



ASARINA PHARMA AB (PUBL)

ANNUAL REPORT 2023

AND CONSOLIDATED FINANCIAL STATEMENTS

1 January 2023 – 31 December 2023



**REMAIN
IN CONTROL
OF YOUR
LIFE**

2023 THE YEAR IN BRIEF

KEY ACTIVITIES DURING THE REPORTING PERIOD

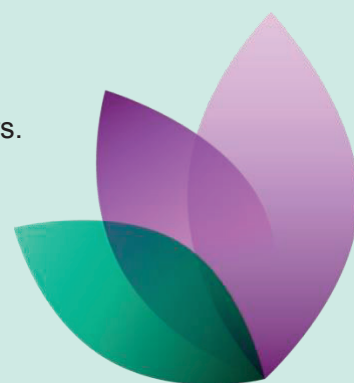
- On 5 May 2023 Asarina Pharma announced positive results in its phase IIa study in Tourette Syndrome.
- On 16 November 2023 Asarina Pharma announced that it had secured a convertible loan of SEK 1 million from its major shareholder in order to finance ongoing Business Development dialogues that it was pursuing through the year.

KEY ACTIVITIES FOLLOWING THE REPORTING PERIOD

- As of the time of reporting Asarina Pharma continues dialogues with a few companies who have expressed interest in Sepranolone. With its limited financial resources and the state of the capital markets, the Company does not expect to conduct new R&D activities itself. The company is currently fully focused on out-licensing or selling its IP assets to a pharmaceutical partner and subsequently winding down its operations at the end of 2024.

ABOUT ASARINA PHARMA

We are a Swedish biotech company developing Sepranolone for allopregnanolone-induced stress and compulsivity-driven disorders. Our product pipeline is built on over 40 years of research into allopregnanolone-related neurological disorders. With our new family of GAMSAs (GABA-A Modulating Steroid Antagonists) we aim to deliver a new generation of safe, efficacious drugs for neurological conditions from Tourette syndrome to Obsessive-compulsive disorder that still lack safe, efficacious pharmaceutical treatments.



ASARINA PHARMA AB

Karolinska Institutet Science Park | Fogdevreten 2, SE 171 65 Solna, Sweden Peter Nordkild, CEO | Phone +45 25 47 16 46

CEO STATEMENT

Dear Shareholder,

For Asarina Pharma, 2023 was dominated by two major activities:

- i) the successful completion of the phase IIa study in Tourette Syndrome
- ii) subsequent ongoing efforts to find a partner for the next stages of the project

A BRIEF OVERVIEW OF THE PHASE IIA STUDY

The study involved 28 subjects diagnosed with Tourette Syndrome between the age of 12 and 47. 17 subjects received Sepranolone 10 mg twice weekly injections in addition to their Standard of Care treatments. 9 patients received Standard of Care alone for 12 weeks.



Primary clinical endpoint: Sepranolone reduced tic severity by 8.6 points or 28% in its primary clinical endpoint as measured by YGTSS.

Secondary clinical endpoints: Sepranolone achieved positive results in the four key secondary endpoints compared with standard of care:

- 69% greater increase of Quality of Life (using the Gilles de la Tourette Syndrome Quality of Life total score (GTS-QOL))
- 50% greater reduction in impairment (YGTSS)
- 44% greater reduction of the premonitory urge to tic (PUTS – the Premonitory Urge to Tic scale)
- Importantly, no off-target CNS effects or systemic side effects were observed

PARTNERING ACTIVITIES

During summer 2023 we discussed funding of a phase IIb study both with our present and potential future investors but concluded that the financial market continued to be extremely challenging, especially for biotech companies.

In order to identify a partner who could take Sepranolone forward in clinical development, we have attended several conferences where we have held meetings with a number of interested companies.

In October 2023, we engaged the US investment bank, Stifel Healthcare, to assist us in the partnering process.

As of the middle of May 2024, the Company continues dialogues with a few companies who have expressed interest in Sepranolone. It is not clear when or if these dialogues will come to a positive conclusion, and there is no certainty that a partnership can be established on satisfactory terms, but as of the time of reporting these dialogues are still ongoing.

In November 2023, the Company obtained a convertible loan of SEK 1 million from its major shareholder.

Furthermore, the Company has implemented significant cost savings, primarily by reducing staff costs to a minimum.

We are still hopeful that we will eventually find a partner who can bring Sepranolone further in clinical development. I continue to believe that our compound has a strong potential to offer Tourette patients a significantly better quality of life, meeting a major unmet need for a safer, more effective treatment for Tourette with few if any side effects - helping patients across the world remain in control of their life.

BEST WISHES,



A handwritten signature in black ink that reads "Peter Nordkild". The signature is fluid and cursive.

Peter Nordkild,
CEO Asarina Pharma

DIRECTORS' REPORT

BUSINESS DESCRIPTION

The Company is domiciled in Solna County, Sweden and conducts research and development of pharmaceuticals for treatment of Tourette Syndrome and other neurological diseases with unmet medical need.

SHARES

The Company's shares have traded on NASDAQ First North since September 2018. As of 31 December 2023, Asarina has issued a total of 22,641,409 shares, which are held by approx. 3,000 shareholders.

MAIN SHAREHOLDERS

OWNERSHIP AS OF 31 DECEMBER 2023*

SHAREHOLDER	COUNTRY	NO. OF SHARES	OWNERSHIP (%)
Östersjöstiftelsen (Baltic Foundation)	Sweden	6,563,977	29.0
Kurma Biofund	France	3,145,132	13.9
Idinvest Patrimoine	France	1,639,824	7.2
Avanza Pension	Sweden	951,609	4.2
Torbjörn Bäckström	Sweden	364,480	1.6
Arne Andersson	Sweden	365,484	1.6
Larsson Utvecklings AB	Sweden	350,000	1.5
Larix Byggnads AB	Sweden	332,980	1.5
Nordnet Pensionsförsäkring	Sweden	322,144	1.4
Peter Nordkild (CEO)	Denmark	263,124	1.2
Others		8,342,655	36.8
TOTAL		22,641,409	100.0

* Sources: Euroclear, company estimates

As of 31 December 2022, the Company had two active warrant programs comprising in total 802,000 warrants. During the first half of 2023, both of these programs expired with no warrants being exercised, hence the Company has no active warrant programs as of 31 December 2023.

In December 2023, the Company obtained a convertible loan from Östersjöstiftelsen amounting to SEK 1 million. This loan (incl. interest) can be converted into Asarina shares at the share price prevailing on NASDAQ First North in the 10 trading days prior to the conversion day.

GROUP STRUCTURE

The Asarina Pharma Group ("the Asarina Group") comprises the parent company, Asarina Pharma AB, and two fully owned subsidiaries, Asarina Pharma ApS (Denmark) and Asarina Pharma Finans AB.

Asarina Pharma ApS owns the intellectual property rights to Asarina's lead compound, Sepranolone and has been the operating entity for most of the Asarina Group's R&D activities.

Asarina Pharma Finans AB ("Finans AB") is a non-operating subsidiary whose only activity is related to the previous warrant programs for the Asarina Group.

KEY FINANCIALS - GROUP

SEK '000	2023	2022	2021	2020	2019
Net sales			0	0	0
Operating profit/loss	-14,640	-14,687	-38,284	-81,406	-81,034
Income after net financial items	-14,578	-14,828	-38,297	-82,994	-78,877
Total assets (year-end)	6,076	16,857	30,361	68,285	139,894
Cash and cash equivalents (year-end)	3,161	13,577	21,715	58,501	129,505
Equity ratio ¹ (year-end)	27.1%	86.6%	69.6%	77.0%	85.4%
Return on shareholders' equity ²	-157.9%	-74.3%	-85.9%	-87.5%	-54.8%
Return on total assets ³	-127.1%	-61.0%	-76.6%	-78.2%	-54.3%
Average number of employees ⁴	2	3	6	5	5

KEY FINANCIALS - PARENT COMPANY

SEK '000	2023	2022	2021	2020	2019
Income after net financial items	-124,618	- 123,572	- 3,358	-8,329	-2,410
Total assets	2,272	125,299	249,074	248,404	247,491
Equity ratio ¹	-7.7%	99.3%	97.2%	98.7%	98.8%

⁽¹⁾ Adjusted shareholders' equity/total assets. Adjusted shareholders equity' equals shareholders equity' plus non-taxed reserves reduced by deferred tax liability

⁽²⁾ Income/average adjusted shareholders' equity

⁽³⁾ (Income after financial income and costs + interest costs)/Average total assets

⁽⁴⁾ Measured in Full-time employees (FTEs)

SIGNIFICANT RISKS AND UNCERTAINTIES

RISK MANAGEMENT

The Board of Directors of the Company continuously and systematically assess the key risks of the Asarina Group in order to identify key risks and, if needed, implement relevant mitigating actions. The Board has identified the key risks which are presented in the following sections. Mitigating actions are developed for each identified material risk.

OPERATING RISKS

Due to its limited financial resources, Asarina has suspended all R&D operations. The remaining operating risk is that the Company will not succeed in finding a partner that can take Sepranolone forward in clinical development.

FINANCIAL RISKS

At present, Asarina does not generate any income and it has not raised new financing since 2021. As a consequence, Asarina has very limited financial resources and does not plan to raise new financing to fund new R&D activities. The Company is therefore exploring the potential for a partnership, i.e. a sale or out-licensing of its IP assets. The Company believes that it can complete this process with its current financial resources but there is no guarantee that it will not incur unexpected costs during the partnering process. In case of an unfavorable outcome of the partnering activities, the Company will initiate an orderly winding-up, which may include the sale of assets and/or liquidation.

For a more detailed description of the risk related to the Company's ability to continue as a going concern, refer to note 3 to the Financial Statements within this annual report.

CURRENCY RISK

Asarina incurs costs mainly in three currencies: Swedish kronor, Euro and Danish kroner (which is closely correlated to Euro). The company mitigates its exchange rate risk by placing excess liquidity in a combination of the three currencies, mirroring the break-down of its operating costs by currency.

FINANCIAL HIGHLIGHTS

RESEARCH AND DEVELOPMENT (R&D)

The total R&D expenditure in 2023 declined by about 10% to 6.5 million SEK. After completing the phase IIa study in Q2/2023, the Company has not initiated further R&D activities, resulting in very low R&D expenses in H2/2023. The largest part of R&D costs in 2023 comprised fees to our CRO and to clinical investigators as well as CMC costs.

GENERAL AND ADMINISTRATION (G&A)

Total G&A costs declined from SEK 3.1 million in 2022 to SEK 3.0 million in 2023, thanks to the strict management of costs throughout the year

STAFF COSTS

Staff costs increased to SEK 4.8 million from SEK 3.9 million in 2022. This increase reflects partly the partnering process, partly a provision for staff costs in case of a wind-down at the end of 2024.

During 2023, the team comprised 2 employees and 5 consultants on long-term contracts. All team members were working part-time, and the net headcount equaled approx. 2 FTE. As of 1 January 2024, the working time for all team members has been further reduced.

FINANCIAL ITEMS AND TAX

Financial items (currency gains/losses and net interest expenses) resulted in a minor gain. In November 2023, the Company received SEK 1.5 million from the Danish tax credit scheme, compared with 7.0 million in 2022. The Company estimates that it will receive approx. SEK 1.8 million in tax credit in November 2024.

RESULT OF OPERATIONS

The total operating loss in 2023 amounted to SEK 14.6 million, almost identical to the loss in 2022. In H2/23, the operating loss was SEK 1.5 million lower than in H2/22. The net result in 2023 was a loss of SEK 12.8 million compared with SEK 13.3 million in 2022.

CASH-FLOW

The Group had a net cash outflow of SEK 10.3 million in 2023 compared with SEK 8.8 million in 2022. The increase was primarily due to the lower tax credit received in 2023. At the end of 2023, the Group's cash position amounted to SEK 3.2 million.

BALANCE SHEET

On 1 December 2023, Östersjöstiftelsen (ÖSS), the Company's major shareholder, provided Asarina with a convertible loan of SEK 1.0 million. The loan carries an interest of 12% p.a. and the maturity date is 31 December 2024. ÖSS has the right at any time before maturity to convert the loan (incl. interest) into Asarina shares at the average share price on NASDAQ First North during the 10 trading days prior to the day of conversion.

Due to the uncertainty about the outcome of the partnering process, the book value of the shares in the Danish subsidiary held by Asarina Pharma AB has been written off. This does not impact the group balance sheet.

Due to the write-off of the holding in the Danish subsidiary, Asarina Pharma AB's equity is below the share capital. As a consequence, the Company will, in accordance with the Swedish Companies Act, prepare the balance sheet for control as of May and convene a first control meeting.

OUTLOOK

Since completing the phase IIa study in April 2023, the Company has focused on finding a partner who can bring Sepranolone into the next clinical phase. During the rest of 2024, the Company will continue to explore the potential for a partnership, i.e. a sale or out-licensing of its IP assets. The Company believes that it can complete the partnering process with its current financial resources but there is no guarantee that it will not incur unexpected costs during this partnering process. In case of an unfavorable outcome of the partnering activities, the Company will initiate an orderly winding-up, which may include the sale of assets and/or liquidation.

For a more detailed description of the risk related to the Company's ability to continue as a going concern, refer to note 3 to the Financial Statements within this annual report.

PROPOSED APPROPRIATION OF PROFITS

AT THE DISPOSAL OF THE ANNUAL GENERAL MEETING ARE THE FOLLOWING AMOUNTS (SEK):

Surplus reserve	277,682,398
Income carried forward	-158,902,043
Result for the period	-124,617,507
The board of directors recommend that to be carried forward	-5,837,152

The results and the financial position for the parent company and the group are presented in the following income statements, balance sheet, statement of shareholders' equity, cash flow statement and accompanying notes.

CONSOLIDATED INCOME STATEMENT

SEK '000	NOTE	2023 JAN-DEC	2022 JAN-DEC
Net income		0	0
Other income		0	0
Total operating income		0	0
Research and development costs		-6,494	-7,294
Other external costs	5	-2,958	-3,088
Staff costs	6	-4,765	-3,899
Depreciation of property and equipment		-423	-406
Total operating costs		-14,640	-14,687
Operating profit/loss		-14,640	-14,687
Financial income (interest income, currency gains)	7	169	297
Financial cost (interest expenses, currency losses)	8	-107	-438
Net financial items		62	-141
Profit/loss before tax		-14,578	-14,828
Tax on profit/loss	9	1,750	1,545
Profit/loss for the period		-12,828	-13,283

EARNINGS PER SHARE

SEK '000	NOTE	2023 JAN-DEC	2022 JAN-DEC
Number of shares, average (non-diluted)		22,641,409	18,787,584
Number of shares, average (fully-diluted)		22,910,850	19,604,584
Earnings per share, non-diluted, (SEK)		-0.57	-0.71
Earnings per share, fully-diluted, (SEK)		-0.56	-0.68
Number of shares, end of period (non-diluted)		22,641,409	22,641,409
Number of shares, end of period (fully-diluted)		22,641,409	23,458,409

CONSOLIDATED BALANCE SHEET STATEMENT

SEK '000	NOTE	31 DEC 2023	31 DEC 2022
ASSETS			
Non-current assets			
Property, plant and equipment	10	778	1,181
Financial non-current assets	12	1	1
Total non-current assets		779	1,182
Current assets			
<i>Current receivables</i>			
Current tax asset		1,810	1,687
Other receivables		225	298
Prepaid expenses and accrued income	13	102	113
Total current receivables		2,136	2,098
Cash and cash equivalents		3,161	13,577
Total current assets		5,297	15,675
TOTAL ASSETS		6,077	16,857
EQUITY AND LIABILITIES			
Restricted equity			
Share capital		5,660	5,660
Total restricted equity		5,660	5,660
Unrestricted equity			
Share premium reserve		277,682	277,682
Retained earnings		-268,866	- 255,456
Profit/loss for the period		-12,828	- 13,284
Total unrestricted equity		-4,012	8,942
TOTAL EQUITY		1,649	14,603
<i>Current liabilities</i>			
Accounts payable		626	837
Other current liabilities		0	144
Accrued expenses and prepaid income	14	2,802	1,274
Convertible loan	15	1,000	0
Total current liabilities		4,426	2,255
TOTAL LIABILITIES		4,426	2,255
TOTAL EQUITY AND LIABILITIES		6,077	16,857

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Shareholders' equity attributable to parent company shareholders

SEK '000	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULATED LOSSES INCL LOSS FOR THE PERIOD	TOTAL EQUITY
Opening balance 1 January 2022	4,686	272,813	-256,355	21,144
Additional paid in capital	974	4,870		5,844
Translation difference			898	898
Loss for the period			- 13,283	- 13,283
Closing balance 31 December 2022	5,660	277,683	-268,740	14,603
Opening balance 1 January 2023	5,660	277,683	-268,740	14,603
Additional paid in capital				
Translation difference			-124	-124
Loss for the period			-12,828	-12,828
Closing balance 31 December 2023	5,660	277,683	-281,692	1,651

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK '000	NOTE	2023 JAN - DEC	2022 JAN - DEC
Operating activities			
Operating profit/loss		-14,640	- 14,687
Adjustment for non-cash flow affecting items			
Depreciation	10	423	406
Interest received		169	297
Interest paid		-107	- 439
Paid taxes	9	1,680	6,957
Cash flow for operating activities before changes in working capital		-12,475	- 7,466
Cash flow from changes in working capital			
Decrease(+)/Increase(-) in receivables		89	-37
Decrease(-)/Increase(+) in liabilities		1,114	-1,816
Cash flow from operating activities		-11,272	- 9,319
Investment activities			
Acquisition of equipment, tools and installation	10	0	0
Cash flow from investment activities		0	0
Financing activities			
Convertible loan received	15	1,000	5,300
Share issue		0	5,844
Cash flow from financing activities		1,000	544
Cash flow for the period		-10,272	-8,775
Cash and cash equivalents at the beginning of the period		13,577	21,715
Translation difference		-144	637
Cash and cash equivalents at the end of the period		3,161	13,577

PARENT COMPANY INCOME STATEMENT

SEK '000	NOTE	2023 JAN-DEC	2022 JAN-DEC
Net sales		0	0
Other income		0	0
Total operating income		0	0
Research and development costs		-992	-1,832
Other external costs	5	-1,654	-1,857
Staff costs	6	-1,101	-1,147
Total operating costs		-3,748	-4,835
Operating profit/loss		-3,748	-4,835
Financial income (interest income, currency gains)	7	49	207
Write-down of financial non-current assets	11	-120,907	-118,657
Financial cost (interest expenses, currency losses)	8	-11	-283
Net financial items		120,870	-118,737
Profit/loss before tax		-124,618	-123,572
Tax on profit/loss	9	0	0
Profit/loss for the period		-124,618	-123,572

PARENT COMPANY BALANCE SHEET STATEMENT

SEK '000	NOTE	31 DEC 2023	31 DEC 2022
ASSETS			
Non-current assets			
<i>Financial non-current assets</i>			
Shares in subsidiaries	11	90	118,747
Other non-current financial assets	12	1	1
Financial non-current assets		91	118,748
Current assets			
<i>Current receivables</i>			
Receivables from group companies		82	3,122
Current tax asset		0	112
Other receivables		91	184
Prepaid expenses and accrued income	13	102	113
Total current receivables		276	3,531
Cash and cash equivalents		1,906	3,019
Total current assets		2,181	6,550
TOTAL ASSETS		2,272	125,299
EQUITY AND LIABILITIES			
<i>Restricted equity</i>			
Share capital		5,660	5,660
Total restricted equity		5,660	5,660
<i>Unrestricted equity</i>			
Share premium reserve		277,682	277,682
Retained earnings		-158,902	- 35,329
Profit/loss for the period		-124,618	- 123,572
Total unrestricted equity		-5,837	118,781
TOTAL EQUITY		-177	124,441
Non-current liabilities			
Liabilities to group companies		0	40
Total non-current liabilities		0	40
Current liabilities			
Accounts payable		403	339
Other current liabilities		0	87
Accrued expenses and prepaid income	14	1,046	392
Convertible loan	15	1,000	0
Total current liabilities	14	2,449	818
Total liabilities		2,449	858
TOTAL EQUITY AND LIABILITIES		2,272	125,299

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK '000	RESTRICTED EQUITY		UNRESTRICTED EQUITY		TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULATED LOSSES	NET PROFIT/LOSS FOR THE PERIOD	
Opening equity on 1 January, 2022	4,686	272,813	-31,972	-3,358	242,169
Appropriation of previous year results			-3,358	3,358	0
Current year results				-123,572	-123,572
Shareholder transactions					
New share issue	974	4,870			5,844
Total shareholder transactions					5,884
Closing equity on December 31, 2022	5,660	277,683	-35,330	-123,572	124,441

SEK '000	RESTRICTED EQUITY		UNRESTRICTED EQUITY		TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULATED LOSSES	NET PROFIT/LOSS FOR THE PERIOD	
Opening equity on 1 January, 2023	5,660	277,683	-35,330	-123,572	124,441
Appropriation of previous year results			-123,572	123,572	0
Current year results				-124,618	-124,618
Closing equity on December 31, 2023	5,660	277,683	-158,902	-124,618	-177

As of 31 December 2023, the total number of issued shares amounted to 22,641,409.
All shares carry one vote and have a quota value of 0.25 SEK per share.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

GENERAL INFORMATION

Asarina Pharma AB (publ), Reg. No. 556698-0750 ("the Company") is a public company registered in Sweden with its registered office at Fögdevreten 2, S-171 65 Solna.

Historically, the Company and its Danish subsidiary ("the Group") have conducted research and development in the pharmaceutical field. Since mid-2023, the Group has discontinued all R&D activities and focused on partnering its IP assets.

NOTE 2

ACCOUNTING PRINCIPLES AND VALUATION PRINCIPLES

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

CONSOLIDATED ACCOUNTS

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

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

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

INCOME

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

Dividend and interest income

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

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

LEASES

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

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

FOREIGN CURRENCY

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

Translation of items in foreign currency

At each balance sheet date, monetary items denominated in foreign currencies are translated at the closing date.

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

Net investments in foreign operations

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

Translation of subsidiaries and foreign operations

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

EMPLOYEE BENEFITS

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

Defined contribution plans

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

SHARE-BASED COMPENSATION

Share-based payments that are regulated by equity instruments are valued at fair value, excluding any impact from non-market-related terms, at the grant date, which is the date when the company concludes an agreement for share-based compensation. The fair value determined at the grant date is recognized as an expense with the corresponding adjustment in equity.

Share-based payments to employees which are regulated by equity instruments

In addition to the above, costs for share based compensation are distributed over the vesting period, based on the Group's estimate of the number of shares expected to be redeemable. In such case no vesting period has been agreed upon, the cost is reported directly at time of allotment. Fair value has been calculated using the Black-Scholes valuation model. Social charges attributable to share-based payments are accrued in the same way as the cost of the services received and the liability is revalued at each accounting period until it is regulated.

Share-based payments to suppliers which are regulated by equity instruments

The company has an agreement with one supplier according to which compensation in part is made by shares in Asarina. Costs for services rendered within the scope of the agreement are reported as incurred with the corresponding adjustment in shareholders equity to the extent that the cost will be compensated in shares. Compensation is allocated the same way as costs for provided services and the liability is revalued on each closing date until settlement.

INCOME TAXES

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

Current tax

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

Deferred tax

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

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

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

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

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

Current and deferred tax for the period

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

INTANGIBLE ASSETS

Acquisition through internal development

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

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

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

TANGIBLE FIXED ASSETS

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

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

- **Machinery and equipment** 5 years

FINANCIAL NON-CURRENT ASSETS

A financial asset or a financial liability is reported in the balance sheet when the group becomes part in the contractual terms of the instrument. A financial asset is deleted from the balance sheet when the contractual rights to the cash flow from the instrument cease, are settled, or at such time the group no longer has control over it. A financial liability, or part of a financial liability, is deleted from the balance sheet when the contractual obligation ceases or otherwise expires.

At initial recognition current assets and current liabilities are valued at cost. Non-current receivables and long-term debt are valued at initial recognition at accumulated cost. Loan expenses are allocated as part of interest costs for such loans in Accordance with the effective interest method (see below).

Valuation post initial recognition is for current receivables performed according to the lowest value principle, i.e. the lower of cost or net sales value on the closing date. Current liabilities are valued at nominal amounts.

Non-current receivables and long-term debt are post initial recognition valued at accumulated cost.

Accumulated cost

Accumulated cost refers to the amount reported at initial recognition reduced by amortization, increase or decrease of accumulated allocation according to the effective interest method of the initial difference between received/paid amount and amount to pay/receive on the due date reduced by write-downs.

The effective interest is such interest which when discounting all future expected cash flows over the expected duration result in the initially reported value of the financial asset or financial liability.

Write-down of financial non-current assets

At each balance sheet date, the group analyzes if any indications exist that one or more financial assets have declined in value. Examples of such indications are significant financial difficulties of the borrower, breach of contract, or that the borrower is likely to go bankrupt.

Write-down of financial assets valued at accumulated cost are calculated as the difference between the reported value of the asset and the present value of managements best assessment of future cash flows. Discount rate applied shall be equal to the original effective rate of the asset. For assets with floating interest rates the interest rate on the closing date shall be applied.

For financial non-current assets which are not valued at accumulated cost the write-down is calculated as the difference between the reported value of the asset and the highest of fair value reduced by sales costs and the present value of managements best assessment of the assets future expected cash flows.

CASH

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

CONTINGENT LIABILITIES

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

NOTE 3

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The Company monitors its existing and future cash position on a continuous basis to identify liquidity risks thereby enabling the Board of Directors and Management to take relevant actions to ensure that the Company can continue as a going concern.

At present, Asarina does not generate any income and has not raised new finance since 2021. As a consequence, Asarina has very limited financial resources and does not plan to raise new financing. Since completing the phase IIa study in April 2023, the Board of Directors and Management has therefore focused on finding a partner who can bring Sepranolone into the next clinical phase. During the rest of 2024, the Board of Directors and Management will continue to explore the potential for a partnership, i.e. a sale or out-licensing of its IP assets.

The Board of Directors and Management believes that it can complete the partnering process with its current financial resources but there is no guarantee that it will not incur unexpected costs during this partnering process.

CONTINGENT ASSETS

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

CASH FLOW ANALYSIS

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

ACCOUNTING PRINCIPLES FOR THE PARENT COMPANY

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

Subsidiary

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

Net investments in foreign operations

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

Leasing

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

In case of an unfavorable outcome of the partnering activities, the Company will initiate an orderly winding-up, which may include the sale of assets and/or liquidation.

In connection with the preparation of the company's financial statements for the financial year 2023, indications arose of impairment needs regarding shares in subsidiaries, this resulted in the holding in the subsidiary Asarina Pharma Aps down to SEK 0. The write-down means that Asarina Pharma AB's equity is below the share capital. Asarina Pharma AB will, in accordance with the Swedish Companies Act, prepare the balance sheet for control as of May and convene a first control meeting.

Due to the uncertainty associated with the outcome of the partnering activities, significant uncertainties regarding going concern exist, and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Based on this assessment, Management has prepared the financial statements presented herein based on a going concern assumption.

NOTE 4

IMPORTANT ESTIMATES AND ASSESSMENTS

Important sources of uncertainty in estimates

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

Important assessments when applying the group's accounting principles

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

ACCRUED LIABILITIES

Asarina conducts clinical trials with a typical duration of 1-2 years. The main trial costs are 1) CMC costs (related to production of clinical material) and 2) fees to the CRO

(Contract Research Organization), who manages the trial on a daily basis. The CRO fees are invoiced either on a monthly basis based on the time spent or based on deliverables in the study. At the balance sheet date, Asarina accrues costs for work performed but not yet invoiced.

SHARES IN SUBSIDIARY

At the balance date, the Company conducts a thorough assessment of the value of the shares that it holds in the Danish subsidiary. The assessment is partly based on an third-party valuation of the IP assets owned by the subsidiary.

Taking a precautionary approach, the Board of directors has decided to conduct a write-down of 100 % of the value of the subsidiary's shares in view of the uncertainty about the future development of Sepranolone in Tourette Syndrome.

NOTE 5

INFORMATION REGARDING AUDITOR COMPENSATION

SEK '000	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Ernst & Young				
Auditing*	347	372	236	308
Audit services in addition to audit		0		0
Other services		0		0
Total	347	372	236	308

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

NOTE 6

HEADCOUNT, SALARIES, OTHER COMPENSATION AND SOCIAL COSTS**AVERAGE NUMBER OF STAFF MEMBERS***

	2023		2022	
	NUMBER OF STAFF MEMBERS	OF WHICH MALE	NUMBER OF STAFF MEMBERS	OF WHICH MALE
Parent company				
Asarina Pharma AB	0	0	0	0
Total	0	0	0	0
Subsidiaries				
Asarina Pharma ApS	5	4	5	4
Asarina Finans AB	0	0	0	0
Total subsidiaries	5	4	5	4
Total group	5	4	5	4

* Comprises employees and consultants on long-term contracts. All staff members are on part-time contracts.

MANAGEMENT AND BOD ALLOCATION ON THE BALANCE SHEET DATE

	GROUP		PARENT COMPANY	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Female:				
Board of Directors	2	2	2	2
Management	0	0	0	0
Male:				
Board of Directors	1	1	1	1
Management incl. CEO	4	4	0	0
Total	7	7	3	3

SALARIES AND OTHER STAFF COSTS

SEK '000	2023		2022	
	SALARIES AND OTHER COMPENSATION	SOCIAL COSTS (OF WHICH PENSION COSTS)	SALARIES AND OTHER COMPENSATION	SOCIAL COSTS (OF WHICH PENSION COSTS)
Parent company	0	0	0	0
Subsidiaries	3,649	13	2,741	8
Total group	3,649	13	2,741	8

SALARIES AND OTHER STAFF COSTS

SEK '000	2023		2022	
	BOARD OF DIRECTORS AND CEO	OTHER STAFF MEMBERS	BOARD OF DIRECTORS AND CEO	OTHER STAFF MEMBERS
Parent company	0	0	0	0
Subsidiaries	1,968	694	1,782	861
Total group	1,968	694	1,782	861

BOARD AND MANAGEMENT COMPENSATION 2022

SEK '000	BASE SALARIES/FEES	BONUS	PENSION COSTS	SHARE-BASED REMUNERATION	TOTAL
<i>Board members</i>					
Paul de Potocki, chairman	510				510
Erin Gainer	205				205
Marianne Kock	205				205
<i>Management</i>					
Peter Nordkild	1,743	78			1,821
Other management	1,790	149			1,940
Total	4,453	227			4,680

BOARD AND MANAGEMENT COMPENSATION 2023

SEK '000	BASE SALARIES/FEES	BONUS	PENSION COSTS	SHARE-BASED REMUNERATION	TOTAL
<i>Board members</i>					
Paul de Potocki, chairman	510				510
Erin Gainer	205				205
Marianne Kock	205				205
<i>Management</i>					
Peter Nordkild	1,968	722			2,690
Other management	1,681	407			2,088
Total	4,569	1,129			5,698

PENSIONS

Group costs for defined obligation pension plans amounted to 0 KSEK (0). Parent company costs for defined obligation pension plans amounted to 0 KSEK (0). The group carries no defined benefit-based pension plans.

The Group's remaining pension commitment amounted to 0 KSEK (0).

SEVERANCE PAY AGREEMENT

Neither the Company nor its Danish subsidiary has entered into severance pay agreements for any of the staff members.

WARRANT PROGRAMS

In September 2018, the Company launched a warrant program for independent board members and staff members. The warrant program expired on 31 December 2021 and all warrants lapsed. In February 2020, the Company issued additional warrants to two board members and one member of management. The program expired in March 2023 and all warrants lapsed. In May 2021, the Company issued a third warrant program to staff members. This program expired in May 2023 without any warrants being exercised. Consequently, the Company has no active warrant programs as of the balance date.

NOTE 7

INTEREST AND CURRENCY INCOME

SEK '000	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Interest income	127	14	47	47
Exchange rate differences	42	283	2	2
Total	169	297	49	207

NOTE 8

INTEREST AND CURRENCY COSTS

SEK '000	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Interest costs	-52	-298	-11	-283
Exchange rate losses	-55	-140	0	0
Total	-107	-438	-11	-283

NOTE 9

INCOME TAXES ON CURRENT YEAR INCOME

SEK '000	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Current tax	1,750	1,545	0	0
Total tax on current year income	1,750	1,545	0	0

RECONCILIATION OF CURRENT YEAR TAX COSTS

SEK '000	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Reported income before taxes	-14,578	-14,828	-124,618	-4,915
Tax computed at Swedish tax rate (20.6%)	3,003	3,055	25,671	1,012
Tax effect from				
Non-deductible costs	0	-9	-24,907	-9
Extra tax allowance for R&D expenses	140	0	0	0
Non-activated taxable losses	-1,222	-1,501	-764	-1,004
Effect of foreign tax	-171	0	0	0
Total tax on current year income	1,750	1,545	0	0
Current year reported tax	1,750	1,545	0	0

As of 31 December 2023, the Danish subsidiary has a tax receivable of SEK 1.810 million (DKK 1.176 million) related to the Danish tax credit scheme for R&D costs.

The Company has non-activated taxable losses amounting to 189 080 KSEK (2022: 188,636 KSEK). The Group has non-activated taxable losses amounting to 334 185 KSEK (2022: 331,354 KSEK).

NOTE 10

EQUIPMENT, TOOLS AND INSTALLATIONS

SEK '000	GROUP		PARENT COMPANY	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Acquisition price at the beginning of period	2,099	1,954	0	0
FX adjustment on opening balance	30	145	0	0
Purchase	0	0	0	0
Acquisition price at the end of period	2,129	2,099	0	0
Depreciation at the beginning of period	-918	-477	0	0
FX adjustment on opening balance	-10	-35	0	0
Depreciation for the year	-423	-406	0	0
Depreciation at the end of the period	-1,351	-918	0	0
Closing balance	778	1,181	0	0

NOTE 11

SHARES IN SUBSIDIARIES (PARENT COMPANY)

SEK '000	2023-12-31	2022-12-31
Book-value at the beginning of period	118,747	232,405
Shareholder contribution	2,250	5,000
Write-down at year-end	-120,907	-118,657
Book-value at the end of period	90	118,747

NAME	CORP. NO.	DOMICILE	OWNER-SHIP	VOTES	NO. SHARES	PARENT COMPANY	
						BOOK VALUE 2023-12-31	BOOK VALUE 2022-12-31
Asarina Pharma ApS	38 49 57 12	Copenhagen, Denmark	100%	100%	50,000	0	118,657
Asarina Pharma Finans AB	559169-2032	Solna, Sweden	100%	100%	50	90	90
Reported accumulated cost						90	118,747
Carrying amount at end of the period						90	118,747

NOTE 12 OTHER LONG-TERM EQUITIES

SEK '000	GROUP		PARENT COMPANY	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Opening cost	1	1	1	1
Reported accumulated cost	1	1	1	1
Reported accumulated cost	1	1	1	1

Refers to 1 share equaling an ownership of 0.33% in Läkemedelsföreningen Service AB, 556197-9211 ("LFF").

The share is mortgaged and provides the right for LFF to purchase the share at SEK 1,000 should the Company no longer be party in the LFF agreement

NOTE 13 PREPAID COSTS AND ACCRUED INCOME

SEK '000	GROUP		PARENT COMPANY	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Prepaid rental cost	0	44	0	44
Other items	102	69	102	69
Total	102	113	102	113

NOTE 14 ACCRUED COSTS AND PREPAID INCOME

SEK '000	GROUP		PARENT COMPANY	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Accrued staff costs	1,596	713	0	194
Accrued holiday pay	0	295	0	0
Accrued social costs		0	0	0
Accrued interest		0	0	0
Other items	1,206	266	1,046	198
Total	2,802	1,274	1,046	392

NOTE 15

CONVERTIBLE LOAN

On 1 December 2023, Östersjöstiftelsen (ÖSS), the Company's major shareholder, provided Asarina with a convertible loan of SEK 1.0 million. The loan carries an interest of 12% p.a. and the maturity date is 31 December 2024. ÖSS has the right at any time before maturity to convert the loan (incl. interest) into Asarina shares at the average share price on NASDAQ First North during the 10 trading days prior to the day of conversion.

NOTE 16

PLEGGED ASSETS AND COMMITMENTS

The Company has pledged the IP assets in the Danish subsidiary as collateral for the convertible loan provided by Östersjöstiftelsen ("the Lender") dated 1 December 2024. As of 31 December 2023, the pledge amounts to SEK 1.01 million (0).

In case that the Company decides to initiate a voluntary liquidation, it will incur certain costs related to the destruction of clinical material. The total costs related to the destruction is estimated to amount to approx. EUR [50,000].

NOTE 17

RELATED PARTY TRANSACTIONS

Asarina has not extended loans, guarantees or other financial commitments for the benefit of any member of the Board of Directors or the Management.

NOTE 18

EVENTS AFTER THE BALANCE SHEET DATE

Due to the uncertainty about the outcome of the partnering process, the book value of the shares in the Danish subsidiary held by Asarina Pharma AB has been written off. This does not impact the group balance sheet.

Otherwise no events have occurred after 31 December 2023 which will impact the Company's financial position .

SIGNATURES

Asarina Pharma AB
Fogdevreten 2, SE-171 65, Solna, Sweden

PAUL DE POTOCKI
Chairman

PETER NORDKILD
Chief Executive officer

MARIANNE KOCK
Board member

ERIN GAINER
Board member

The audit report was prepared by
Ernst & Young AB

DANIELÅKEBORG
Authorized Public accountant
Auditor in charge



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