Board meetings, and presents an annual report on the members' attendance at Committee meetings to the Board of Directors.

NeuroVive's Remuneration Committee is appointed at the Board meeting following election and comprises David Laskow-Pooley (Chair), Denise Goode and Jan Törnell.

Audit Committee

The members of the Audit Committee are appointed by the Company's Board of Directors at the Board meeting following election and shall consist of a minimum of two Board members. The Board of Directors appoints the Chair of the Audit Committee, who may not be the Chair of the Board. A majority of the Committee's members shall be non-affiliated to the Company and management. At least one member who is non-affiliated to the Company and .management shall also be non-affiliated to the Company's major shareholders.

The Audit Committee has been established to facilitate the Board of Directors' supervisory responsibility. As a subcommittee of the Board of Directors, the Audit Committee has limited decision-making powers. The Committee's rules of procedure are adopted annually at the Board meeting following election and indicate the decision-making powers the Board of Directors has delegated to the Committee and the manner in which the Committee shall report to the Board of Directors. The Audit Committee reports its work to the Board of Directors on an ongoing basis at regular meetings and also reports its work and members' attendance at Audit Committee meetings to the Board of Directors once annually.

The Audit Committee shall contribute to sound financial reporting that maintains market confidence in the Company by specifically monitoring and controlling the Company's accounting principles, financial administration, risk management and the structure of internal control, resources, ongoing work and annual reporting. The Audit Committee also reviews the Auditor's non-affiliation to the Company.

The Committee shall consult on matters relating to the choice of Auditor and remuneration to external Auditors, and maintain close contact with the Nomination Committee for its proposals to the AGM relating to election of Auditors and determining the Audit fee. The Audit Committee's contact with the Nomination Committee is handled and maintained by the Chair of the Audit Committee.

NeuroVive's Audit Committee is appointed at the Board meeting following election and comprises David Bejker (Chair), Denise Goode and Jan Törnell for the current period.

CEO and other senior executives

The CEO is appointed by the Board of Directors. The CEO's work follows the written instructions adopted annually by the Board of Directors at the Board meeting following election.

The instructions for the CEO regulates customary areas such as the CEO's undertaking in relation to the Company and the Board of Directors, including responsibility for presenting expedient reports to the Board of Directors relevant to the Board's completion of its evaluation of the Company. The CEO shall ensure that ongoing planning, including business plans and budgets, is completed and presented to the Board of Directors for resolution. The CEO shall exercise good leadership in the management of operations to ensure that the Company progresses according to plan and follows the strategies and policies adopted. When departure from these plans and special events of a significant nature are feared, the CEO must inform the Board of Directors through the Chair immediately. The CEO shall ensure that the Company's operations, including its administration, are organized so that they satisfy market requirements, and shall ensure efficient and secure organizational control of operations.

Within the framework of the directives provided by the Board of Directors for the Company's operations, management deals with consultation regarding, and monitoring of, strategies and budgets, the distribution of resources, the monitoring of operations and preparation for Board meetings.

In the period the members of management were CEO Erik Kinnman, Catharina Jz Johansson, Eskil Elmér, Magnus Hansson and Mark Farmery. Management meet at least every two weeks and minutes are taken at all meetings.

Remuneration to the Board of Directors and senior executives

Remuneration to Board members

The AGM 2018 resolved that fees of SEK 300,000 should be paid to the Chair and SEK 150,000 to each of the remaining Board members.

The AGM 2018 resolved on remuneration of SEK 100,000 to the Chair of the Audit Committee and SEK 50,000 to each of the remaining members of the Audit Committee. Furthermore, a resolution was made regarding remuneration of SEK 40,000 to the Chair of the Remuneration Committee and SEK

20,000 to each of the remaining members of the Remuneration Committee.

Remuneration to senior executives
Following a proposal from the Board of Directors, the AGM 2018 reached a resolution regarding guidelines for remuneration to senior executives.

The guidelines for remuneration and other terms of employment applying to management mainly imply that the Company shall offer its senior executives remuneration on market terms, that this remuneration shall be determined by a dedicated Remuneration Committee governed by the Board of Directors, and that the criteria for remuneration shall be based on the responsibilities, role, competence and position of the relevant senior executive. Remuneration to senior executives is decided by the Board of Directors, excluding any Board members affiliated to the Company and management. The guidelines shall apply to new agreements, or revisions to existing agreements reached with senior. executives after the guidelines were determined, and until new or revised guidelines have become effective

Senior executives shall be offered fixed compensation on market terms and based on the managers' responsibilities, role, competencies and position. Fixed compensation shall be reviewed annually.

From time to time, senior executives may be offered variable remuneration. Such variable remuneration shall be on market terms and be based on the outcome of predetermined financial and individual targets. The conditions and basis for calculating variable remuneration shall be determined for each operational year. Variable remuneration is paid out during the year after earning, and can be paid as salary or as a lump-sum pension premium. In the event of payment as a lump-sum pension premium, there is some indexation so the overall cost to NeuroVive is neutral.

The basic principle is that the annual variable portion of pay may be a maximum of 30 percent of basic annual salary to the CEO, maximum 20 percent of the basic annual salary to the management team and maximum 10 percent of the basic annual salary to key personnel. Total variable remuneration to senior executives and key persons may not exceed SEK 2,200,000 including social security contributions.

In order to incentivize senior executives and other key individuals on a longer term and to encourage investment in NeuroVive shares, a cash bonus share savings opportunity should be implemented (the "LTI Bonus"). The LTI Bonus is a cash program in which the participants commit to use the cash paid out by the Company to acquire shares in the Company. The shares are acquired by the participants on the stock market. This shall apply in addition to the STI Bonus.

The decision regarding the annual amount available as LTI Bonus will be built into the yearly bonus appraisal process to link yearly achievements to long term goals, to build employee shareholding in NeuroVive, and to retain employees. The amount of possible LTI Bonus will depend on the employee's position and the ability to influence the performance of NeuroVive.

The participants are required to use the full amount of the LTI Bonus, net after income tax to acquire NeuroVive shares on the stock market. The company will pay the social security costs.

The shares acquired for the LTI Bonus will be locked in for a period of 3 years after the acquisition. An employee who resigns, is terminated or otherwise leaves the Company will be obliged to hold the shares acquired within the LTI Bonus for the full period of 3 years after acquisition notwithstanding the termination of their employment. In the event an employee or former employee breaches the terms of the LTI Bonus program, such as for example by failing to provide information on the status of their shareholding or prematurely disposing of their shareholding they will be subject to contractual sanctions including a penalty equal to the full amount of the LTI Bonus (including income tax, but excluding social security contributions thereon).

The board shall decide on the amount of LTI Bonus. The maximum amount in the LTI Bonus is capped at an amount corresponding to 15 percent of the fixed annual compensation for the current year for the CEO, 10 percent to the management team and 5 percent to other key personnel:

The total maximum cost for the LTI Bonus to senior executives and key persons may not exceed SEK 1,100,000 including social security contributions.

When determining variable remuneration to management payable in cash, the Board of Directors shall consider introducing restrictions that:

- disqualification from future LTI Bonus in relation to an individual who sells his/her shares during the three year qualification period,
- making payment of a predetermined portion of such remuneration conditional so the performance on which vesting is based is demonstrably sustainable over time, and
- offers the Company the opportunity to reclaim such remuneration paid on the basis of information that subsequently proves manifestly erroneous.

Senior executives are entitled to pension solutions on market terms in accordance with collective agreements and/or with NeuroVive. All pension commitments shall be pre-

mium-based. Salary differentials can be utilized to increase pension provisions through lump-sum pension premiums, provided that the total cost to NeuroVive remains neutral.

The CEO has a maximum notice period of six months from NeuroVive's side and the maximum notice period for other senior executives is six months. The notice period is a minimum of six months from the CEO's side and the minimum notice period is three months for other senior executives. In addition to the notice period six months, the CEO will receive severance pay equal to six months salary and fringe benefits.

The Board of Directors is entitled to depart from the above guidelines if the Board considers there are special reasons to justify such departure in individual cases. Variable remuneration of SEK 1,279,801 was paid to senior executives in 2018, within the framework of the guidelines.

Share-based incentive program
There are currently no active incentive programs.

Auditors
The Auditors shall examine the Company's annual accounts and accounting records, and the Board of Directors' and CEO's administration. The Auditors shall present an Audit Report and a Consolidated Audit Report to the AGM at the end of each financial year. The Company's Auditors shall be appointed for a period of four years by the shareholders at the AGM. The AGM 2016 appointed Mazars SET Revisionsbyrå AB as the Company's Auditors. Bengt Ekenberg is Auditor in Charge. In order to ensure that the standards applying to the Board of Directors relating to information and control are satisfied, the Auditors regularly report to the Audit Committee on accounting matters and potential misstatements or suspected improprieties. In addition, the Auditors attend most of the Audit Committee's meetings and Board meetings as required. At least once a year, the Auditors present a report to the Board of Directors without the CEO or other members of the Company's operational management attending.

Remuneration to the Auditors
The AGM 2018 resolved on remuneration to the Auditors on the basis of approved account and customary debiting practice. Audit assignments are defined as reviewing the annual accounts and accounting records, as well as the Board of Directors' and CEO's administration, any other duties incumbent on the Company's Auditor and consultancy or other assistance arising from observations made in connection with such review or performance of other such duties. During control activities in the year, the Audit Committee concluded that the Auditors are non-affiliated to the Company. Information on Audit fees is in Note 9 on page 62. The Interim Report for the period January-September 2018 has been subject to a summary review by the Auditor.

Persons discharging managerial responsibilities
Persons discharging managerial responsibilities are defined as members of the Board of Directors and management. All these persons has regular access to inside information and the authority to make managerial decisions affecting the future development and business prospects. Such individuals are obliged to notify any changes in their holdings of financial instruments in NeuroVive in accordance with The Act concerning Reporting Obligations for certain Holdings of Financial Instruments.

Listed companies are required to keep electronic insider list, logbook. The obligation comprises of keeping a logbook of all events where people have access to insider information (eventdriven logbook). This can include persons discharging managerial responsibilities, but also other individuals with access to insider information without being a person discharging managerial responsibilities. NeuroVive keeps a logbook for each event where the information could affect the share price.

Internal controls over financial reporting
The overall aim of internal controls is to ensure, to a reasonable extent, that the Company's operational strategies and targets are monitored and that the owners' investments are protected. Internal controls should also secure reasonable assurance that external financial reporting is accurate and has been prepared in accordance with generally accepted accounting practice, that applicable legislation and stipulations are followed and that requirements made on listed companies are satisfied. The internal control environment mainly comprises the following five components: control environment, risk assessment, control activities, information and communication and follow-up.

Control environment
NeuroVive's control environment includes its organizational structure, decision-paths, responsibilities and authorizations, which are clearly defined in a number of constitutional documents. The constitutional documents have been adopted by the Board of Directors to ensure an effective control environment. The Company's control environment consists of collaborative initiatives between the Board of Directors, the Audit Committees, the CEO, the CFO, internally appointed staff and the Company's Auditor. Control is also exercised through the reporting procedures adopted in the Company's finance manual, including financial reporting to the Board of Directors, and a yearly report to the Board of Directors on completed internal control procedures. The Audit Committee has overall responsibility for ensuring that the internal control regarding financial reporting and reporting to the Board of Directors is effective. The Audit Committee performs quarterly reconciliation with the company's CEO and Auditor. In addition, the documentation produced for Management's evaluation of the company's internal control is reviewed and evaluated annually.

Risk assessment
Risks assessment includes identifying risks that may arise if the fundamental standards of financial reporting in the group are not satisfied. A review takes place to ensure that the Company has an infrastructure that enables effective and expedient control, and an assessment of the Company's financial position and significant financial, legal and operational risks. The company identifies and evaluates the risks on a regularly basis, that may arise, in a risk assessment model. Pharmaceuticals development is associated with risks and is a capital-intensive process. The risk factors judged to be of particular significance to NeuroVive's future progress are the outcome of clinical studies, measures taken by regulatory authorities, competition and pricing, collaboration partners, liability risk, patents, key staff and future capital requirement.

Control activities
Control activities limit identified risks and ensure accurate and reliable financial reporting. The Audit Committee and the Board of Directors are responsible for the internal control and monitoring of management. This is achieved through internal and external control activities and by reviewing the Company's constitutional documents governing risk management. The results of internal controls are compiled and a report presented to the Board of Directors and the Audit Committee annually.

Information and communication
The Company has information and communication paths intended to promote the accuracy of financial reporting and ensure reporting and feedback from operations to the Board of Directors and management, through means including constitutional documents such as internal policies, guidelines and instructions relating to financial reporting being made available and presented to the relevant staff.

Monitoring
NeuroVive monitors the observance of the Company's constitutional documents and routines relating to internal controls. Management reports to the Audit Committee on internal controls at each meeting. The Board of Directors is regularly updated on the Company's financial position and profit/loss against budget as well as on development projects in relation to the relevant project budgets. The CEO presents a written report at each regular Board meeting, or when the need arises, directly to the Board of Directors on the monitoring and status of the Company's ongoing projects and drug candidates.

Special evaluation of the requirement for internal audit
NeuroVive does not conduct an internal audit. The Board of Directors evaluates the need for this function annually and judges that, given the Company's size with relatively few employees and limited transactions, there is no need to institute a formal internal audit function.

Compliance with Swedish stock market regulations and accepted stock market practice
NeuroVive has not been subject to any ruling by Nasdaq Stockholm's disciplinary commission or statements by the Swedish Securities Council relating to breaches of Nasdaq's regulatory framework for issuers or good accounting practice on the stock market in the financial year 2018.

NeuroVive's Board

David Laskow-Pooley | Chairman

Chairman since 2017. Director since 2016.
Born: 1954
Education: BSc Pharmacy (1st), Pharmaceutical/ Chemical engineering specialty and QP., Sunderland School of Pharmacy.
Other assignments: CEO of Pharmafor Ltd, England, and Director of the Board in Marker Therapeutics Inc. (England) and LREsystem Ltd, (England).
No. of shares in NeuroVive: 30,552
Other: Non-affiliated to the Company, the management and to major owners.

David Bejker | Director

Director since 2017.
Born: 1975
Education: M.Sc. (Econ.), Stockholm School of Economics.
Other assignments: CEO of Affibody Medical AB
No. of shares in NeuroVive: 30,552
Other: Non-affiliated to the Company, the management and to major owners.

Denise Goode | Director (2018)

Director since 2018
Born: 1958
Education: Chartered Accountant from the Institute of Chartered Accountants in England and Wales. B.Sc. Zoology from The University of Manchester (UK)
Other ongoing assignments: Director of the Board of QED Life Sciences Limited, and VP Business Development in AnaMar AB.
No. of shares in NeuroVive: –
Other: Non-affiliated to the company, the management, and to major owners.
.

Jan Törnell | Director

Director since 2017.
Born: 1960
Education: MD and PhD in physiology, University of Gothenburg.
Other assignments: CEO and Director of the Board of Innoext AB, Chairman of the Board of LIDDS AB and Glactone Pharma AB, Director of the Board of Diaprost AB, Deputy director of the Board of LIDDS Pharma AB, and partner in P.U.L.S. AB.
No. of shares in NeuroVive: 30,552
Other: Non-affiliated to the Company, the management and to major owners.

Information regarding individuals' own and related parties' shareholdings pertains to the situation on December 31, 2018.

NeuroVive's Management

Erik Kinnman | CEO

Born: 1958
Education: Medical doctor, Ph.D., and Associate Professor at Karolinska Institutet. Board certified in Neurology and Pain Management. Executive MBA Stockholm School of Economics.
Previous experience: More than 20 years of experience from leading positions in pharmaceutical companies including AstraZeneca and Sobi. Specialist in Neurology and Pain Management at Karolinska Hospital.
Employed since: 2016
No. of shares in NeuroVive: 400,298 shares.

Eskil Elmér | Chief Scientific Officer

Born: 1970
Education: Associated professor of experimental neurology at Lunds University, Doctors degree.
Previous experience: Researcher, Associate Professor at the Department of Clinical Neurophysiology at Lund University. Specialist physician at the neurophysiological clinic at Skåne University Hospital.
Employed since: 2000
No. of shares in NeuroVive: 577,487 Privately owned shares (including family) and 17.09 percent of Maas Biolab, LLC.

Mark Farmery | VP BD

Born: 1969
Education: BSc in Biomedical Sciences (Microbiology) from the University of Bradford and his PhD in Biochemistry and Molecular Microbiology from the University of Leeds.
Previous experience: More than 15 years of experience in biopharma business development from Karolinska Institute Innovations AB, AstraZeneca and Karo Bio AB.
Employed since: 2017
No. of shares in NeuroVive: 13,225

Magnus Hansson | CMO

Born: 1976
Education: PhD in Experimental brain research from Lund University, Doctors degree.
Previous experience: Consultant physician and associate professor in medical imaging and physiology at Skåne University Hospital, Sweden.
Employed since: 2008
No. of shares in NeuroVive: 414,339 shares (including family).

Catharina Jz Johansson | CFO

Born: 1967
Education: M.Sc. in Business and Economics.
Previous experience: More than 15 years of experience from senior financial positions. Interim CFO for medical device company Cellavision, and Accounting Manager for Bong and Alfa Laval Europe.
Employed since: 2013
No. of shares in NeuroVive: 60,000 shares.

Information regarding individuals' own and related parties' shareholdings pertains to the situation on December 31, 2018.

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income, Group

(SEK 000)	Note	2018	2017
Net sales	6	5	27
Other operating income	7	2,461	248
Operating expenses	9,10	-55,812	-46,415
Personnel cost	11	-14,454	-12,417
Depreciation and write-down of tangible and intangible assets		-4,771	-1,595
Other operating expenses	8	-789	-10,936
		-75,826	**-71,363**
Operating income	5	**-73,360**	**-71,088**
Profit/loss from financial items			
Result from other securities and receivables related to non current assets		66	56
Financial income	12	407	65
Financial costs	13	-607	-636
			-515
Profit/loss before tax		**-73,494**	**-71,603**
Income tax	14	-	-
Profit/loss for the period		**-73,494**	**-71,603**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Translation differences on foreign subsidiaries		4	1
Total other comprehensive income, net after tax		**4**	**1**
Total comprehensive income for the period		**-73,490**	**-71,602**
Loss for the period attributable to:			
Parent company shareholders		-68,373	-66,728
Non-controlling interests		-5,121	-4,875
		-73,494	**-71,603**
Total comprehensive income for the period			
Parent company shareholders		-68,370	-66,895
Non-controlling interests		-5,120	-4,707
		-73,490	**-71,602**
Earnings per share before and after dilution (SEK) based on average number of shares	15	-0.94	-1.33

Consolidated Statement of Financial Position, Group

(SEK 000)	Note	2018-12-31	2017-12-31
ASSETS			
Non-current assets			
Intangible assets			
Development costs	16	51,706	51,941
Patents	17	20,121	20,627
Other intangible assets	18	1,613	1,747
		73,440	**74,315**
Tangible assets			
Equipment	19	140	162
		140	**162**
Financial Assets			
Other long-term securities	21	13,101	13,102
		13,101	**13,102**
Total non-current assets		**86,681**	**87,579**
Current assets			
Other receivables		1,432	1,568
Prepaid expenses and accrued income	22	1,244	1,967
Cash and cash equivalents	23	25,951	28,992
		28,627	**32,527**
TOTAL ASSETS		**115,308**	**120,106**
EQUITY AND LIABILITIES			
Equity attributable to the shareholders of the parent company			
Share capital	24	4,585	2,616
Additional paid in capital	25	489,913	427,226
Translation reserve	26	616	613
Retained earnings	27	-398,113	-329,740
Total equity attributable to the shareholders of the parent		**97,001**	**100,716**
Non-controlling interests		**11**	**5,131**
Total equity		**97,012**	**105,846**
Short-term liabilities			
Accounts payable		10,162	7,525
Other liabilities		808	863
Accrued expenses and deferred income	28	7,326	5,871
		18,296	**14,260**
Total liabilities		**18,296**	**14,260**
TOTAL EQUITY AND LIABILITIES		**115,308**	**120,106**

Consolidated Statement of Changes in Equity, Group

(SEK 000)	Equity attributable to the shareholders of the parent company						
	Share capital	Additional paid-in capital	Translation reserve*	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance, 1 January 2017	**2,473**	**418,339**	**780**	**-266,146**	**155,446**	**12,858**	**168,304**
Comprehensive profit/loss for the period							
Profit/loss for the period	-	-		-66,728	-66,728	-4,875	-71,603
Other comprehensive income:							-
Translation differences	-	-	-167	-	-167	168	1
Other comprehensive profit/loss for the period, net after tax	-	-	-167	-	-167	168	1
Total comprehensive profit/loss	**-**	**-**	**-167**	**-66,728**	**-66,895**	**-4,707**	**-71,602**
Transactions with shareholders:							
New share issue	143	8,887	-	-	9,030	-	9,030
Shareholder contribution	-	-	-	-	-	114	114
Total transactions with shareholders	**143**	**8,887**	**-**	**3,134**	**12,164**	**-3,020**	**9,144**
Closing balance, 31 December 2017	**2,616**	**427,226**	**613**	**-329,740**	**100,716**	**5,131**	**105,846**
Opening balance, 1 January 2018	**2,616**	**427,226**	**613**	**-329,740**	**100,716**	**5,131**	**105,846**
Comprehensive profit/loss for the period							
Profit/loss for the period	-	-	-	-68,373	-68,373	-5,121	-73,494
Other comprehensive income:							
Translation differences	-	-	3	-	3	1	4
Other comprehensive profit/loss for the period, net after tax	-	-	3	-	3	1	4
Total comprehensive profit/loss	**-**	**-**	**3**	**-68,373**	**-68,370**	**-5,120**	**-73,490**
Transactions with shareholders:							
New share issue**	1,969	62,687	-	-	64,656	-	64,656
Total transactions with shareholders	**1,969**	**62,687**	**-**	**-**	**64,656**	**-**	**64,656**
Closing balance, 31 December 2018	**4,585**	**489,913**	**616**	**-398,113**	**97,002**	**11**	**97,012**

* Relates to translation reserve, i.e. translation difference on conversion from foreign subsidiaries

** Total equity includes funds from the in April 2018 completed preferential rights issue with SEK64,176,000 less expenses SEK 14,324,000 and funds from the in November 2018 completed option program TO5 with SEK 480,000.

Consolidated Statement of Cash Flows, Group

(SEK 000)	Note	2018	2017
Cash flow from operating activities			
Operating income		-73,360	-71,088
Adjustments for non-cash items:			
Depreciation		1,914	1,595
Currency differences on intercompany items		-	-35
Impaired value		3,324	
Disposal of Business		-	10,936
Result from other securities and receivables related to non current assets		66	56
Interest received		407	65
Interest paid		-606	-149
Net cash from operating activities before changes in working capital		**-68,255**	**-58,260**
Changes in working capital			
Increase/decrease of other current assets		859	-1,273
Increase/decrease of other short-term liabilities		3,567	1,769
		4,426	**496**
Cash flow from operating activities		**-63,829**	**-58,124**
Investing activities			
Acquisition of intangible assets	17.18	-3,791	-4,204
Acquisition of tangible assets		-82	-40
Disposal business	20	-	-11,035
Increase in other financial assets	21	1	
Cash flow from investing activities		**-3,872**	**-15,279**
Financing activities			
New share issue	24	64,656	9,031
Shareholder contribution		-	114
Cash flow from financing activities		**64,656**	**9,145**
Cash flow for the period		-3,046	-64,258
Cash and cash equivalents at the beginning of the period		28,992	93,251
Effect of exchange rate changes on cash		5	-
Cash and cash equivalents at end of period	23	**25,951**	**28,992**

Income Statement, Parent Company

(SEK 000)	Note	2018	2017
Net sales	5	5	27
Other operating income	7	2,461	248
		2,466	**275**
Operating expenses			
Other external expenses	9,10	-55,777	-45,857
Personnel cost	11	-14,454	-12,190
Depreciation and write-down of tangible and intangible assets		-4,536	-1,584
Other operating expenses	8	-789	-
		-75,556	**-59,631**
Operating income	5	**-73,090**	**-59,357**
Profit/loss from financial items			
Result from shares in group company		-	7,652
Profit from other securities and receivables that are fixed assets		66	56
Interest income and other similar profit items	12	400	29
Interest expenses and other similar loss items	13	-602	-490
		-136	**7,247**
Profit/loss before tax		**-73,226**	**-52,109**
Income tax	14	-	-
Profit/loss for the period		**-73,226**	**-52,109**

Statement of Comprehensive Income, Parent Company

(SEK 000)	Note	2018	2017
Profit/loss for the period		-73,226	-52,109
Other comprehensive income		-	-
Total comprehensive profit/loss for the period		**-73,226**	**-52,109**

Company Balance Sheet, Parent Company

(SEK 000)	Note	12/31/2018	12/31/2017
ASSETS			
Non-current assets			
Intangible assets			
Development costs	16	51,706	51,706
Patents	17	20,121	20,627
Other intangible assets	18	1,613	1,747
		73,440	**74,080**
Tangible assets			
Equipment	19	140	162
		140	**162**
Financial assets			
Other non-current receivables	20	23,625	23,625
Other long-term securities	21	13,101	13,102
		36,726	**36,727**
Total non-current assets		**110,305**	**110,969**
Current assets			
Short term receivables			
Other receivables		1,430	1,566
Prepaid expenses and accrued income	22	1,244	1,967
		2,674	**3,533**
Cash and bank balances	23	**25,871**	**28,883**
Total current assets		**28,545**	**32,416**
TOTAL ASSETS		**138,850**	**143,385**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	24	4,585	2,616
Statutory reserve		1,856	1,856
Development expenditure reserve		10,610	10,610
		17,051	**15,082**
Unrestricted equity			
Share premium reserve		62,687	8,887
Retained earnings		114,061	157,283
Profit/loss for the period		-73,226	-52,109
		103,522	**114,061**
Total equity		**120,573**	**129,143**
Short-term liabilities			
Accounts payable		10,162	7,525
Other liabilities		808	863
Accrued expenses and deferred income	28	7,307	5,854
		18,277	**14,242**
TOTAL EQUITY AND LIABILITIES	29	**138,850**	**143,386**

Statement of Changes in Equity, Parent Company

	Restricted Equity			Unrestricted Equity		
(SEK 000)	Share capital	Statutory reserve	Fund Development costs	Share premium reserve	Retained earnings	Total Equity
Opening balance 1 January 2017	**2,473**	**1,856**	**9,924**	**82,653**	**75,316**	**172,222**
Comprehensive profit/loss for the period						
Disposition according to AGM	-	-	-	-82,653	82,653	-
Profit/loss for the period	-	-	-	-	-52,109	-52,109
Total comprehensive profit/loss	**-**	**-**	**-**	**-82,653**	**82,653**	**-52,109**
Transactions with shareholders						
New share issue	143	-	-	8,887	-	9,030
Total transactions with shareholders	143	-	-	8,887	-	9,030
Development expenditure reserve	-	-	686	-	-686	-
Closing balance, 31 December 2017	**2,616**	**1,856**	**10,610**	**8,887**	**105,173**	**129,143**
Opening balance 1 January 2018	**2,616**	**1,856**	**10,610**	**8,887**	**105,173**	**129,143**
Comprehensive profit/loss for the period						
Disposition according to AGM	-	-	-	-8,887	8,887	-
Profit/loss for the period	-	-	-	-	-73,226	-73,226
Total comprehensive profit/loss	**-**	**-**	**-**	**-8,887**	**-64,339**	**-73,226**
Transactions with shareholders						
New share issue	1,969	-	-	62,687	-	64,656
Total transactions with shareholders	**1,969**	**-**	**-**	**62,687**	**-**	**64,656**
Closing balance, 31 December 2018	**4,585**	**1,856**	**10,610**	**62,687**	**40,834**	**120,573**

Statement of Cash Flows, Parent company

(SEK 000)	Note	2018	2017
Cash flow from operating activities			
Operating income		-73,090	-59,357
Adjustments for non-cash items:			
Depreciation		1,914	1,584
Impaired value		3,089	-
Result from other securities and receivables related to non current assets		66	56
Interest received		400	29
Interest paid		-601	-3
Net cash from operating activities before changes in working capital		**-68,222**	**-57,690**
Changes in working capital			
Increase/decrease of other current assets		859	-1,368
Increase/decrease of other short-term liabilities		3,567	2,346
		4,426	**978**
Cash flow from operating activities		**-63,796**	**-56,711**
Investing activities			
Acquisition of intangible assets		-3,791	-4,247
Acquisition of tangible assets		-82	-40
Shares in group company		-	5,423
Shareholder contribution		-	-526
Change in other financial assets		1	-
Cash flow from investing activities		**-3,872**	**610**
Financing activities			
New share issue		64,656	9,030
Cash flow from financing activities		**64,656**	**9,030**
Cash flow for the period		**-3,012**	**-47,071**
Cash and cash equivalents at the beginning of the period		28,883	75,954
Cash and cash equivalents at end of period	23	**25,871**	**28,883**

Note 1 – General Information

NeuroVive Pharmaceutical AB (publ), with corporate identity number 556595-6538, is a limited company registered in Sweden, with its registered office in Lund. The address of the head office is Medicon Village, Scheelevägen 2, 223 81 Lund, Sweden. The company and its subsidiary (the "group") conduct research and development of pharmaceuticals that protect the mitochondria and pharmaceuticals to promote more effective mitochondrial function. The drug development technology platform is cyclosporine A, versions

of cyclosporine, and molecules with a similar structure, which together, constitute a new class of pharmaceutical called cyclophilin inhibitors. The project portfolio also includes drug candidates for cellular energy regulation. "NeuroVive" or "The Company" refers to NeuroVive Pharmaceutical AB (publ).

Note 2 – Critical accounting policies

The consolidated financial statements have been prepared in accordance with the Annual Accounts Act, RFR's (Rådet för finansiell rapportering, the Swedish Financial Reporting Board) recommendation RFR 1, Supplementary Accounting Rules for Groups and the International Financial Reporting Standards (IFRS) and interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU.

Basis of preparation of the financial statements

The group's functional currency is the Swedish krona (SEK), which is also the company's presentation currency. Unless otherwise stated, financial reports are in SEK. Unless otherwise stated, all amounts are rounded to the nearest thousand.

Assets and liabilities are recognized at historical cost, except from some financial assets and liabilities, which are valued at fair value.

The preparation of the financial statements in compliance with IFRS requires the Board of Directors and management to make judgments and estimates in the appropriate application in applying the accounting policies and reported amounts of assets, liabilities, income and expenses. These judgments and estimates are based on historical experience and know-how of the sector in which the Company is active and that are believed to be reasonable under the circumstances. The results of the judgments and estimates are used to determine the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these judgments and estimates. The judgments and estimates are reviewed on an on-going basis and revisions are recognized in the Income Statement. Judgments made by the Board of Directors and management when applying the accounting principles in accordance with IFRS that could have a significant impact on the financial statements, and judgments that could imply significant adjustments to financial statements for ensuing years are presented in more detail under Note 3.

The group's accounting policies described below are unchanged from the previous year unless otherwise stated.

New and amended standards applied by the Group

None of the Standards to be applied by the Group for the first time for fiscal year beginning 1 January 2018 has had or expected to have any impact on the Group's accounting policies or disclosures.

New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9 Financial instruments specifies how an entity should classify, measure and recognize financial assets and financial liabilities. IFRS 9 introduces a new approach for recognizing credit losses based on expected credit losses, which may entail earlier recognition of credit losses. Considering that the Company's revenue generation has been limited to date, the need for impairment is also limited and no quantitative impact has thus arisen. IFRS 9 also introduces new rules for hedge accounting. Since the Company does not apply hedge accounting, the company is not affected by these changes. Financial instruments are classified in accordance with IFRS 9, based on the company's business model. The Company classifies and measures its financial instruments based on the business model for managing the asset and the asset's contractual cash flow characteristics. On this basis, the Company will continue to apply the previous method of classification, whereby all financial assets, with the exception of holdings in unlisted securities, are measured at amortized cost, in the category now known as "Financial assets measured at amortized cost." As in preceding years, the unlisted securities will be measured at fair value through other comprehensive income, and the new name of the category will be "Financial assets measured at fair value through other comprehensive income." As in preceding periods, all financial liabilities will be measured at amortized cost. IFRS 9 came into effect on January 1, 2018 and has not therefore had any quantitative impact on the Company.

IFRS 15 "Revenue from contracts with customers". IFRS 15 treats how the accounting of revenues shall be made. Revenue shall according to IFRS 15 be accounted when the customer receives the control over the sold goods or service and the customer has opportunity to use the goods or services. The Group estimate that the new standard has no major impact on the financial statements, but will lead to increased disclosure requirements. IFRS 15 came into effect on January 1, 2018. Since the Group's inflows are still limited, the introduction has not resulted in any quantitative impact or need for additional disclosures on historical inflows.

IFRS 16 Leases is a new lease standard that will supersede IAS 17 Leases and interpretations on leases: IFRIC 4, SIC 15 and SIC 27. In 2018, the Company identified and evaluated the Group's leases and analyzed the impact of the transition to IFRS 16. This standard requires lessees to recognize assets and liabilities attributable to all leases, with limited exceptions, on the balance sheet. This method of recognition is based on the approach that the lessee has a right to use an asset for a specific period of time in exchange for consideration. Recognition for the lessor will remain essentially unchanged. The Company has leases for office premises that will be recognized on the balance sheet as of January 1, 2019. The estimated effect with an interest rate of 5% is approximately SEK 1 million. IFRS 16 will be applied retroactively with no restatement of comparative figures (the simplified approach). The changed accounting policy will mainly affect the company's equity/assets ratio, and the company does not expect the effects, profit after tax, to be significant.

No other IFRS or IFRIC-interpretations, which not yet has entered into force, is estimated to have any major impact on the Group.

Consolidated accounts

The consolidated accounts include the parent company and those companies over which the parent company exerts a controlling influence directly or indirectly (subsidiaries). Subsidiaries are defined as all companies (including structured entities) where the company has a controlling influence. The group is judged to control a company when it is exposed to or becomes entitled to variable returns on its holding in the company and is able to influence such returns as a result of its influence in the company. Subsidiaries are included in the consolidated financial statements from the date the controlling influence is transferred to the group. They are deconsolidated from the date when the controlling influence ceases. When the controlling influence over the group company ceases, but the group retains shares in the company, remaining shares are initially recognized at fair value. Profit or loss is recognized in the Income Statement.

For information about which subsidiaries are included in the group and financial information about the most significant non-controlling interests in subsidiaries, see Note 20 of the Parent Company financial statements.

The acquisition method is applied for recognizing the group's business combinations. The purchase price for acquiring a subsidiary consists of the fair value of transferred assets, liabilities that the group takes over from the previous owner of the acquired company, and those shares issued by the group. The purchase price also includes the fair value of all assets or liabilities that are a result of an agreement on conditional purchase price. Identifiable acquired assets and liabilities taken over in a business combination are initially recognized at fair value on the acquisition date. For each acquisition—i.e. acquisition by acquisition—the group decides whether non-controlling interests in the acquired companies should be recognized at fair value or at the holding's proportional share of the carrying amount of the acquired company's identifiable net assets. Acquisition-related costs are expensed immediately.

The group's profit or loss and components of other comprehensive income are attributable to the parent company's equity holders and to non-controlling interests, even if this results in a negative value of noncontrolling interests.

The accounting policies of the subsidiary are adjusted as required for consistency with the group's accounting policies. All intragroup transactions,

balances and unrealized gains and losses attributable to intra-group transactions are eliminated in the preparation of the consolidated accounts.

Transactions with non-controlling interests. Changes to parent company holdings in a subsidiary that do not cause a loss of controlling influence are recognized as equity transactions (i.e. transactions with the group's equity holders). Any difference between the amounts by which non-controlling interests are restated and the fair value of the compensation received or paid are recognized directly in equity and allocated to the parent company's equity holders.

Operating segments

An operating segment is a part of a Company that conducts business operations from which it can receive revenues or incur expenses, whose operating earnings are regularly reviewed by the Company's chief operating decision-maker, and for which there is independent financial information available. The Company's reporting of operating segments is consistent with its internal reporting to the chief operating decision-maker. The chief operating decision-maker is that function that judges the profit or loss of operating segments and decides on the allocation of resources. The Company's judgment is that the CEO is the chief operating decision-maker. Profit or loss for the group as a whole is stated in the regular internal reporting to the CEO. The CEO does not regularly review profit or loss at a lower level to take decisions on the allocation of resources or for judging the profit or loss of different parts of the group. Accordingly, the group is considered to consist of a single operating segment.

Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be mainly recovered through sale and not through continuous usage. To satisfy this criterion it has to be very likely that the sale will occur and the asset (or disposal group) should be available for immediate sale in its current condition. Non-current assets (or disposal groups) classified as held for sale are recognized at the lower of carrying amount and fair value with a deduction for selling expenses. At present, the group does not have any non-current assets held for sale.

Revenue recognition

The company's revenues comprise the fair value of the consideration received for the sale of goods and services in the Company's operations. Revenues are recognized without VAT, and with elimination of intra-Group sales. The Company recognizes a revenue when the customer obtains control of the promised good or service and is able to use and obtain the benefits from the good or service. Future contracts for revenue will be evaluated prior to decisions related to whether revenue is recognized over time, or at a point in time. The following description is an overview of the elements that may be involved in the generation of future revenue.

Upfront fees. Upfront fees may be received upon contract inception and are non-refundable. An upfront fee where the company has outstanding performance obligations is normally considered an advance payment. If there are no reservations or other obstacles to receiving the consideration and it is not related to the Company's future performance obligations, the upfront fee from the counterpart will be recognized as revenue at contract inception. If there are agreements on future performance obligations from the Company, revenue may be recognized over time, depending on the agreements in the contract.

Milestone payments. Any agreed milestone payments are recognized as revenue when the contractual parties have satisfied the agreed criteria under the existing contracts i.e. over time.

Royalties. Any future royalties will be recognized as revenue in accordance with the performance obligations described in the contracts, which may be both over time and at a point in time.

Revenue from the sale of goods. Future sales of developed drugs may also comprise the sale of goods. These revenues will be recognized when ownership and control of the asset have been transferred to the buyer i.e. at a specific point in time.

Dividend and interest income. Dividend income is recognized when the shareholder's right to receive payment has been determined. Interest income is recognized and allocated over its term by applying the effective interest method. Effective interest is the interest that makes the present value of all future payments made and received during the fixed interest period equal to the carrying amount of the receivable.

Leases

Leases are a contract that give a customer the right to control the use of an asset. This presumes the existence of an identified asset and that the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration. The Company has operating leases. Payments for operating leases are amortized on a straight-line basis over the life of the holding period.

Foreign currency

Items recognized in the financial statements of the various units of the group are recognized in the currency used in the primary economic environment where each unit mainly conducts operations (functional currency). In the consolidated accounts, all amounts are translated to Swedish kronor (SEK) which is the parent company's functional currency and the group's reporting currency. Transactions in foreign currency are translated in each unit to the functional currency of that unit at the rate of exchange ruling on the transaction date. Monetary items in foreign currency are translated at closing day rates. Nonmonetary items, measured at fair value in a foreign currency, are translated at the rate of exchange ruling on the date when fair value is determined. Non-monetary items measured at historical cost in a foreign currency are not translated.

Exchange rate differences are recognized in profit or loss for the period when they occur. When preparing the consolidated accounts, foreign subsidiaries' assets and liabilities are translated to Swedish kronor at the closing day rate. Revenue and expense items are translated at average rates of exchange for the period, unless the rate of exchange fluctuated significantly in this period, when instead, the rate of exchange ruling on the transaction date is utilized. Potential translation differences arising are recognized in other comprehensive income and transferred to the group's translation reserve. When disposing of a foreign subsidiary, such translation differences are recognized in profit or loss as a part of the capital gain.

Borrowing costs

Borrowing costs Directly attributable to the purchase, construction or production of an asset that requires significant time for completion for intended use or sale are included in the cost of an asset until the time when the asset is completed for its intended usage or sale. Interest income from the temporary investment of borrowed funds for the aforementioned assets are deducted from the borrowing costs that may be included in the cost of the asset. Other borrowing costs are recognized in profit or loss in the period they arise.

Government grants

Government grants are recognized at fair value when it is reasonably certain that the Company will satisfy the conditions associated with the grant and the grant will be received. Government grants are recognized systematically in profit or loss over the same period as the grants are intended to compensate for. Grants that relate to purchases of assets are recognized as a reduction of the fair value of the assets, which means that the grant is recognized in profit or loss during the depreciable asset's useful life in the form of lower depreciation. Grants relating to profit or loss are recognized in other operating income in the Statement of Comprehensive Income.

Employee benefits

Employee benefits in the form of salaries, bonuses, vacation pay, paid sickness absence, etc. as well as pensions should be recognized as they are accrued. Pensions and other benefits after terminated employment are classified as defined contribution or defined benefit pension plans. The group has defined contribution pension plans only.

Defined contribution plans. For defined contribution plans, the Company pays predetermined fees to a separate independent legal entity and has no obligation to pay any further contributions. The group's profits or loss is charged for expenses as benefits accrue, which is normally coincident with the timing of when premiums are paid.

Taxes

The tax expense is the total of current tax and deferred tax.

Current tax. Current tax is calculated on the taxable profit or loss for the period. Taxable profit or loss is not the same as profit or loss reported in the statement of comprehensive income, since it has been adjusted for non-taxable income and non-deductible expenses, or for income and expenses that are taxable or deductible in other periods. The Group's current tax liability is calculated using the tax rates enacted or announced at the balance-sheet date.

Deferred tax. A deferred tax liability is recognized for taxable temporary differences attributable to investments in subsidiaries, except when the Group is able to control the timing of the reversal of the temporary differences and it is probable that the reversal will not occur in the foreseeable future. A deferred tax asset arising from deductible temporary differences associated with such investments is only recognized to the extent it is considered probable that the amounts can be utilized against future taxable profits and it is probable that such utilization will occur in the foreseeable future. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Deferred tax is calculated using the tax rates that are expected to apply for the period when the asset is realized, or the liability is settled, based on the tax rates (and tax laws) enacted or announced at the balance-sheet date. Deferred tax assets and liabilities are offset when they relate to income tax levied by the same tax 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 recognized as an expense or revenue in profit or loss, apart from when tax relates to transactions recognized in other comprehensive income or directly against equity. In such cases, tax should also be recognized in other comprehensive income, or directly against equity. In current and deferred tax arising on recognition of business combinations, the tax effect should be recognized in the acquisition analysis.

Tangible fixed assets

Tangible fixed assets are recognized at historical cost after deducting for accumulated depreciation and potential impairment. Historical cost consists of the purchase price, expenditure directly related to the asset to bring it to the place and condition for use and estimated expenditure for disassembly and removal of the asset and restoration of the site of its location. Additional expenditure is only included in the asset or recognized as a separate asset if it is likely that future economic benefits that relate to the item will flow to the group and the historical cost for the item can be measured reliably. All other expenses for repairs and maintenance and additional expenditure is recognized in profit or loss in the period when it arises.

Depreciation of tangible fixed assets is expensed so that asset value less estimated residual value at the end of the useful life is depreciated on a straight-line basis over its estimated useful life, which is estimated at:

Equipment 3-5 yrs.

Estimated useful lives, residual values and depreciation methods are reconsidered at least at the end of each accounting period, with the effect of potential changed assessments recognized prospectively. The carrying amount of a tangible fixed asset is de-recognized from the Statement of Financial Position on disposal or sale, or where there are no future economic benefits expected from usage or disposal/sale of the asset. The gain or loss arising on the disposal or sale of the asset consists of the difference between potential net revenues on sale and its carrying amount, recognized in profit or loss in the period when the asset is de-recognized from the Statement of Financial Position.

Intangible assets

Separately acquired intangible assets. Intangible assets with definite useful lives that are acquired separately are recognized at historical cost less deductions for accumulated amortization and potential accumulated impairment. Amortization is on a straight-line basis over the asset's estimated useful life. Estimated useful lives and amortization methods are reconsidered at least at the end of each financial year, with the effect of potential changed ssessments recognized prospectively. Estimated useful lives essentially correspond to the terms of the patents. Term extensions have not been included. Estimated useful lives of intangible assets are estimated at:

Patents 10-30 yrs.
Other intangible assets 5-20 yrs.

Accounting policies for research and development. Development expenses are normally not capitalized until a development project enters market approval. For information on which phase the development projects lie in, refer to page 15.

Expenditure for research designed to obtain new scientific or technological knowledge is recognized as an expense when it arises. Expenditure for development, where research results or other knowledge are applied to achieve new or improved products or processes, is recognized as an asset in the Statement of Financial Position only if the following conditions are satisfied:

- It is technically possible to complete the intangible asset and use or sell it,
- The Company intends to complete the intangible asset and use or sell it,
- The conditions to use or sell the intangible asset are in place,
- The Company demonstrates how the intangible asset will generate likely future economic benefits,
- There are adequate technological, economic and other resources to complete development and to use or sell the intangible asset, and
- The expenditure relating to the intangible asset during its development can be measured reliably

Because the period when the Company's research and development projects are expected to be registered as pharmaceuticals lies a long way in the future, it is highly uncertain when the probable future economic benefits will flow to the Company. All of the above criteria can normally be considered satisfied for the Company's projects relating to pharmaceuticals when development projects enter market approval.

Other development expenditure that does not satisfy these criteria is expensed when it arises. Development expenditure previously expensed is not recognized as an asset in subsequent periods.

Directly related expenditure that is capitalized mainly consists of expenditure from subcontractors and expenses for employees. After first-time reporting, capitalized development expenditure is recognized at cost after deducting for accumulated amortization and potential accumulated impairment. Amortization of capitalized expenditure for product development has not yet commenced.

Disposal and sale. An intangible asset is de-recognized from the Statement of Financial Position on disposal or sale, or when no future economic benefits are expected from the use or disposal/sale of the asset. The gain or loss arising when an intangible asset is de-recognized from the Statement of Financial Position consists of the difference between the amount received on sale and the asset's carrying amount, and is recognized in profit or loss when the asset is de-recognized from the Statement of Financial Position.

Impairment of tangible fixed assets and intangible assets

The group analyses the carrying amounts of tangible and intangible assets at each reporting date to determine whether there is any indication that the value of these assets has decreased. If so, the asset's recoverable amount is computed to be able to determine the value of potential impairment. When it is not possible to compute the recoverable amount of an individual asset, the group computes the recoverable amount of the cash-generating unit that the asset belongs to. Intangible assets with indefinite useful lives and intangible assets that are not yet ready for use should be tested for impairment yearly, or when there is an indication of impairment. Accordingly, capitalized expenditure for product development is subject to impairment tests at least yearly. The recoverable amount is the greater of the fair value less selling expenses and value in use. When computing value in use, estimated future cash flow is discounted to present value using a discount rate before tax that reflects the current market estimate of the time value of money and the risks associated with the asset. If the recoverable amount of an asset (or cash generating unit) is set at a lower value than the carrying amount, the carrying amount of the asset (or the cash-generating unit) is impaired to the recoverable amount.

Impairment should be immediately expensed in profit or loss. When an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is revalued to the recoverable amount, but the increased carrying amount may not exceed the carrying amount that would have been determined if no impairment had been made on the asset (the cash-generating unit) in previous years. A reversal of an impairment is recognized immediately in profit or loss.

Financial instruments

A financial asset or liability is recognized on the balance sheet when the company becomes a party to the contractual provisions of the instrument. A financial asset or part thereof is derecognized when its contractual rights are realized, expire or when the company loses control of the asset. A financial liability or part thereof is derecognized when the contractual obligations are fulfilled or otherwise extinguished.

Classification and measurement. The Company's principles for classifying and measuring financial assets is based on an assessment of both the company's business model for managing its financial assets, and the contractual cash flow characteristics of the financial asset. Financial instruments are measured initially at fair value, including transaction costs, except for derivatives and instruments belonging to the category of financial assets at fair value through profit or loss, which are measured excluding transaction costs. For reported financial years, the Company has the following categories of financial instruments.

Loans and receivables. Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not listed on an active market. This includes, for example, other receivables, accrued income and cash equivalents. Loans and receivables are reported at accrued acquisition value using the effective interest method.

Financial assets measured at amortized cost

Here, the Company recognizes the assets held within a business model whose objective is to hold assets in order to collect contractual cash flows, and that the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortized cost are included in current assets, except for those items with maturities of more than 12 months after the balance-sheet date, which are classified as fixed assets. After the acquisition date, the asset is measured at amortized cost less any provision for loan losses. The Group's loan losses have been negligible to date, which is why no provisions had been made at December 31, 2018.

Financial assets at fair value through other comprehensive income. The Company holds shared in companies. Since these shares are not intended to be held for sale, the Group has elected to recognize changes in fair value in other comprehensive income. This decision is irrevocable.

Here, the Company recognizes its holding in the unlisted company, Note 21. The holdings were recognized at cost since this, in the absence of sufficient information, was considered the best estimate of their fair value.

Other financial liabilities

In this category there are all liabilities in Neurovive. Liabilities in this category are reported at amortized cost.

Amortized cost. Amortized costs means the amount at which the asset or liability was initially reported less amortization, additions or deductions for accumulated accruals according to the effective interest method of the initial difference between the amount received/paid and the amount to be paid/received on maturity, and with deductions for impairment. Effective interest is the interest that results in the initial carrying amount of the financial asset or financial liability after discounting all future expected cash flows over the expected term.

Offsetting financial assets and liabilities. Financial assets and liabilities are offset and recognized at a net amount in the Balance Sheet when there is a legal right to offset and when there is an intention to settle the items with a net amount or simultaneously realize the asset and settle the liability.

Cash and cash equivalents. Cash and cash equivalents include cash funds and bank balances and other short-term, liquid investments that can be readily converted to cash and are subject to an insignificant risk of value fluctuations. For classification as cash and cash equivalents, maturities may not exceed three months from the time of acquisition. Cash funds and bank balances are categorized as "financial assets at accrued acquisition," which means measurement at amortized cost. Because bank balances are payable on demand, amortized cost corresponds to nominal amount.

Other receivables. Other short-term receivables that are financial are characterized as "loan receivables and accounts receivable," which means measurement at amortized cost. However, the expected maturity of these receivables is short, and accordingly, they are recognized at nominal amount without discounting. There is a deduction for debt considered doubtful. Impairment of receivables is recognized in operating expenses.

Accounts payable. Accounts payable are categorized as "other financial liabilities," which means measurement at amortized cost. However, the expected maturity of accounts payable is short, so these liabilities are recognized at nominal amount without discounting.

Liabilities to credit institutions and other loan liabilities. Interest-bearing bank borrowings, overdraft facilities and other loans are categorized as "other financial liabilities" and measured at amortized cost according to the effective interest method. Any differences between the loan amount received (net of transaction expenses) and repayment or amortization of loans is recognized over the loan term in accordance with the group's accounting policy on borrowing costs (see above).

Provisions

Provisions are recognized when the group has an existing obligation (legal or informal) as a result of an event that has occurred, it is likely that an outflow of resources will be required to satisfy the obligation and the amount can be measured reliably. The amount provisioned is the best estimate of the amount necessary to satisfied the existing obligation on the reporting date, considering the risks and uncertainties associated with the obligation. When a provision is computed by estimating the payments expected to be required to satisfy the obligation, the carrying amount should correspond to the present value of these payments. When part or all of the amount necessary to settle a provision is expected to be replaced by a third party, this reimbursement should be recognized separately as an asset in the Statement of Financial Position when it is essentially certain that it will be received if the company satisfies the obligation and the amount can be measured reliably. The Company is not reporting any provisions as of 31 December 2018 or 31 December 2017.

Equity

Transaction expenses directly attributable to the issue of new ordinary shares or options are reported in equity as a deduction from the issue proceeds, net of tax.

Accounting policies for the parent company

The parent company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The application of RFR 2 means that as far as possible, the parent company applies all IFRS as endorsed by the EU within the auspices of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act and considering the relationship between accounting and taxation. The differences between the parent company's and the group's accounting policies are reviewed below:

Classification and presentation. The parent company's Income Statement and Balance Sheet are presented in accordance with the Swedish Annual Account Act's format. The difference against IAS 1, Presentation of Financial Statements, applied on the presentation of the Consolidated Financial Statements, primarily relates to the recognition of financial revenues and expenses, equity and the incidence of provisions as a separate heading. The parent company also presents a separate Statement of Comprehensive Income, separately from the Income Statement.

Subsidiaries. Participations in subsidiaries are recognized at cost in the parent company's financial statements. Acquisition-related expenses for subsidiaries, which are expensed in the consolidated accounts, are part of the cost of participations in subsidiaries.

Financial instruments. The parent company does not apply IFRS 9, Financial Instruments: Recognition and Measurement. The parent company applies a cost-based method, pursuant to the Swedish Annual Accounts Act.

Note 3 – Critical estimates and judgments

Important sources of uncertainty and estimates

The most important assumptions regarding the future and other important sources of uncertainty estimates as of the reporting date that involve a significant risk of material restatements to carrying amounts of assets and liabilities in following financial years are reviewed below.

Impairment testing of intangible assets. Because amortization of the Company's capitalized expenditure on product development has not yet commenced, impairment testing of them is conducted at least yearly. Other intangible and tangible non-current assets are subject to impairment tests if there is any indication that they are impaired. Impairment tests are based on a review of recoverable amounts, which are estimated based on assets' value in use. Management computes future cash flows in accordance with internal business plans and forecasts. This review also uses estimates of items including the discount rate and future growth rates beyond predetermined budgets and forecasts. The carrying amounts of intangible assets amount to SEK 73,440,000 (74,315,000), of which capitalized expenditure for product development represents SEK 51,941,000 (51,941,000). Changes to the assumptions made by management for impairment tests would have a significant impact on the Company's results of operations and financial position. Management does not consider that there was any impairment of the group's intangible assets as of 31 December 2018.

Critical judgments when applying the group's accounting policies

The following section reviews critical judgments, apart from those involving estimates (see above), made by management when applying the group's accounting policies, and that have the most significant effect on carrying amounts in the financial statements.

Timing of capitalization of expenditure for product development. Internally developed intangible assets such as capitalized expenditure for product development must satisfy a number of criteria for recognition in the Balance Sheet. These criteria are reviewed in accounting policies above. One of these criteria requires management to conduct an assessment of whether it is likely that the intangible asset will generate economic benefits. It is not until management can make this estimate that development expenditure on the project can start to be capitalized as an asset in the Balance Sheet. The Board's assessment means that the criteria for capitalizing development costs are not normally considered met until the product has been granted marketing authorization. Subsequently, development costs are expensed up to this point in time. Capitalized development costs from 2017 and earlier are attributable to the development of NeuroSTAT/TBI. This project is proceeding as planned and is now preparing for the transition to a Phase II proof of efficacy trial. The historically capitalized costs for this project are not therefore considered subject to impairment testing. The carrying amount is SEK 51,941,000.

NeuroVive conducts research into pharmaceuticals that protect cells. The company holds broad patents for its development platforms that include cyclosporins and sanglifehrins and focus on mitochondrial medicine. The company's drug candidates CicloMulsion and NeuroStat are based on a well-known active compound that is already registered as an approved pharmaceutical in a different therapeutic area. This significantly reduces the risks associated with the clinical phase and potential future market approval. The company is evaluating various types of innovative forms of collaboration with the intention of establishing a reduced-risk and cost-efficient business model. This enables the Company to utilize selected partners' existing commercial channels to build future business areas such as the marketing and sales of future pharmaceuticals. The Company also intends to evaluate a business model that includes outlicensing of drugs to major pharmaceutical companies for registration, marketing and sales. The company expects to derive income from a combination of fixed fees on outlicensing and milestones en route to launch, as well as ongoing royalty revenues and/or sales revenue. Based on the above conditions, management judges that it is likely that the product development projects where expenditure has been capitalized will generate economic benefits for the Company.

Note 4 – Financial risk management and financial instruments

Through its operations, the group is exposed to various types of financial risks such as market, liquidity and credit risks. Market risks primarily consist of interest risk and currency risk. The Company's Board of Directors is ultimately responsible for the exposure, management and monitoring of the group's financial risks. The Board of Directors sets the framework that applies to the exposure, management and monitoring of the financial risks and this framework is evaluated and revised yearly. The Board can decide on temporary departures from its predetermined framework. For all financial assets and liabilities, the carrying amount is considered a reasonable estimate of their fair value, unless otherwise specified in the related notes.

Market risks

Currency risks. Currency risks means the risk that the fair value of future cash flows fluctuate because of changed exchange rates. Exposure to currency risk is primarily sourced from payment flows in foreign currency, termed transaction exposure, and from the translation of balance sheet items in foreign currency, as well as upon the translation of foreign subsidiaries' income statements and balance sheets to the group's reporting currency, which is Swedish kronor, called balance exposure. The group's outflows mainly consist of Swedish kronor, EUR and USD and to some extent DKK and GBP. Currently, the group does not generate any inflows in foreign currency. Accordingly, the group's exposure to currency risk is limited. The group does not hedge its transaction exposure. Foreign entities represent an insignificant share of the group's total assets, and accordingly, translation exposure resulting from the translation of foreign entities is limited. A 5% change in the exchange rate of the EUR and USD against the Swedish krona could affect profit or loss and equity by SEK 175,000 (1,057,000).

Interest risks. Interest risk means the risk that fair value or future cash flows fluctuates as a result of changed market interest rates. The group has no loans, and accordingly, any exposure to interest risk is limited. A 1% change in the group's interest on bank balances would mean that profit or loss and equity would change by SEK 334,000 (670,000).

The Group's exposure of the euro and USD at the reporting date is illustrated by the table below:

	Euro		USD	
(000)	2018	2017	2018	2017
Assets/Liabilities	-295	-196	102	-33

Liquidity and financing risk

Liquidity risk means the risk that the group encounters difficulties in satisfying commitments related to the group's financial liabilities. Financing risk means the risk that the group is unable to arrange sufficient finance for a reasonable cost. The group is financed through equity and has no financial borrowings. Current liabilities amount to SEK 18,296,000 (14,260,000) and mature within one year. The group's current receivables that become due within one year amount to SEK 2,676,000 (3,535,000). The group has cash and cash equivalents of SEK 25,951,000 (28,992,000).

Credit and counterparty risk

Credit risk means the risk that a counterparty in a transaction generates a loss for the group by being unable to satisfy its contracted obligations. The group's exposure to credit risk mainly relates to other current receivables, which are insignificant amounts, and accordingly any credit risk in other current receivables is limited.

Credit risk also arises when the Company's surplus liquidity is invested in various types of financial instrument. The Board of Directors' predetermined framework stipulates that surplus liquidity may be invested in interestbearing bank accounts or fixed-income securities. The credit risk in investing surplus liquidity should be reduced by investing only with counterparties with very high credit ratings. The group's and parent company's maximum exposure to credit risk is judged to be covered by the carrying amounts of all financial assets. The credit risk is judged to be limited.

Categories of financial assets and financial liabilities

Carrying amounts of financial assets and financial liabilities divided by measurement category in accordance with IFRS 9 are indicated in the following table. There were no reclassifications between the measurement categories in the period. Interest income on cash and cash equivalents is stated in note 12. Net gains/losses from other financial assets and liabilities are insignificant.

	Group		Parent company	
	2018	2017	2018	2017
Financial Assets by category				
Financial assets recognized at fair value through income statement				
Other long-term securities	13,101	13,102	13,101	13,102
Financial assets at accrued acquisition				
Other recivables	1,432	1,568	1,430	1,566
Cash and cash equivalents	25,951	28,992	25,871	28,883
Total financial assets	**40,484**	**43,662**	**40,402**	**43,551**
Financial liability				
Financial liabilities at accrued acquisition				
Other financial liabilities	0	0	0	0
Accounts payable	10,162	7,525	10,162	7,525
Other current liabilities				
Accrued Expenses	2,137	805	2,137	805
Total financial liabilities	**12,299**	**8,330**	**12,299**	**8,330**

Measurements of financial instruments at fair value

Carrying amounts are considered a close approximation of the fair values of financial assets and financial liabilities due to their maturities and/or fixed interest periods being short, which means discounting based on applicable current market conditions are not considered to have any significant effect.

Capital

The group's aim for managing its capital is to ensure the group's capacity to continue its operations to generate a reasonable return to shareholders and benefit other stakeholders. The group is funded through equity, which amounts to SEK 97,012,000 (105,846,000). The group's current policy is not to pay any dividend. A proposal on dividend to shareholders will not be possible until the Company achieves long-term profitability.

Note 5 – Intragroup transactions

Purchases within the same group amount to SEK 0 (0) and sales within the same group amount to SEK 0 (000,000). The parent company reports interest income of SEK 0,000 (0,000) relating to loans to the subsidiary.

Note 6 – Segment information

The financial information reported to the chief operating decision-maker (CEO), as a basis for allocating resources and judging the group's profit or loss, is not divided into different operating segments. Accordingly the group constitutes a single operating segment.

Revenues from products and services and information on major customers
The group's net sales consist of no larger products or services during 2018 and 2017.

Revenues and non-current assets divided by geographical region
The group's sales relatea to the parent company in 2018 and 2017.

The group conducts its operations in mainly one geographical region—Sweden (the Company's domicile). Equipment in the parent company in Sweden totals SEK 110,305,000 (110,969,000).

Note 7 – Other operating income

	Group		Parent company	
	2018	2017	2018	2017
Research grants from BridgeBio/Fortify	1885	-	1885	-
Research grants from Vinnova	576	68	576	68
Exchange rate gains relating to operations	-	180	-	180
Total	**2461**	**248**	**2461**	**248**

Note 8 – Other operating expenses

	Group		Parent company	
	2018	2017	2018	2017
Exchange rate losses relating to operations	789	0	789	0
Loss on sale of subsidiaries	0	10,936	-	0
Total	**789**	**10,936**	**789**	**0**

Note 9 – Disclosure on audit fees and reimbursement

	Group		Parent company	
	2018	2017	2018	2017
Mazars SET Revisionsbyrå AB				
auditing	405	400	405	400
audit work in addition to statutory audit	95	70	95	70
tax consulting	-	5	-	5
other	-	-	-	-
Kaizen Certified Public Accountants Limited				
auditing	12	12	-	-
audit work in addition to statutory audit	-	-	-	-
tax consulting	-	-	-	-
other	-	-	-	-
Total	**512**	**487**	**500**	**475**

Auditing means fees for the statutory audit, i.e. work necessary to present an Audit Report, and audit advisory services rendered coincident with auditing.

Note 10 – Leasing

Operating leases. The expense for the year for operating leases amounts to SEK 554,000 (554,000) for the group and parent company. Significant operating leases consist of lease agreements. On the reporting date, the parent company and group had outstanding commitments in the form of minimum lease payments in irrevocable operating leases with the following maturities:

	Group		Parent company	
	2018	2017	2018	2017
Within one year	199	199	199	199
Between one and five years	-	-	-	-
After more than five years	-	-	-	-
Total	**199**	**199**	**199**	**199**

Operating leases are for premises rent.

IFRS 16, Lease Agreement, replaces IAS 17 and will apply as of January 1, 2019. The standard requires that assets and liabilities attributable to all leases, with some exceptions, are reported in the balance sheet. NeuroVive has lease contracts for office premises that will be reported in the balance sheet as of January 1, 2019. IFRS 16 will be applied retroactively with no restatement of comparative figures (the simplified approach). The changed accounting policy will mainly affect the company's equity/assets ratio, and the company does not expect the effects, profit after tax, to be significant.

Note 11 – Number of employees, salaries, other benefits and social security contributions

	2018		2017	
Average number of employees	No. of employees	Of which no. of men	No. of employees	Of which no. of men
Parent company, Sweden	9	5	10	5
Subsidiary, Taiwan	-	-	-	-
Total, group	**9**	**5**	**10**	**5**

	Group		Parent company	
Division of senior executives on reporting date	31 Dec. '18	31 Dec. '17	31 Dec. '18	31 Dec. '17
Board members	7	7	4	4
of which men:	5	6	3	4
Other employees in management, incl. CEO	5	5	5	5
of which men:	4	4	4	4
Total	**12**	**12**	**9**	**9**

Pensions
The group's and parent company's expense for defined contribution pension plans is SEK 1,558,000 (1,499,000).

Note 11 – Number of employees, salaries, other benefits and social security contributions, cont'd

Remuneration to senior executives and employees

Guidelines for remuneration for senior executives

The AGM 2018 resolved on the following guidelines for remuneration for senior executives:

Salary and other employment terms and potential share-related incentive programs should be on market terms. Senior executives should be offered basic salary on market terms based on responsibilities, roles, competence and position. Senior executives can be offered variable salary. Such variable salary should be on market terms and based on achievement of predetermined financial and individualized targets and constitute a maximum of 30 percent of basic annual salary, and a total maximum of SEK 2,200,000 to senior executives. In order to incentivize senior executives and other key individuals on a longer term and to encourage investment in NeuroVive shares, a cash bonus share savings opportunity is implemented (the "LTI Bonus"). The LTI bonus is based on predetermined share related targets and constitute a maximum of 15 percent and a total of maximum SEK 1,100,000. The LTI Bonus is a cash program in which the participants commit to use the cash paid out by the Company to acquire shares in NeuroVive Pharmaceutical AB. The employee is required to keep shares purchased for compensation in the LTI bonus for at least three years.

The notice periods of senior executives shall be a minimum of three months, and for the CEO, six months. The Board of Directors' Remuneration Committee evaluates the need for a share-related incentive program yearly, and where necessary, proposes that the Board submits a proposal for resolutions by the AGM for a well-judged share-related incentive program for senior executives and/or other employees.

Pension benefits and compensation in the form of financial instruments, etc. to the CEO and other senior executives are payable as part of total compensation.

All Directors' fees resolved by the AGM on 27 April 2018 were charged to profit or loss for 2018. Greg Batcheller, Chair of the Board until November 6 2017, has waived his fee for 2017.

	2018		2017	
Salaries and benefits for the year – group and parent company	**Board & CEO**	**Other**	**Board & CEO**	**Other**
Parent company	3,525	7,044	3,571	6,167
Subsidiary	-	-	-	-
Total	**3,525**	**7,044**	**3,571**	**6,167**

Social security costs and pension costs	**Board & CEO**	**Other**	**Board & CEO**	**Other**
Parent company				
Pension cost	461	1,097	455	1,045
Other social security costs	1,216	2,468	1,020	2,164
Subsidiary				
Pension cost	-	-	-	-
Other social security costs	-	-	-	-
Total	**1,677**	**3,565**	**1,475**	**3,209**

Salaries and benefits for the year Group and parent company 2018	**Directors' fee**	**Basic salary**	**Variable remuneration**	**Pension expense**	**Other benefits**	**Social Security contributions**	**Total**
David Laskow Pooley, Chair	327	-	-	-	-	103	430
Marcus Keep, Board member, January-April	50	-	-	-	-	16	66
David Bejker, Board member	250	-	-	-	-	79	329
Jan Törnell, Board Member	213	-	-	-	-	67	280
Denise Goode, Board member, April-December	147	-	-	-	-	46	193
Total, Board	**987**	**-**	**-**	**-**	**-**	**310**	**1,297**
Erik Kinnman, CEO		2,069	458	461	11	906	3,905
Other senior executives (CSO 40%, CFO 100%, CMO 100%, VP Bussines Development 100%)		3,414	516	720	24	1,409	6,083
Total CEO and other senior executives	**-**	**5,483**	**974**	**1,181**	**35**	**2,315**	**9,988**
Total	**987**	**5,483**	**974**	**1,181**	**35**	**2,625**	**11,285**

Salaries and benefits for the year Group and parent company 2017	**Directors' fee**	**Basic salary**	**Variable remuneration**	**Pension expense**	**Other benefits**	**Social Security contributions**	**Total**
David Laskow Pooley, Chair November-December	175	-	-	-	-	55	230
Gregory Batcheller, Chair January-November	-	-	-	-	628	-	628
Arne Ferstad, Board member, January-April	67	-	-	-	-	21	88
Marcus Keep, Board member, January-December	150	-	-	-	-	47	197
Helena Levander, Board member, January-April	90	-	-	-	-	28	118
Anna Malm Bernsten , Board member, January-April	80	-	-	-	-	25	105
Boel Flodgren, Board member, January-April	57	-	-	-	-	9	66
David Bejker, Board member, April-December							
Jan Törnell, Board Member, April-December							
Total, Board	**167**	**-**	**-**	**-**	**-**	**52**	**219**
Erik Kinnman, CEO (9,5 months)		2,003	-	455	21	740	3,219
Other senior executives (CSO 40%, CFO 100%, CMO 100%, IR 7/12 months, VP Bussines Development 4/12 months)		3,064	-	533	33	1,092	4,722
Total CEO and other senior executives	**-**	**5,067**	**-**	**988**	**54**	**1,832**	**7,941**
	-	-	-	-	-	-	-
Total	**919**	**5,067**	**-**	**988**	**682**	**2,112**	**9,768**

Note 11 – Number of employees, salaries, other benefits and social security contributions, cont'd

Fees for board and committee work are payable to the Chair of the Board and Board members in accordance with AGM on 27 April 2018 resolution.

Other senior executives:
There are four other senior executives during the period of January to December 2018. The amount stated in the basic salary column corresponding to 3.5 full-time equivalents for 2018 and 3.3 fulltime equivalents for 2017.

Eskil Elmer, CSO, did not receive any other compensation apart from basic salary and variable compensation and other benefits stated in the amount for other senior executives.

Catharina Jz Johansson, CFO, did not receive any other compensation apart from basic salary, variable compensation and other benefits stated in the amount for other senior executives.

Magnus Hansson, CMO, did not receive any other compensation apart from basic salary, variable compensation and other benefits stated in the amount for other senior executives.

Mark Farmery, Vice President Business Development did not receive any other compensation apart from basic salary and other benefits stated in the amount for other senior executives.

Other benefits include consulting fees and mileage allowance. Fees invoiced by closely related parties are recognized as other external expenses in the Income Statement.

Pensions
There is no contracted retirement age for the CEO or other senior executives. The pension premium for the CEO and other senior executives is calculated on the basis of a premium plan for occupational pension as applicable from time to time. The pension plan is defined-contribution, which means that the company's only commitment is to pay the premium according to the premium plan. Pensionable salary means monthly salary multiplied by 12.2.

Severance pay
There is a mutual notice period of six months between the Company and the CEO. In addition severance pay of six months salary and fringe benefits is included. A mutual notice period of three to six months applies between the Company and other senior executives.

Note 12 – Financial income

	Group		Parent company	
	2018	2017	2018	2017
Interest income	-	7	-	-
Exchange rate gains	407	58	400	29
Total financial income	**407**	**65**	**400**	**29**

All interest income relates to financial assets measured at amortized cost.

Note 13 – Financial costs

	Group		Parent company	
	2018	2017	2018	2017
Interest costs	602	148	602	2
Exchange rate loss	5	487	-	487
Total financial costs	**607**	**636**	**602**	**490**

All interest costs relate to financial liabilities measured at amortized cost.

Note 14 – Taxes

Tax for the year	Group		Parent company	
	2018	2017	2018	2017
Current tax on profit/loss for the year	-	-	-	-
Deferred tax relating to temporary differences	-	-	-	-
Total reported tax expense	**-**	**-**	**-**	**-**

Income tax in Sweden is computed at 21,4% (22%) on taxable profits for the year. Tax in other jurisdictions is computed at the tax rates applying in each jurisdiction. A reconciliation between reported profit or loss and the year's tax expense follows:

Tax for the year	Group		Parent company	
	2018	2017	2018	2017
Profit/loss before tax	-73,494	-71,603	-73,226	-52,109
Tax revenue for the year				
Tax computed at Swedish tax rate	16,169	15,753	16,110	11,464
Tax effect of non-deductible expenses	-22	-44	-22	-44
Tax effect of non-taxable revenues			-	
Tax effect operations/impairment shares in subsidary	-	-	-	-
Tax effect divest business/shares in subsidary	-	-2,416	-	1,683
Tax effect on non-recognized tax attributable to non-deductible costs recognized directly in equity	3,149	202	3,149	202
Difference in tax rates between Sweden and foreign subsidiary	-33	439	-	
Tax effect of deficits for which no deferred tax receivable is reported	-19,263	-13,934	-19,237	-13,305
Total	**-**	**-**	**-**	**-**
Adjustments recognized in the current year for previous year's current tax				
Reported tax expense for the year	**-**	**-**	**-**	**-**

Deductible deficit.
Because the Company is loss making, management cannot specify when tax loss carry-forwards may be utilized. Accordingly, deferred income taxes recoverable relating to loss carry-forwards have been reported to the extent they can be offset against deferred tax liabilities. Loss carry-forwards can be utilized without time limitation.

Both companies have accumulated loss carry-forwards that have no time limitation, and accordingly, may reduce future profits.

Loss carry-forwards	Group		Parent company	
	31 Dec. '18	31 Dec. '17	31 Dec. '18	31 Dec. '17
Loss carry-forwards for which no deferred tax receivable has been recognized	448,548	361,243	422,775	335,064
Total loss carry-forwards	**448,548**	**361,243**	**422,775**	**335,064**

Note 15 – Earnings per share

Basic and diluted earnings per share.
The following profit or loss and weighted average number of ordinary shares have been used to compute basic and diluted earnings per share

	Group	
	2018	2017
Profit/loss for the year attributable to equity holders of the parent (SEK)	-68,372,764	-66,727,746
Weighted average number of ordinary shares before dilution	78,499,813	50,247,686
Basic earnings per share, SEK	**-0.94**	**-1.33**

Diluted earnings per share
There were no equity-based remuneration programs that could give rise to dilution effects at the end of the financial year.

Note 16 – Capitalized product development expenditure

	Group		Parent company	
	2018	2017	2018	2017
Opening cost	51,941	51,255	51,706	51,020
Capitalized expenditure for the year	-	686	686	-
Sales	-235		-	
Closing accumulated cost	**51,706**	**51,941**	**51,706**	**51,706**
	-	-	-	-
Closing carrying amount	**51,706**	**51,941**	**51,706**	**51,706**

Of total capitalized expenditure for product development, 100 % (100) relates to NeuroSTAT. Since April 1, 2017, no product development expenditures have been capitalized since the company changed the assessment for capitalization of product development fees. For further information see page 60.

Amortization of capitalized expenditure on product development has not yet begun because usage of this intangible asset has not yet commenced in the manner management intends, i.e. it cannot yet start generating revenues. The Company will start amortizing capitalized expenditure for product development when development projects or finished products can start generating revenues.

Capitalized expenditure for product development is subject to impairment tests at least yearly. These tests compute the recoverable amount based on the value in use of the intangible asset, which is then compared to carrying amount. The assessment is based on the assumption of market, growth rate, pricing and gross margin. If carrying amount exceeds value in use, the impairment is taken in profit or loss. The impairment test as of 31 December 2018 indicated that there was no impairment. The discount rate before tax applied was 24.1 % (24.6).

The total amount of expenditure for research and development expensed during the year was SEK 27,926,000 (37,922,000). Illustration of product portfolio on page 15.

Note 17 – Patents

	Group		Parent company	
	2018	2017	2018	2017
Opening cost	28,405	24,349	28,405	24,349
Purchases during the year	3,791	4,056	3,791	4,056
Impairment patent Toxphos	-3,089		-3,089	
Closing accumulated cost	**29,107**	**28,405**	**29,107**	**28,405**
	-	-	-	-
Opening amortization	-7,778	-6,370	-7,778	-6,370
Amortization for the year*	-1,675	-1,408	-1,675	-1,408
Impairment	467	-	467	-
Closing accumulated amortization	-8,986	-7,778	-8,986	-7,778
	-	-	-	-
Closing carrying amount	**20,121**	**20,627**	**20,121**	**20,627**

* Amortization on patents is recognized as part of the cost of capitalized expenditure for product development because patents are used in development work. From April 1, 2017, the company has changed its assessment of capitalized expenditure for product development (see page 60) and depreciation is reported as amortization of intangible assets in the income statement.

Note 18 – Other intagible assets

	Group		Parent company	
	2018	2017	2018	2017
Opening cost	2,864	2,899	2,820	2,820
Purchases during the year	-	-35	-	
Closing accumulated cost	**2,864**	**2,864**	**2,820**	**2,820**
Opening amortization	-1,117	-982	-1,074	-939
Amortization for the year	-134	-135	-134	-135
Closing accumulated amortization	**-1,251**	**-1,117**	**-1,208**	**-1,074**
Closing carrying amount	**1,613**	**1,747**	**1,613**	**1,747**

Refers software, acquired in 2011, for compiling documentation for use in a future application for drug registration and part of the Biotica acquisition completed in 2013.

Note 19 – Equipment

	Group		Parent company	
	2018	2017	2018	2017
Opening cost	1,328	1,471	1,328	1,318
Purchases during the year	82	40	82	40
Sales	-	-153	-	-
Disposal	-	-30	-	-30
Closing accumulated cost	**1,410**	**1,328**	**1,410**	**1,328**
	-	-	-	-
Opening depreciation	-1,166	-1,197	-1,166	-1,097
Depreciation for the year	-104	-99	-104	-99
Disposal	-	30	-	30
Closing accumulated depreciation	**-1,270**	**-1,166**	**-1,270**	**-1,166**
	-	-	-	-
Closing carrying amount	**140**	**162**	**140**	**162**

Note 20 – Participations in subsidiaries

	Parent company	
	2018	2017
Opening cost	23,625	20,870
Shares NeuroVive Pharmaceutical Asia Ltd	-	-
Shares NeuroVive Pharmaceutical Asia, Inc.	-	23,099
Purchase andelar NeuroVive Pharmaceutical Asia, Inc.	-	-20,870
Shareholder contribution NeuroVive Pharmaceutical Asia Ltd.	-	526
Closing cost	**23,625**	**23,625**

	NeuroVive Pharmaceutical Asia, Inc.
Domicile	Hong Kong
Share of equity, %	82.47%
Share of votes, %	82.47%
Book value	23,625

NeuroVive Pharmaceutical AB's subsidiary NeuroVive Pharmaceutical Asia, Ltd. has non-controlling holdings of 17,53%. The share of the votes is identical to the share of ownership. Non-controlling holdings total SEK 11,000 (5,131,000). The company has sold its shares in the Asian subsidiary previous year (2017) and together with its collaboration partner Foundation Asia Pacific Ltd., at the same time reacquired the Hong Kong-based subsidiary, NeuroVive Pharmaceutical Asia Ltd., which holds the Asian territorial licensing rights for NeuroSTAT and the agreements with the Chinese pharmaceutical company Sihuan Pharmaceutical and Sanofi Korea. The value received at this transaction is the value of the licensing rights for NeuroSTAT and the agreements with Sihuan Pharmaceutical and Sanofi Korea. The sale price of the shares was SEK 5,423,000, liquid assets per sale was SEK -16,458,000, which meant an effect of cash flow of SEK -11,035,000. The Hong Kong company is owned by NeuroVive Pharmaceutical AB 82.47% and Foundation Asia Pacific Ltd. 17.53%.

Financial information in summary for subsidiaries with non-controlling holdings.
The following information relates to the subsidary NeuroVive Pharmaceutical Asia Ltd, and relates to amounts before intra-group eliminations. The intangible assests has been impaired during 2018. The intangible assets below (2017) have been eliminated in the consolidated financial statements prepared by NeuroVive Pharmaceutical AB as the value of the asset has arisen as a result of intra-group transactions.

Summary, Balance Sheet	2018	2017
Intangible assets	-	29,173
Current assets	3	111
Total assets	**3**	**29,284**
	-	-
Current liabilities	19	17
Total liabilities	**19**	**17**
Net assets	**-16**	**29,267**

Summary, earnings and comprehensive income	2018	2017
Revenue	-	-
Net profit for the year	**-33**	**491**
Comprehensive income for the year	-33	491
Total comprehensive income attributable to non-controlling holdings	-6	-87

Note 20 – Participations in subsidiaries, cont'd

Summary Cash Flow Statement	2018	2017
Cash flow from operating activities		-
Cash flow from operating activities	-37	-497
Interest received	8	31
Interest paid	-4	-12
Income tax paid	-	-
Internal group transactions	-	968
Cash flow from operating activities	**-33**	**-542**
Cash flow from investing activities	**-**	**640**
Cash flow from financing activities	**-**	**-**
Change in cash and cash equivalents	-32	99
Cash and cash equivalents at beginning of year	108	9
Exchange rate difference in cash and cash equivalents	4	-
Cash and cash equivalents at end of year	**80**	**108**

Note 21 – Owner interest in other companies

	Group		Parent company	
	31 Dec. 18	31 Dec. 17	31 Dec. 18	31 Dec. 17
Swedish Läkemedelsförsäkringen AB	-	1	-	1
Isomerase Therapeutics	13,101	13,101	13,101	13,101
Summa	**13,101**	**13,102**	**13,101**	**13,102**

In June 2013, the company entered into a cooperation agreement with Isomerase Therapeutics Ltd. The purpose of the holding is to promote the business of NeuroVive by creating a lasting connection with Isomerase, among other things, that Isomerasa is hired for projects within NeuroVive. In order to strengthen the cooperation between NeuroVive and Isomerase and to ensure that NeuroVive's project continues to develop with the highest priority, in January 2016, the Company entered into an acquisition agreement with the shareholders in Isomerase regarding the acquisition of a share of Isomerase. Acquisitions have since taken place in a couple of steps and today, NeuroVive owns 84,444 shares in Isomerase, which corresponds to approximately 10 per cent of the total number of shares in Isomerase. NeuroVive does not have any influence in the company, neither a significant nor a joint influence. NeuroVive thus has no board representation or management function in Isomerase but has the right to take part of the company's earnings and balance sheet twice a year. The holding is classified as "Other" long-term securities due to the conditions described above.
The financial effects that arise as a result of ownership are that NeuroVive receives dividends based on our shareholding and that NeuroVive replaces Isomerase Therapeutics Ltd. for the work they do in accordance with concluded consulting agreements.

Note 22 – Prepaid expenses and accrued income

	Group		Parent company	
	31 Dec. 18	31 Dec. 17	31 Dec. 18	31 Dec. 17
Other prepaid expenses	1,244	1,967	1,244	1,967
Total	**1,244**	**1,967**	**1,244**	**1,967**

Note 23 – Cash and cash equivalents/cash and bank balances

	Group		Parent company	
	31 Dec. 18	31 Dec. 17	31 Dec. 18	31 Dec. 17
Cash and bank balances	25,951	28,992	25,871	28,883
Tota	**25,951**	**28,992**	**25,871**	**28,883**

Note 24 – Share capital

		Parent company and group	
	No. of shares	Quotient value, SEK	Share capital, SEK
Opening share capital, 1 Jan. 2017	49,458,645	0.05	2,472,932
New share issue	2,867,552	0.05	143,378
Closing share capital, 31 Dec. 2017	**52,326,197**	**0.05**	**2,616,310**
Opening share capital, 1 Jan. 2018	52,326,197	0.05	2,616,310
New share issue	39,370,879	0.05	1,968,544
Closing share capital, 31 Dec. 2018	**91,697,076**	**0.05**	**4,584,854**

All shares of the same class, are fully paid-up and are entitled to one vote. No shares are reserved to the transfer pursuant to option or other agreements.

A new issue of 39,244,644 shares raising a total of SEK 64,175,891.05 (after issue expenses of SEK 14.313.396,95) was completed in April 2018. The new issue increased share capital by SEK 1,962,232.20 with the remaining amount of SEK 62.213.658,85 recognized against other paid-up capital/ share premium reserve. A new issue of 23,328 shares was issued in November 2018, warrants program TO5 . The new issue increased share capital by SEK 6,311.75, with the remaining amount of 62,213,658.85 recognized against other paid-up capital/share premium reserve.

Allocation Retained Earnings	
Share premium reserv	62,687,040
Ackumulated profit/loss	114,060,856
Profit/loss for the year	-73,225,517
Total	**103,522,379**

The Board of Directors proposes that unappropriated retained earnings of SEK 103,522,379 be carried forward. Accordingly, no dividend is proposed.

Note 25 – Other paid-up capital – group

Other paid-up capital consists of the share premium reserve, amounts originally reported in the share premium reserve that were subsequently transferred to accumulated profit or loss, as well as the statutory reserve and shareholders' contributions.

The share issue completed in April 2018, and the warrants in November program increased other paid-up capital by SEK 62,687,040 (8,887,430) after deducting issue expenses of SEK 14,313,397 (919,373).

Note 26 – Reserves – group

Reserves means the translation reserve, i.e. currency translation differences on translating foreign operations to SEK, which are recognized in other comprehensive income.

Note 27 – Retained earnings – group

Retained earnings consist of accumulated profit or loss and comprehensive income for the year.

Note 28 – Accrued expenses and deferred income

	Group		Parent company	
	31 Dec. 18	31 Dec. 17	31 Dec. 18	31 Dec. 17
Accrued salary including social security contributions	1,511	263	1,511	263
Accrued vacation pay liability including social security contributions	870	520	870	520
Accrued Directors' fees incl. social security contributions	226	239	226	239
Accrued pension expenses	400	22	400	22
Other accrued expenses	4,320	4,827	4,301	4,810
Total	**7,326**	**5,871**	**7,307**	**5,854**

Note 29 – Pledged assets and contingent liabilities

There is an ongoing dispute with CicloMulsion AG that could result in future payment liabilities to CicloMulsion AG. The court has yet to set a date for its decision. For more information see page 28.

Note 30 – Transactions with related parties

Transactions between the Parent Company and its subsidiary, which is closely related to the Company, have been eliminated on consolidation and accordingly, disclosures on these transactions are not presented in this note.

During 2018 there has been no purchases or sales between the group and related parties. Apart from the purchase of consulting services from senior executives, there has been no purchases or sales between the group and related parties during 2017. Tere were no outstanding receivables from, and liabilities to related parties at 31 Dec. 2018 or 31 Dec. 2017. Disclosures on remuneration of senior executives and other related parties are presented in note 11.

Note 31 – Dividend

No dividend was paid in 2018 or 2017. No dividend will be proposed to the AGM on 25 April 2019.

Note 32 – Adoption of financial statements

These consolidated accounts and annual accounts were adopted by the Board of Directors for issuance on 22 March 2019.

Not 33 – Post-balance sheet events

Other
The Extraordinary General Meeting resolved to approve the Board of Directors' resolution on 10 December 2018 to increase the Company's share capital by not more than SEK 4,584,853.80 by a rights issue of not more than 91,697,076 shares with preferential rights for existing shareholders.

55.1 percent of the Rights Issue was subscribed for on the basis of subscription rights, and the remainder, 5.1percent, without subscription rights. Furthermore, the guarantors are allocated approximately MSEK 24.5, which means that NeuroVive is provided with approximately MSEK 99.0 before issue costs, which are estimated to approximately SEK 17.7 million.

NeuroVive conducted a directed new issue of shares, which has raised proceeds to the company of SEK 28.2 million before issue costs, which are estimated to amount to SEK 17.7 million. The investors are reputable Swedish and international investors led by Nyenburgh Investment Partners.

For further information, please see Statutory Administration Report, page 28.

Operational
The first healthy volunteer in the company's KL1333 phase Ia/b study was screened and enrolled into the study in March 18, 2019.

Board of Directors' declaration

The Board of Directors and Chief Executive Officer declare that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU and give a true and fair view of the group's financial position and results of operations. The annual accounts have been prepared in accordance with generally accepted accounting principles, and give a true and fair view of the parent company's financial position and results of operations.

The Statutory Administration Report of the group and parent company gives a true and fair view of the progress of the group's and parent company's operations, financial position and results of operations, and states significant risks and uncertainty factors facing the parent company and the companies included in the group.

The Income Statements and Balance Sheets will be submitted to the Annual General Meeting on 25 April 2019 for adoption.

Lund, Sweden, 22 March, 2019

David Laskow-Pooley
Chair of the Board

David Bejker
Board member

Denise Goode
Board member

Jan Törnell
Board member

Erik Kinnman
CEO

Our Audit Report was presented on 22 March 2019

Mazars SET Revisionsbyrå AB

Bengt Ekenberg
Authorized Public Accountant

Auditor's report

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF NEUROVIVE PHARMACEUTICAL AB (PUBL), CORPORATE IDENTITY NUMBER 556595-6538

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions
We have audited the annual accounts and consolidated accounts of NeuroVive Pharmaceutical AB (publ) for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 13-70 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of December 31st 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31st 2018, and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group. Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of my (our) knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters
Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts, but we do not provide a separate opinion on these matters.

Intangible assets
See note 16-18 of intangible assets and note 2 on accounting principles in the financial statements for detailed information and description of the area.

Description of key audit matter
The Group's intangible assets primarily consist of capitalized product development expenditure and patents.

The Company's operations primarily consist of research and development of targeted drug candidates. Capitalized costs may over time be affected by disposals / out-licensing of development projects, impairment / amortization of active projects and reclassifications of ongoing projects. The area includes estimates of allocation of expenditure for various projects as well as the valuation of capitalized expenditure. Carrying value at December 31st, 2018 is by the company essentially controlled by the impairment test. The assumptions in the impairment test have been assured via an external supplier.

The company capitalizes patent costs. Capitalized patent costs are amortized over the life of the patent. The area includes assessments of the accuracy as well as the valuation of capitalized expenditure.

How the area has been considered in the audit
We have examined supporting documents for expensed as well as capitalized development and patent expenditure. We have reviewed the company's internal controls for expenditure allocation / classification. We've also read and reviewed the external valuation of the capitalized values. We have also received and reviewed the Company's impairment test for capitalized development expenditure and the basis for assessment of depreciation effected during the year.

Funding
The Company describes and informs about this area in the Directors' Report, page 30, in this annual report.

Description of key audit matter
The company's development activities require continuous funding. The Group's cash and cash equivalents amounted to SEK 26 million at December 31st, 2018, which is not expected to finance operations for the next 12 months. In December 2018, the Board decided to initiate a process with a preferential rights issue. Approval of a new share issue was taken at the Extraordinary General Meeting on January 17th , 2019. Through the rights issue the Company received SEK 99.0 million before issue costs of SEK 17.7 million. At the beginning of March 2019, the Board of Directors also, as authorized by the Annual General Meeting on April 27th 2018, decided to carry out a directed new share issue that raises SEK 28.2 million to the company, before issue costs.

How the area has been considered in the audit
We have reviewed and evaluated the actions taken by the Board and management to ensure the company's future funding through the prefential rights issue and the directed new share issue. We have also taken part of the adopted proposal from the Extraordinary General Meeting in January 2019 and the Annual General Meeting in April 2018 and verified that the result of the issues has been contributed to the company's equity and cash & bank. We have also evaluated that the issues ensure going concern of the business for the next 12 months.

Contingent liability as a result of ongoing dispute
See note 29 of contingent liabilities in the financial statements for detailed information and description of the area.

Description of key audit matter
The company is involved in a legal process with CicloMulsion AG regarding royalty on future revenues on certain development projects. Presentation and information related to this dispute is influenced by the management's and the board's assessment as the issue may consists of complex legal issues that can take a long time to complete. The company consults external expertise on these issues.

How the area has been considered in the audit
We have obtained a statement from the company's external legal representative regarding the ongoing dispute and the occurrence of contingent liabilities. We have evaluated the assessments made by the management and the board, and assessed the information provided in the annual report.

Other information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-11. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If I we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, 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 opinions. 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 the company's internal control relevant to our 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 the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group'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 annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. 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 a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of NeuroVive Pharmaceutical AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Mazars SET Revisionsbyrå AB was appointed auditor of NeuroVive Pharmaceutical AB (Publ) by the general meeting of the shareholders on April 27th2018 and has been the company's auditor since June 8th 2012.

Helsingborg, March 22nd 2019
Mazars SET Revisionsbyrå AB

Bengt Ekenberg
Authorized Public Accountant

Glossary

Active compound
A pharmaceutical active ingredient in a pharmaceutical product.

Alpers Disease
Mitochondrial disease. Also known as Alpers-Huttenlocher's disease. Usually appear in children under four years of age, first as difficult-to-treat epilepsy followed by brain injury, and usually also affecting the liver, the gastrointestinal tract and the peripheral nerves. The disease is progressive and results in increasing dementia, visual impairments and paralysis. There is no cure, but treatment efforts are focused on relieving the symptoms, preventing medical complications and providing support.

Blood-brain barrier
The blood-brain barrier consists of very closely joined capillary walls in the blood vessels of the brain that reduce the availability of certain bloodborne substances to access brain tissue (nerve cells).

Candidate drug
A particular compound which is selected during the preclinical phase. The candidate drug is subsequently tested in humans in clinical studies.

Cell proliferation
When cells grow, and divide, i.e the number of cells are increased keeping the size of the cell intact. This results in an expansion of the tissue and consequently an increase of the size of the organ/tumor.

CHIC
Copenhagen Head Injury Ciclosporin study, phase IIa study of NeuroSTAT.

CHOP
The Children's Hospital of Philadelphia.

Ciclosporin
A natural active compound produced by the fungus Tolypocladium inflatum. Ciclosporin is now produced by artificial or chemical methods. Ciclosporin is a well-known substance that has been demonstrated to potently protect brain in animal models of brain injury, where ciclosporin has transited the blood-brain barrier and entered the brain.

Clinical study
The examination of healthy or unhealthy humans to study the safety and efficacy of a pharmaceutical or treatment method. Clinical trials are divided into different phases, termed phase I, phase II, phase III. Phase II is usually divided into an early phase (phase IIa) and a later phase (phase IIb). See also “phase (I, II and III)”.

COMP
EMA’s Committee for Orphan Medicinal Products.

CRO
Contract research organization.

Cyclophilin D
The mitochondria target of ciclosporin and other cyclophilin inhibtors present in virtually all cells of the body.

EMA
The European Medicines Agency.

Energy metabolites
Digestion products from foodstuffs which reflects cell energy status and function of the mitochondria.

Experimental model
A model of a disease or other injury to resemble a similar condition or disease in humans.

FDA
The United States Federal Food and Drug Administration.

HCC
Hepatocellular carcinoma, liver cancer.

Indication
A disease condition requiring treatment, such as traumatic brain injury or fatty liver, NASH.

In vivo/in vitro
In vivo are scientific studies in animal models. In vitro are scientific studies carried out outside of the living body, for example in cells in test tubes.

KSS
Mitochondrial disease, Kearns-Sayre's syndrome. The disease debuts before the age of 20 and is characterized by eye related symptoms with pigment retention in the retina and paralysis of the outer eye muscles, as well as the effects on the cardiac retinal system and the cerebellum with disorders in the coordination of muscle movements (ataxia).

Leigh syndrome
Leigh syndrome is a serious condition with characteristic changes to the brain that usually affects small children. This disease is caused by faults in energy-producing mitochondria and is also known as subacute (fast onset) necrotizing (tissue destroying) encephalomyopathy (a disease of the brain and muscles).

LHON
Mitochondrial disease, Leber Hereditary Optic Neuropathy. Affects the retina and the optic nerve, but in rare cases symptoms can be found in other parts of the central nervous system. There is no cure, but treatments are focused primarily on compensating for the visual impairment.

Liver fibrosis/cirrhosis
Liver fibrosis is the formation of fibrous tissue (scar tissue) in the liver as a result of, for example, infection. May lead to liver cirrhosis.

MELAS
MELAS is an acronym of mitochondrial encephalomyopathy (brain and muscle disease) with lactic acidosis (increased lactic acid levels in the blood) and strokelike episodes.

MERRF
Mitochondrial disease. The most prominent symptoms of MERRF (Myoclonic epilepsy with ragged-red fibers) are epilepsy, muscle twitches and difficulty coordinating muscle movements, but the disease affects many functions.

Mitochondria
That part of each cell that provides effective energy production in the form of conversion of oxygen and nutrients in the body into chemical energy.

Mitochondrial medicine
Field of research and development of pharmaceuticals that protect the mitochondria.

Mitochondrial myopathy
Genetic mitochondrial disease which affects the muscles.

NAFLD
Non-Alcoholic Fatty Liver Disease.

NASH
Non-alcoholic steatohepatitis, inflammatory fatty liver disease.

NIH
The National Institutes of Health, the American equivalent of the Swedish Research Council.

ODD
Orphan Drug Designation. Facilitates development and commercialization, and may, upon receiving marketing authorization, provide orphan drug status with seven or ten years of market exclusivity (in the US and Europe, respectively).

Pearson syndrome
Mitochondrial disease. Appears early, in infants, with symptoms from several different tissues, mainly from the bone marrow, resulting in severe blood deficiency, as well as from the pancreas. Children with Pearson's syndrome who survive past adolescence later in life develop Kearns-Sayre's syndrome or other types of mitochondrial diseases.

Penn
University of Pennsylvania.

PEO/CPEO
Mitochondrial disease. Progressive External Ophthalmoplegia/ Chronic Progressive External Ophthalmoplegia.

Pharmacokinetics
Describes how the body affects a specific drug after administration.

Phase (I, II and III)
The various stages of trials on the efficacy of a pharmaceutical in humans. See also “clinical trial.” Phase I examines the safety on healthy human subjects, phase II examines efficacy in patients with the relevant disease and phase III is a large-scale trial that verifies previously achieved results. In the development of new pharmaceuticals, different doses are trialed and safety is evaluated in patients with relevant disease, phase II is often divided between phase IIa and phase IIb.

Preclinical
That stage of drug development that occurs before a drug candidate is trialed on humans.

Sangamides
Compound class of cyclophilin-D inhibitors.

TBI
Traumatic Brain Injury. An injury to the brain where some nerve cells are subjected to immediate damage. The injury then continues to exacerbate several days after the incident, which significantly impacts the final extent of damage.

ToxPhos®
NeuroVive’s registered trademark for the Company’s mitochondrial toxicity test.

Milestones

1993-1994
- Eskil Elmér and his colleagues discover that ciclosporin A is a powerful neuroprotectant.

1995
- Patent application filed and original discovery published.

1997
- Marcus Keep and Eskil Elmér founded Maas Biolab, LLC in the US.

1999
- The US Patent and Trademark Office granted the patent underlying NeuroVive's first project portfolio.

2000
- NeuroVive was founded under the name of NeuroPharma i Sverige AB.

2004
- NeuroVive in-licensed formulation patent for NeuroSTAT from German company CicloMulsion AG.

2008
- IPO on Aktietorget.

2010
- Results from the NeuroSTAT trial demonstrate bioequivalence and a superior safety profile to comparative preparation Sandimmune® Injection.

2012
- Agreement with Fresenius Kabi enabling expansion to full-scale production of NeuroSTAT and CicloMulsion.
- Collaboration agreement with Sihuan Pharmaceutical for the development and commercialization of CicloMulsion and NeuroSTAT for theChinese market.

2013
- Acquisition of new potent cyclophilin inhibitors from Biotica Ltd.
- Listing on Nasdaq Stockholm.
- First patient enrolled in Phase II CHIC trial at the Copenhagen University Hospital intended to evaluate NeuroSTAT's pharmacokinetics and safety in traumatic brain injury.
- Collaboration agreement with Isomerase Therapeutics for product development and commercialization of the molecules acquired from Biotica Ltd.

2014
- NeuroVive establishes a subsidiary in Taiwan (NeuroVive Pharmaceutical Asia, Inc.) to manage operating activities on-site in the Asian region.

2015
- Start-up of the Phase II CiPRICS trial with CicloMulsion as a pre-treatment for acute kidney injury in patients undergoing open heart surgery.
- The Phase III CIRCUS (CicloMulsion for the indication of myocardial infarction) trial did not reach its primary endpoint.

2016
- NeuroVive's share in the United States was upgraded to the OTC Market Group's Best Market, OTCQX.
- Results from the exploratory Phase II clinical CiPRICS trial (for the indication of acute kidney injury) did not show the expected effect. As a consequence, the development of CicloMulsion was discontinued.
- The licensing agreement with Arbutus Biopharma (formerly OnCore Biopharma Inc.) was terminated and all rights to the NV556 substance were returned to NeuroVive.
- The company presented positive preclinical NASH results in experimental NV556 models. A new two-sided business model was presented, focused on proprietary drug development for rare diseases, and timely out-licensing of projects targeting common diseases.

2017
- NeuroVive entered into a research collaboration with the Karolinska Institute (KI) to study NeuroVive's model compound NVP025 in experimental models of mitochondrial myopathies caused by genetic defects.
- NeuroVive signed a preclinical collaboration agreement with the Children's Hospital of Philadelphia (CHOP) and Marni J. Falk, M.D., regarding the evaluation of compounds from NeuroVive's NVP015 research program for mitochondrial genetic disorders in various experimental mitochondrial complex I dysfunction models.
- NeuroVive phased out its Asian subsidiary in Taiwan in January, 2017, and reallocated research resources and activities in the Taiwan-based subsidiary to the parent company, NeuroVive Pharmaceutical AB. NeuroVive and its partner Foundation Asia Pacific Ltd. reacquired the Hong Kong-based the subsidiary, NeuroVive Pharmaceutical Asia Ltd.
- NeuroVive in-licensed the KL1333 project for genetic mitochondrial disorders from Yungjin Pharm, and obtained global rights for the development and commercialization of KL1333, with the exception of South Korea and Japan.
- NeuroVive decided to continue the clinical development of its NeuroSTAT TBI project following positive results both in its own preclinical studies, and in clinical trials of TBI at the University of Pennsylvania, US, and Copenhagen University Hospital in Denmark.
- The company received a research grant of around SEK 1M from Vinnova for continued development of the NVP015 project for genetic mitochondrial disorders.
- NeuroVive and Yungjin Pharm began clinical development of the KL1333 project for genetic mitochondrial disorders.
- NeuroVive received a positive opinion from the EMA regarding the development plan for NeuroSTAT for the treatment of moderate to severe TBI, including the design of the company's planned Phase IIb trial to demonstrate clinical efficacy.
- NeuroVive's partner, the Children's Hospital of Philadelphia (CHOP), received research funding from the US National Institutes of Health (NIH) to study NVP015 compounds as countermeasures against chemical threats.
- The Chairman of NeuroVive's Board, Greg Batcheller, resigned after 17 years as the company's Chairman. The

Board elected David Laskow-Pooley as the new Chairman.
- A compound in the company's project for genetic mitochondrial disorders, NVP015, was selected for continued testing and preclinical development.

2018

January
- NeuroVive announced a breakthrough in the company's project NVP025 for developing treatment of mitochondrial myopathy. In an experimental study carried out in collaboration with researchers at Karolinska Instutet in Stockholm, Sweden, the project's model substance has shown favourable effects which may counter disease progression in mitochondrial myopathy.

February
- The Board of Directors of NeuroVive resolved, subject to approval by the Extraordinary General Meeting, to issue shares and warrants with preferential rights for existing shareholders.

March
- Chief Medical Officer Magnus Hansson presented the company's non-alcoholic steatohepatitis (NASH) programs NV556 and NVP022 at the 2nd Annual H.C. Wainwright NASH Investor Conference on 19 March 2018.

April
- NeuroVive's partner Yungjin Pharm completed KL1333 phase I study recruitment.
- NeuroVive´s KL1333 received FDA Orphan Drug designation for treatment of mitochondrial diseases.
- The Company's mitochondrial myopathy project, NVP025, was selected for an oral presentation at the prestigious Mitochondrial Medicine 2018 conference held on 9-11 May in Cambridge, UK.
- NeuroVive announced the outcome of the preferential rights issue of units consisting of shares and warrants, approved at the Extraordinary General Meeting on March 22, 2018. The Rights Issue was subscribed to approximately MSEK 81.9, corresponding to a subscription ratio of approximately 104 percent, raising approximately MSEK 78.5 to the Company before issue expenses.

May
- The Company announced a partnership with TRACK-TBI, a network of US-based world-leading TBI clinicians and researchers. The purpose of the network that NeuroVive now will be a part of intends to create synergies, share know-how and leverage resources with the goal of bringing much-needed treatment alternatives to TBI patients.
- NeuroVive and Yungjin reported positive KL1333 phase I clinical study results paving the way for further clinical development.

June
- BridgeBio entered into an exclusive licensing agreement for a subset of succinate prodrug chemistry under NeuroVive's NVP015 program. BridgeBio launched a subsidiary company, Fortify Therapeutics, to further develop this chemistry for local treatment of Leber's Hereditary Optic Neuropathy (LHON).
- The traumatic brain injury (TBI) experimental study of NeuroSTAT performed at University of Pennsylvania (Penn) was published in the Journal of Neurotrauma.

July
- A report demonstrating the scientific rationale for KL1333 in genetic mitochondrial disease was published in the journal Frontiers in Neurology.

August
- The company's research partner the Children's Hospital of Philadelphia (CHOP) received a three-year grant, in total of 4 MUSD, from the U.S. Department of Defense, Office of the Congressionally Directed Medical Research Programs (CDMRP) for studies focused on NeuroVive's NVP015 (NV354) program for genetic mitochondrial diseases

September
- NeuroVive announced positive U.S. Food and Drug Administration (FDA) feedback on its NeuroSTAT clinical development plan for the treatment of moderate to severe Traumatic Brain Injury (TBI) at a pre-IND (Investigational New Drug) meeting.

October
- Successful completion of biomarker analyses of samples from clinical study in severe traumatic brain injury patients (the CHIC study) using the company's investigational compound NeuroSTAT. The results provided an early signal of efficacy derived from time-based changes in biomarker levels that correlate with NeuroSTAT drug administration.
- The company received approval of its clinical trial application concerning a planned phase I KL1333 study in patients and healthy volunteers from the UK regulatory authority, Medicines and Healthcare products Regulatory Agency (MHRA).
- Positive experimental results for NV354, NeuroVive's preclinical lead candidate in the NVP015 program for mitochondrial diseases, was presented by Magnus Hansson, NeuroVive's Chief Medical Officer, at a scientific meeting in New York, October 18-21, 2018.

November
- The company was awarded MSEK 1.5 as a first tranche of total MSEK 5 in funding from Vinnova (Sweden's innovation agency), and its Swelife call, for intensified development in the NVP015 project, the goal of which is to advance the candidate compound NV354 to clinical studies.

December
- The company announced the outcome of the exercise of warrants of series 2018:1, which provided the company with approximately KSEK 480.
- The Board of Directors of NeuroVive resolved, subject to approval by the Extraordinary General Meeting, to issue shares with preferential rights to existing shareholders.

NeuroVive Pharmaceutical AB (publ)
Medicon Village
Scheelevägen 2
SE-223 81 Lund
Sweden

E-mail: info@neurovive.com
Phone: +46 46-275 62 20
www.neurovive.com