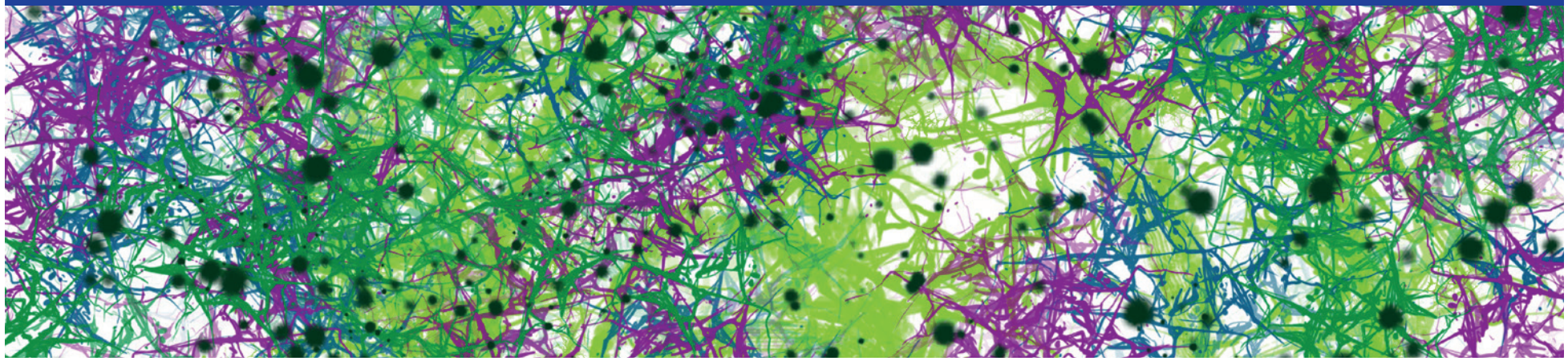
Annual Report 2019

NeuroVive PHARMACEUTICAL

A leading force in the fight against mitochondrial disease



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Reading instructions

The figures in brackets, unless otherwise specified, refer to 2018 operations. Swedish kronor (SEK) are used throughout.

Trademarks

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.

Primary mitochondrial diseases – diseases caused by a genetic defect in mitochondrial function – often cause great suffering for both patients and family members.

Many primary mitochondrial diseases debut very early in life and the symptoms worsen over time and the diseases lead to a far too early death in many cases.

Today, a very limited number of therapy options are available, which means there are major unmet medical needs. Drugs that could effectively limit the serious symptoms would be of enormous importance in improving the lives of patients and their family members.

NeuroVive – a leading company in mitochondrial medicine

NeuroVive Pharmaceutical AB is a leader in mitochondrial medicine, with one project in clinical Phase I (KL1333) for chronic treatment of primary mitochondrial diseases and one project, in preparation for clinical trials (NV354), for treatment of primary mitochondrial diseases with Complex I deficiency. NeuroSTAT for traumatic brain injury (TBI) is ready to enter a clinical Phase II efficacy study. The R&D portfolio also consists of early projects. NeuroVive's ambition is to take drugs for primary mitochondrial diseases through clinical development and all the way to market, with or without partners. For the TBI and NASH projects the goal is to enter strategic partnerships. A subset of compounds under NeuroVive's NVP015 program has been licenced to Fortify Therapeutics, a BridgeBio company, for local treatment development of Leber's Hereditary Optic Neuropathy (LHON).

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 discovery projects focus on deeper understanding of the mechanisms for our unique chemistry platforms, and the development of next-generation compounds for primary mitochondrial diseases.

Stock exchange

NeuroVive is listed on Nasdaq Stockholm, Sweden (ticker: NVP). The share is also traded on the OTC Markets' Pink Open Market in the US (OTC: NEVPF).

2019 in brief

Projects within primary mitochondrial diseases

- **March.** NeuroVive enrolls first subject in its KL1333 Phase Ia/b clinical study
- **July.** NeuroVive initiates preclinical safety studies with candidate substance NV354
- **December.** NeuroVive completes recruitment of healthy volunteers in the second part of its ongoing KL1333 clinical Phase Ia/b study

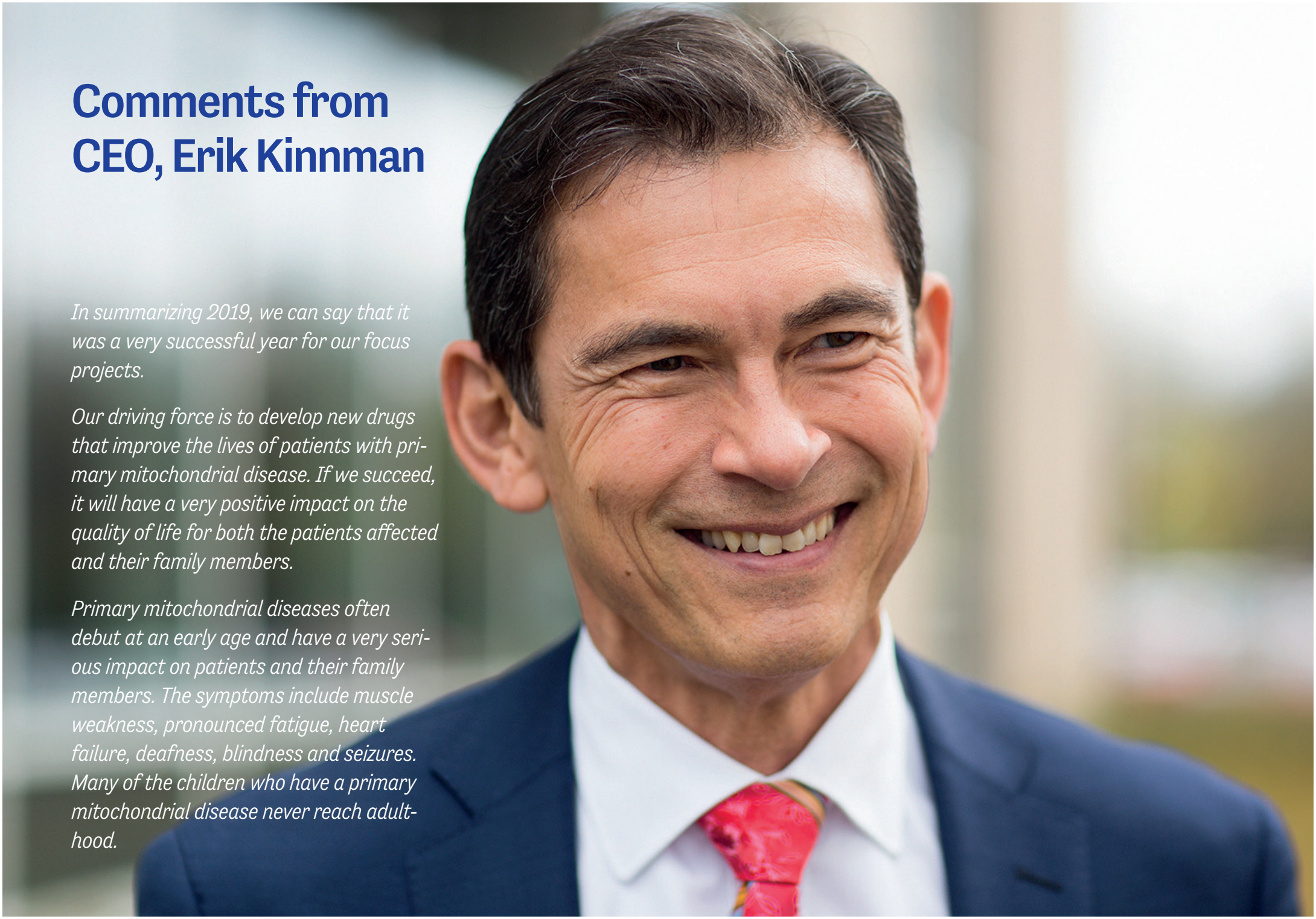
Non-core assets

- **February.** NeuroVive enters commercial partnership with Oroboros Instruments on mitochondrial medicine research compounds
- **May.** NeuroVive's IND for clinical development of NeuroSTAT approved by FDA
- **July.** NeuroVive's NeuroSTAT project receives FDA Fast Track designation

Business development and financing

- **February.** NeuroVive is supplied with approximately MSEK 99.0 in share issue proceeds from a preferential rights issue
- **March.** NeuroVive receives approximately MSEK 28.2 in a directed new share issue
- **December.** NeuroVive announces settlement in dispute with CicloMulsion AG

Comments from CEO, Erik Kinnman



In summarizing 2019, we can say that it was a very successful year for our focus projects.

Our driving force is to develop new drugs that improve the lives of patients with primary mitochondrial disease. If we succeed, it will have a very positive impact on the quality of life for both the patients affected and their family members.

Primary mitochondrial diseases often debut at an early age and have a very serious impact on patients and their family members. The symptoms include muscle weakness, pronounced fatigue, heart failure, deafness, blindness and seizures. Many of the children who have a primary mitochondrial disease never reach adulthood.

The first patient study with KL1333 brings the project one step closer to market

Focused operations

There is no effective therapy for the absolute majority of primary mitochondrial diseases. This is the starting point for NeuroVive's operations and it is our driving force: to develop drugs that improve the lives of patients with primary mitochondrial disease. If we succeed, it will have a very positive impact on the quality of life for both the patients affected and their family members. During 2019, we streamlined our strategy to focus our resources even more clearly than before on developing effective therapies for primary mitochondrial diseases. In concrete terms, this means that we are now focusing on two promising projects: KL1333 and NV354.

KL1333 to patients for the first time

The KL1333 drug candidate is being developed for the treatment of genetic disorders that directly affect cellular energy conversion. KL1333 has received orphan drug designation in both the United States and Europe, and we have successfully completed the first two stages of the Phase Ia/b trial, where healthy volunteers were given doses of our drug candidate. The patients included in the third and final part of the Phase Ia/b trial suffer from a primary mitochondrial disease with such severe symptoms as pronounced fatigue, muscle function loss, intractable diabetes and reduced cardiac muscle function. This final part of the trial was planned to continue until summer 2020. Given the situation with the COVID-19 pandemic, there is uncertainty relating to patient recruitment in the near future, see more under *Effects of the COVID-19 epidemic* further down in the text.

NV354 – preparation for clinical phase

Leigh syndrome is a severe primary mitochondrial disease where the most serious symptoms are attributable to effects on the brain's functions, which leads, for example, to developmental delays and epilepsy. Other severe symptoms are muscle weakness, impairment of cardiac, kidney and lung function and vision. Very few children with Leigh syndrome live beyond five years of age. NV354 is being developed to provide these patients with an alternative energy source and thereby alleviate the symptoms, improve disease progression and prolong life. Preclinical safety studies are in progress and we are planning to commence a Phase I trial in 2021.

Significant steps forward

By focusing our development resources in the two projects, KL1333 and NV354, we will achieve major benefits. Both projects are being driven with full energy and we have taken significant steps toward actually being able to help affected patients. During 2020, KL1333 will be given for the first time to people with primary mitochondrial disease and regular efficacy trials are scheduled to commence in 2021. The orphan drug designation means that the project can be conducted at a high pace and I consider the possibilities of reaching the market within a few years as positive.

Focused business development

In March this year, we started a process aimed at transferring the rights to develop and commercialize our NeuroSTAT program to a fully owned new company in the United States. The decision is in line with NeuroVive's strategy to focus its resources on its primary mitochondrial disease projects and our ambition, subject to funding, is to establish the new company in the second half of 2020. The purpose of establishing a new company is to increase the possibilities to create value in the NeuroSTAT clinical program, which is ready for Phase II in the United States, where the FDA has approved the IND application and given the program a Fast Track designation. By focusing exclusively on our primary mitochondrial disease projects, we can invest all of our resources, including the proceeds from the rights issue, on KL1333 and NV354.

Effects of the COVID-19 pandemic

The Company estimates that COVID-19, in case the spread continues at the same or increased rate as in recent weeks, will delay NeuroVive's ongoing Phase Ia/b study with KL1333, since healthcare authorities and healthcare providers will prioritize available resources, care locations and healthcare professionals to better meet the possible influx of COVID-19 patients. NeuroVive therefor is working with different alternatives to adapt the study program for KL1333 to take into account the risk of continued delays, by modifying the design of the upcoming Phase II study, which therefor is expected to continue in the first half of 2021. NeuroVive's preparations in the form of preclinical safety studies to be able to take the drug candidate, NV354 for Leigh syndrome, into clinical phase in 2021 are currently not considered to be affected by the COVID-19 pandemic. For more detailed information, see page 26.

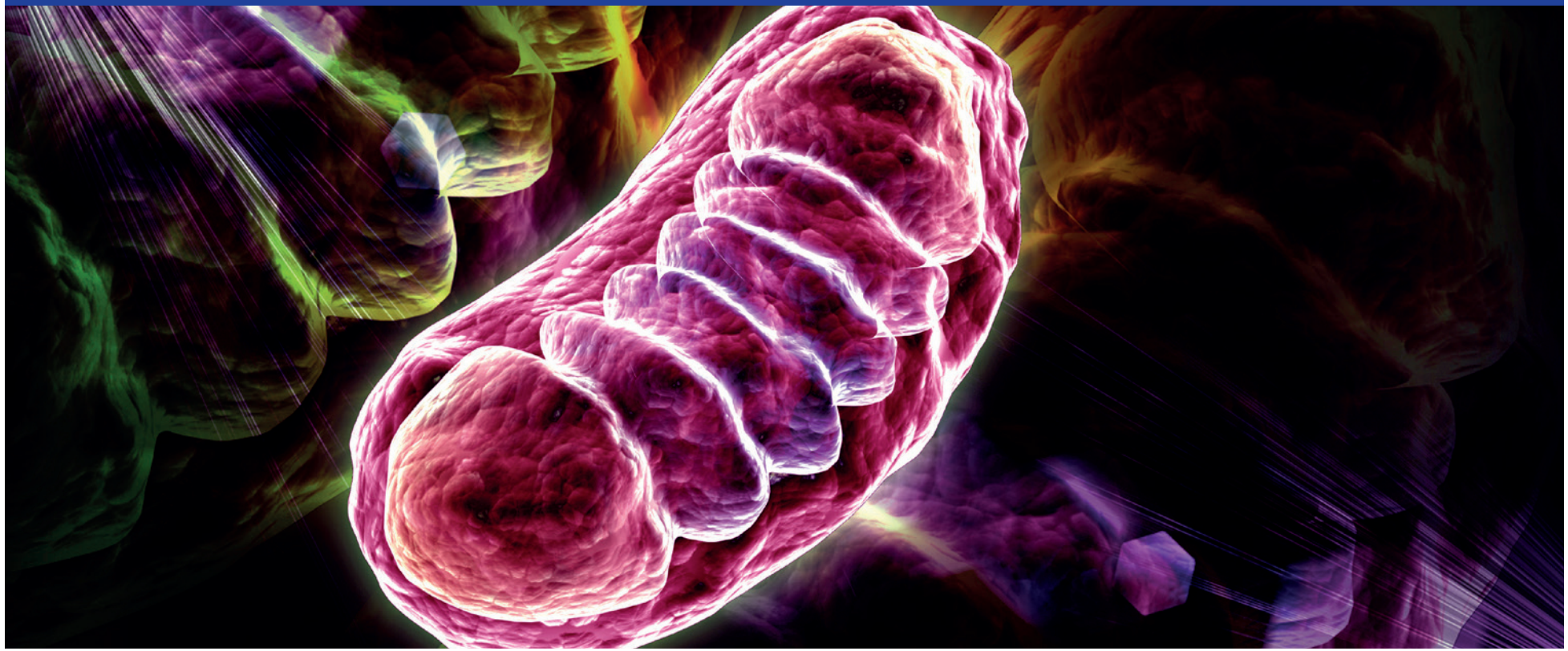
Important and validating financing

The company's preferential rights issue of MSEK 74, guaranteed to 90%, and the recently announced directed issue of MSEK 20 to one of the leading Nordic life science investors, Hadean Ventures, create the prerequisites to deliver important near-term milestones. Further, the share issues are a clear sign of strength in the current volatile market situation. We are especially looking forward to adding Hadean's experiences and expertise, in the further development of NeuroVive and our projects.

Value creation in several dimensions

In 2020, we will, with the adjustments that are necessary to handle the COVID-19 pandemic, continue to work according to our updated strategy. Our ambition to in a decisive manner improve the quality of life for patients with mitochondrial diseases is motivating on a personal level for verybody at NeuroVive, at the same time as it also holds good opportunities to create medical as well as financial values.

Erik Kinnman, CEO



Strategic focus: primary mitochondrial diseases

NeuroVive's objective is to improve life for patients suffering from primary mitochondrial diseases, which means diseases caused by a genetic defect in mitochondrial function. These diseases often cause great suffering for both patients and family members. The symptoms worsen over time and many of the diseases lead to a far too early death. Today, a very limited number of treatment options are available, which means there are major unmet medical needs.

Focus on KL1333 and NV354

Strategically, NeuroVive's focus on mitochondrial diseases means that the company is allocating financial and personnel resources to the KL1333 and NV354 drug candidates, both of which are being developed to treat primary mitochondrial diseases. KL1333 is in Phase I and NV354 is being prepared for clinical trials. The aim is to use our internal resources to take these projects all the way to market authorization, either on our own or together with a partner.

Significant advantages with orphan drug designation

KL1333 has obtained orphan drug designation and NV354 also has potential to receive orphan drug designation. An orphan drug designation offers several positive benefits, including:

- regulatory assistance and scientific advice from pharmaceutical regulators
- shorter development time
- lower development costs

- greater chance of regulatory approval compared with drug candidates that lack orphan drug designation
- attractive pricing compared with drug candidates that lack orphan drug designation[1)2)]

NeuroVive's experts collaborate continuously with world-class consultants in the field of orphan drugs, who also assist the company in its dialogue with regulators. NeuroVive has also established partnerships and a continuous dialogue with some of the world's leading clinical centers for the treatment of primary mitochondrial diseases.

Focused business development

NeuroVive's aim remains to find a partner for NeuroSTAT. NeuroSTAT was developed for the treatment of traumatic brain injury and the project has an approved IND application and Fast Track status from FDA and is ready to enter a Phase II efficacy trial. The company will not invest in additional business development activities for NV556 for NASH.

Patents

A key aspect of NeuroVive's strategy is to protect the company's operations with strong patents. Patent protection covers discoveries of chemical compounds, methods and production processes. 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 prodrugs of succinate. Patents and patent applications are mainly concentrated in the key commercial markets of Europe, the US and Asia.

Market

The main customers of NeuroVive's future products include specialist healthcare and institutions that pay for medicines. Primary prescribers of NeuroVive's future drugs include highly specialized physicians at national and regional centers of expertise for genetic metabolic disorders and cancer. In other words, the future customers are a relatively concentrated group of specialists, decision makers and patients.

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 safe to use and delivers the intended medical effect.

NeuroVive is conducting intensive development work focused on the KL1333 and NV354 projects. This work is carried out both in-house, and in collaboration with well renounced partners. The flexible network organization aims to deliver high-quality development that is as time and cost-efficient as possible.

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 and royalties from the drug candidates licensed out. In 2018, NeuroVive out-licensed parts of the NVP015 project to BridgeBio/Fortify. The potential value of this deal is USD 60 million, including any royalty payments.

External funding

NeuroVive has received two grants totaling SEK 6 million from Vinnova, Sweden's innovation agency, through its Swelife call for proposals for intensified development, the goal of which is to prepare the candidate compound NV354 for clinical studies. The company's partner, the Children's Hospital of Philadelphia (CHOP), was granted research funding of USD 4 million for research in the NVP015 project.

1) Jayasundra et al. Orphanet J of Rare Dis. Estimating the clinical cost of drug development for orphan versus non-orphan drugs. 2019.
2) EvaluatePharma, Orphan Drug Report 2019.

Massachusetts General Hospital (Mass General or MGH) where Dr. Amel Karaa works, is a teaching hospital of Harvard Medical School and a biomedical research facility in Boston, Massachusetts. The hospital is owned and run by Partners HealthCare (who also owns Brigham and Women's Hospital and North Shore Medical Center). The hospital was founded in 1811 and was designed by the American architect Charles Bulfinch.

Interview with Dr. Amel Karaa

Dr Karaa is an internist and geneticist. She practices mitochondrial medicine at Massachusetts General Hospital in Boston, USA.

What are mitochondria?

"At the time when the world was ruled by single cells, an early primitive cell captured a proteobacterium. In exchange for protection and nutrition given by this early cell, the proteobacterium in turn enhanced the energy production of the cell through a process called aerobic respiration. This was at the origin of complex life and all living creatures on earth.

Two billion years later, these cells still coexist and the proteobacterium has become the mitochondrion that we know today. The mitochondrion has kept some of its proteobacterium characteristics by possessing its own DNA which is different from the DNA that we have in our nucleus".

Dr. Amel Karaa

What do the mitochondria do?

"They are best known for producing energy. Our bodies are made up of trillions of cells and you need a lot of energy to make them work. The mitochondria do that by converting the food we eat into a biochemical energy called ATP. ATP is distributed within the cell so that each cell, tissue and organ can function properly. The way the mitochondria make the ATP is through a complex process. The mitochondrion has an outer membrane that separates it from the rest of the cell, an inner membrane and an intermembrane space in between. It's within that intermembrane space where all that energy is made, through a very complex set of proteins called Complex I, II, III, IV and V. This complex pathway has evolved and became very efficient over time. Over billions of years the mitochondria also evolved into doing many other things:

- It's the major organelle in the cell that contributes to programmed cell death. One might think that cell death is a bad thing, but if your cells are being attacked by viruses or bacteria or too old and need to be changed, the best thing is to destroy them. Mitochondria do that, to keep the rest of your body healthy.
- Mitochondria also produce free radicals, as byproducts of its normal function. Free radicals are like little mines

that target areas of the body and cause destruction but can also serve as messenger molecules. Over time, with age or if mitochondria are not functioning properly, more free radicals are produced and can accumulate causing harm to the body and disease. These free radicals are what causes the apple to rot when you leave it on the counter, or your skin and body to age over time.

- But most importantly, mitochondria are associated with so many other biochemical pathways, like processing of proteins and fat, synthesis of steroids, iron homeostasis and calcium as well as hormone signaling.

The more we know about mitochondria the more we realize how they really are at the heart of many medical conditions that we know of as of today. We also continue to discover new pathways and functions regularly".

How have the mitochondria become so complex and efficient over the years?

"That's partly related to its unique ancestral origin. The mitochondrion has kept its own mitochondrial DNA, its bacterial ancestral DNA. Over time it also developed connections with the nuclear DNA. The difference between the nuclear and the mitochondrial DNA is that we have a lot more nuclear DNA than mitochondrial DNA. When tapping into the nuclear DNA, the mitochondria are able to acquire and perform many of the body's biochemical processes. There are hundreds of different genes in the nuclear DNA that are involved in the normal function of the mitochondria. There are 37 genes in the mitochondrial DNA. Together they make sure that our mitochondria function properly. When there is a change or a misspelling in that DNA (a mutation), disease might arise.

The nuclear DNA can be transmitted from both parents, whereas mitochondrial DNA is only transmitted from mothers to all of her children. It is estimated that on average one in 4,300 adults carry a mutation in the nuclear or mitochondrial DNA. Another study has found that one in 200 people might be born with a mitochondrial DNA mutation which may or may not evolve into a disease state. We think that people with mitochondrial diseases related to a mitochondrial DNA problem are underdiagnosed and underrecognized because they often have symptoms like diabetes, heart failure or hearing loss, which may be more commonly seen in the general population and which doctors don't necessarily relate to mitochondrial disease".

What happens when there is a problem in the mitochondria?

"The mitochondria become less efficient in making energy. Instead of having a fully charged battery, you have less and less energy. This means that your cells, tissues and organs are now not able to function properly, optimally. Also, your mitochondria are making more of the free radicals, which in turn are attacking the mitochondria's own compartments. So, on top of not delivering enough energy, your mitochondria are also destroying different components of your body. Patients start developing symptoms and organs start to shut down.

What we see in the clinic is that mitochondrial disease can present with any symptom, in any organ and in any person at any age from birth to death and can have any mode of inheritance".

What symptoms can a patient develop?

"Mitochondria are present everywhere in our body at hundreds and hundreds of copies in a single cell. The organs that require the most energy are the first to malfunction or shut down. Your brain, your eye, your muscles, your bone marrow, your gut and your heart would be the first organs to show symptoms.

In children we mostly see brain, nerve disease, because of the developing brain and nervous system but also bone marrow and gut problems. If the disease presents later in life, we mostly see muscle problems, gut problems, diabetes, hearing loss, kidney and heart disease. A patient with mitochondrial disease can have about 16 symptoms at the same time".

How is mitochondrial disease managed and treated?

"Right now, we do not have a cure. We treat the symptoms as they come. It's like putting band aids on big issues. We try to minimize the energy loss and to maximize the energy gain e.g through nutrition, adequate rest and through avoiding stressors and exercise".

What is being done within the research community?

"One very positive thing is that the number of scientific publications within the scientific research community has increased tremendously over the past 20 years. People have recognized that if you can treat primary mitochondrial disease, you can potentially also treat millions of people having more common diseases, since mitochondria are involved in so many processes in the body.

People have been trying to repurpose already existing drugs to treat mitochondrial disease, developing new molecules as treatments, and also potential gene therapies. But only one drug has so far been approved for mitochondrial disease, with limited efficacy, specifically for an eye disorder called Leber hereditary optic neuropathy (LHON). So, there is a long way to go before we can find a cure for every mitochondrial disease.

But hope is on the way, with increasing number of ongoing and planned clinical trials, more disease foundations and consortia supporting the research, and international efforts in mitochondrial research, clinical care and drug development".

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 2019 - 31 December 2019. The Company is registered in Sweden and has its registered office in Lund.

Focus on primary mitochondrial diseases

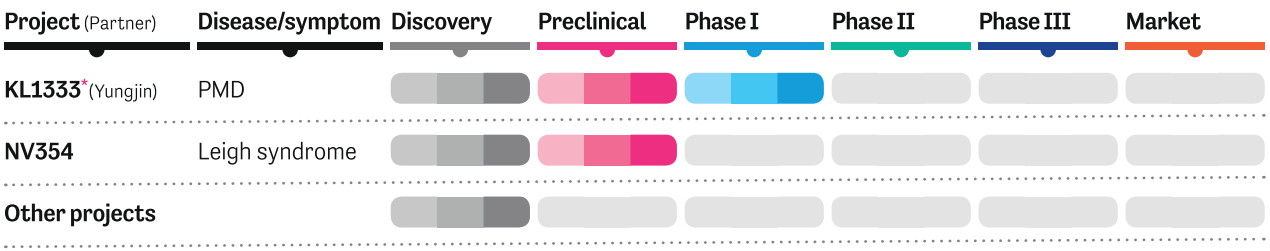
By focusing on drugs for the treatment of primary mitochondrial disorders, NeuroVive achieves several significant advantages. These projects have good potential for securing orphan drug designation, which makes the development of the drugs potentially faster and more cost-effective and will give market exclusivity if market approval is achieved. The company also believes that marketing and sales of mitochondrial drugs are well suited for a small and specialized salesforce.

Primary mitochondrial diseases

Primary 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 clinical syndromes. An estimated 125 in every 1,000,000 people suffer from a primary mitochondrial disease. Primary mitochondrial diseases often present in early childhood and lead to severe symptoms, such as mental retardation, myopathy, heart failure and rhythm disturbances, diabetes, movement disorders, stroke-like episodes, deafness, blindness, limited mobility of the eyes and seizures.

Fatigue and mitochondrial myopathies (muscle diseases) are among the most common manifestations of primary mitochondrial disorders. In addition, several adult patients suffer from an intractable form of diabetes, often in combination with hearing loss. A primary mitochondrial disease patient has on average 16 different symptoms at the same time, and the symptoms may be more commonly seen in the general population, which makes the diseases hard to diagnose. There is a major unmet medical need for new and effective treatment options for primary mitochondrial disease patients since there is no effective treatment for these serious diseases.

Projects within primary mitochondrial diseases (PMD) for development to the market with or without partner



*Orphan drug designation in the US and Europe.

The company's projects for primary mitochondrial diseases, KL1333 and NV354, have made good progress during the year. KL1333 is currently in clinical trials where the candidate drug soon will be dosed for the first time in patients. The NV354 scale-up production has been finalized and the candidate substance is now going through preclinical safety studies.

Market potential

Successful drug candidates in primary 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 2018, the total orphan drug market amounted to USD 131 billion and are calculated to reach USD 242 billion in 2024. The mean cost per year of an orphan drug treatment for a single patient is an estimated USD 150,854 versus USD 33,654 for a non-orphan drug treatment[1]. The investment research consulting firm, Edison Group, has estimated that the annual revenues form KL1333 and NV354 can reach up to MUSD 574 and 875, respectively.[2]

1) EvaluatePharma, Orphan Drug Report 2019
2) By the company paid analysis performed byEdison Group, March 11, 2020

Phase I

KL1333 – for treatment of primary mitochondrial diseases

Ongoing clinical Phase Ia/b study
Recruitment of healthy volunteers concluded

Treatment objective

KL1333 is a potent modulator of the cellular levels of NAD^+, a central co-enzyme in the cell's energy metabolism. KL1333 has in preclinical models been demonstrated to increase mitochondrial energy output, have long-term beneficial effects on energy metabolism, strengthen muscle function and improve biomarkers of mitochondrial disease. The candidate drug is intended for chronic oral treatment of primary genetic mitochondrial disorders, in particular MELAS-MIDD spectrum disorders mainly caused by the mutation m.3243A>G in the mitochondrial DNA (mtDNA) which affects about 35 in 1,000,000 people. An additional group is PEO-KSS spectrum disorders, caused by a deletion of a large part of mtDNA which affects 15 in 1,000,000.

KL1333 was in-licensed in 2017 from Yungjin Pharm, a Korean pharmaceutical company, and has been granted orphan drug designation in both the United States and Europe.

Project status: candidate drug in clinical Phase I

KL1333 is currently being evaluated in a clinical Phase Ia/b study in the UK, with healthy volunteers and patients with primary mitochondrial diseases. The third and final part of the study will be initiated, where KL1333 for the first time will be dosed in patients, as soon as it is patient safe with regard to the COVID-19 pandemic and the health care consider that clinical trials can be conducted in a safe way. In preparation for a Phase II efficacy study, existing clinical patient data are analyzed to optimize the outcome measures and patient inclusion criteria.


Matilda Hugerth

"We have opted to do it, so we have both healthy volunteers and patients in the same trial, which is a way to move things along more quickly and to earlier get information on how the drug works in patients as well. This is something one would usually expect in Phase II, so that means we get the maximum amount of information from the same trial, which will help us forward in the development of KL1333". - Matilda Hugerth, Director Clinical and Regulatory Affairs.

Milestones and important events 2019

- NeuroVive enrolls first subject in its KL1333 Phase Ia/b clinical study
- NeuroVive initiates second part of its ongoing KL1333 Phase Ia/b clinical study
- NeuroVive completes recruitment in the second part of its ongoing KL1333 clinical Phase Ia/b study

Objectives for 2020/2021

- In the ongoing clinical study - start the Phase Ib part with patients (H1 2020)
- Conclude the Phase Ia/b study and report results (H2 2020)
- Initiate clinical Phase II efficacy study (H1 2021)

Preclinical

NV354 – alternative energy source in primary mitochondrial disease

The project is in preparation for clinical phase
Ongoing safety studies

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.

In 2017 and 2018 NeuroVive received research grants from the Swedish innovation agency, Vinnova, for developing the succinate prodrugs as a new treatment for primary mitochondrial diseases.

Project status: candidate drug in preparation for clinical phase

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.

NV354 preclinical safety studies have continued and the compound production has been scaled up. The produced material has also been quality assured according to GMP (Good Manufacturing Practice).


Alvar Grönberg

"My hope is that NV354 means that these patients will have access to a drug that is easy to take and markedly improves their daily lives. If NV354 functions as intended in these patients, there is a chance that they could experience rapid relief of certain symptoms — fatigue, for example — and over the long term reduce or even prevent permanent neurological damage caused by chronic lack of energy". - Alvar Grönberg, Director Preclinical Development.

Milestones and important events 2019

- NeuroVive presents important preclinical NV354 data with the poster *The succinate prodrug NV354 demonstrates positive effects on motor function and metabolic blood parameters in a model of rotenone-induced complex I dysfunction* at the UMDF symposium Mitochondrial Medicine, in Washington DC, USA, on 26 – 29 June.
- NeuroVive initiates preclinical safety studies and scales up the compound production. The produced material is quality assured according to GMP (Good Manufacturing Practice).

Objectives for 2020/2021

- Complete preclinical safety studies (H2 2020)
- Produce NV354 clinical trial material for clinical studies (H2 2020)
- Initiate Phase I study (H1 2021)
- Conclude the Phase I study and report results (H2 2021)

Out-licensed projects and commercial partnerships

NeuroVive has currently out-licensed compounds developed within NVP015 project to US company BridgeBio/ Fortify. The compounds are being developed for the treatment of the eye disorder LHON. In addition, NeuroVive has a distribution agreement for research substances with the Austrian company Oroboros.

Project for local treatment of LHON

In June 2018, NeuroVive out-licensed molecules from the NVP015 project to BridgeBio Pharma's new subsidi-ary Fortify Therapeutics. Fortify develops the in-licensed NVP015 chemistry further to a local therapy for the mito-chondrial eye disorder Leber's Hereditary Optic Neuro-pathy (LHON).

Commercial partnership with Oroboros Instruments

In February 2019, NeuroVive announced that the company has entered into an exclusive agreement with Oroboros Instruments, a leading global supplier of mitochondrial research technologies. NeuroVive have agreed to provide, at scale, two research compounds, originating from its NVP015 program, on an exclusive basis to Oroboros. Oroboros has initiated commercialization and distributes the compounds under the product name MitoKit-CII.

Our discovery projects

NeuroVive's focus is developing drugs for patients with primary mitochondrial diseases. NVP025 is a discovery project where we evaluate compounds for the treatment of mitochondrial myopathy (muscle disease).

We constantly look at new possibilities to find additional molecules and variants of our drug candidates, having optimal properties, that could be included in new development programs.

NeuroVive works with a number of new molecules in the project portfolio, focused on regulation of mitochondrial energy production, especially for primary mitochondrial disorders. NeuroVive's project portfolio also includes cyclophilin inhibitors that serve as organ protection and have proven to be suitable for development of drug candidates for certain primary mitochondrial disorders and in other disease areas.

Focused business development

The company is actively seeking strategic partnerships for NeuroSTAT. With regards to NV556, the company will not invest additional resources in this project and will have an opportunistic licensing approach going forward.

NeuroSTAT - for treatment of traumatic brain injury

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.

Treatment objective
The aim for NeuroSTAT, targeting the mitochondria, is to counteract 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 shown favorable properties in a Phase II clinical study and in advanced experimental TBI models at the University of Pennsylvania (Penn). NeuroSTAT has orphan drug designation in Europe and the US as well as an IND approval and Fast Track designation for clinical development in the US.

NV556 – for treatment of NASH

Non-alcoholic fatty liver disease (NAFLD) affects 20-25 percent of the global population, a condition that may lead to liver cirrhosis or hepatocellular carcinoma (liver cancer).

Treatment objective
NV556 is a candidate drug with a directly acting anti-fibrotic mechanism of action targeting patients with NASH (non-alcoholic steatohepatitis, a form of NAFLD) who have progressed from the initial metabolic stage. 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
NeuroVive will not to invest further in the NV556 project, and has adopted an opportunistic approach to continued licensing activities.

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.

Well-educated personnel

The average number of employees in the Group during the year was 9 (9), of which 4 (4) are women. The number of employees at year-end was 5 (5) part-time employees and 7 (7) full-time employees. Of a total of 12 (12) employees, 5 (5) were women and a total of 9 (9) 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 preclinical work, and two in the company's clinical activities. NeuroVive also collaborates with several external companies and institutions. In 2019, the company invested SEK 25 (18) million in preclinical phase research and SEK 22 (25) 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.

Academic and commercial partnerships

Because of its unique research, NeuroVive has established good relationships with the academic and business community across the world, in Europe, Asia and the US, which has created great potential for successful partnerships.

Chemistry and compound development

UK company Isomerase is one of NeuroVive's key partners. This collaboration focuses primarily on development of NeuroVive's chemistry platforms, i.e. producing active compounds for treating mitochondrial disorders. The collaboration between the two companies' researchers is also a creative hotbed for identifying new development platforms in indications with a pressing medical need, and with its drug development expertise, Isomerase offers valuable backing for NeuroVive's projects.

Pre-clinical and clinical development

In pre-clinical and clinical development, NeuroVive collaborates with several partners. NeuroVive collaborates with CHOP (Children's Hospital of Philadelphia), Penn (the University of Pennsylvania) in the US and Karolinska Institute within the framework of the NVP015 project for primary mitochondrial disorders. NeuroVive also collaborates with various contract research organizations (CRO) such as Covance in the Netherlands and Patheon in the UK and other players specialized in regulatory issues and considerations in preclinical testing and clinical studies. NeuroVive collaborates with the Korean pharmaceutical company Yungjin Pharm around the clinical development of the KL1333 project for treatment of primary mitochondrial disorders. In teh clinical trials NeuroVie collaborates with UK Centre for Mitochondrial Research at Newcastle University and UCL Queen Square Institute of Neurology and National Hospital for Neurology and Neurosurgery in London.

Other partnerships

NeuroVive has entered into a commercial partnership with Oroboros Instruments in Austria. 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.

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 30 December 2019 NeuroVive had 10,502 shareholders. Shares are also traded on the US marketplace OTC Pink List.

Share price development and turnover

Since year-end, 503,913,412 shares were traded with a value of SEK 894,836,178. NeuroVive's share price was SEK 1.34 at the end of the year, representing a decrease of 2,9 percent compared to previous year-end. The highest price paid for the year was SEK 2.68 on August 02 2019 and the lowest price paid was SEK 1.15 on June 28 2019. Market capitalization was SEK 249,176,472 at year-end, compared to SEK 126,541,965 at the previous year-end.

Share capital

NeuroVive had 185,952,591 shares on 30 December 2019 and the share capital amounted to SEK 9,297,629,55 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 February 2019 increased the number of shares to 165,054,737 and the share capital to SEK 8,252,736.85. The private placement completed in March 2019 increased the number of shares to 185,952,591 and the share capital to SEK 9,297,629.55. The table on page 19 shows the development of the number of shares.

Ownership

NeuroVive had 10,502 shareholders registered on 30 December 2019.

Dividend

The Board of Directors proposes that no dividend be paid for 2019.

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 Febrauri 2019, a private placement was completed in March 2019. More information on the issue can be found on NeuroVive's website.

Share price and volume 2019

The NeuroVive Share	
Market Place	Nasdaq Stockholm
Ticker Symbol	NVP
Sector	Health Care
Market Place, US	OTC Pink
Ticker Symbol, US	NEVPF:US
ISIN-code	SE0002575340
Higesth price paid 2019	2.68
Lowest price paid 2019	1.15
Closing price 2019	1.34
Market Capitalization	
30 December 2019 (mSEK)	249.2
Number of Shares	185,952,591

Largest shareholders as of 28 December 2019

Name	No of shares (pcs.)	Votes and capital (%)
Avanza Pension Försäkrings AB **	17,846,388	9.6
Fällström, John	7,200,643	3.87
Danske Bank International S.A.*	6,600,000	3.55
Nordnet Pensionförsäkring AB**	4,928,564	2.65
EuroClear Bank S.A/N.V, W8-IMY (registered holding on behalf of Maas Biolab, LLC and Marcus Keep and others with US domicile)*	4,560,188	2.45
Atroshi, Aras	3,900,000	2.1
Handelsbanken Liv försäkringsaktiebolag	2,938,626	1.58
Swedbank försäkring AB	2,227,366	1.2
Skandia, Försäkrings	1,709,592	0.92
Ekman, Tobias	1,500,000	0.81
Other owners (approx. 10,500 shareholders)	132,541,224	71.27
In total	**185,952,591**	**100.00**

Source: EuroClear Sweden AB

*Trustee of Rothesay Limited

**Capital insurance
***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 30 December 2019 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.

Shareholdings as of 28 December 2019

Shareholding	No. of Owners	No. of Shares	Holding, (%)	Votes, (%)
1-500	3,020	550,544	0.30	0.30
501-1000	1,266	1,016,471	0.55	0.55
1001-5000	3,002	7,933,794	4.27	4.27
5001-10000	1,180	9,027,599	4.85	4.85
10001-15000	465	5,782,660	3.11	3.11
15001-20000	395	7,210,735	3.88	3.88
20001-	1,174	154,430,788	83.04	83.04

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
2019	Rights Issue	163,358,124	8,167,906.20
2019	Rights Issue	165,054,737	8,252,736.85
2019	Private Placement	185,952,591	9,297,629.55

Operations

NeuroVive is a pharmaceutical company based in Lund, that conducts research and development of drugs focusing on primary mitochondrial diseases that affect cellular energy conversion. NeuroVive previously had a broader scope that included traumatic brain injury, cancer and liver diseases. Since 2019, the company has chosen to focus its activities on primary mitochondrial diseases, a field where the company is conducting several projects. In addition, NeuroVive is conducting a number of projects that are outside the current focus area in primary mitochondrial diseases, with the aim of identifying partners for continued development.

The company has one project in clinical Phase I (KL1333) for chronic treatment of primary mitochondrial diseases and one project, in preparation for clinical trials (NV354), for treatment of primary mitochondrial diseases with Complex I deficiency. NeuroSTAT for traumatic brain injury (TBI) is ready to enter a clinical Phase II efficacy study. The R&D portfolio also consists of early projects for primary mitochondrial disease. A subset of compounds under NeuroVive's NVP015 program has been licenced to Fortify Therapeutics, a BridgeBio company, for local treatment development of Leber's Hereditary Optic Neuropathy (LHON). NeuroVive is listed on Nasdaq Stockholm, Sweden (ticker: NVP).

NeuroVive's overall vision and objective is to develop effective therapies for PMD to meet the extensive unmet medical need in this area, for which there are currently no effective treatments.

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 2019

February

NeuroVive announced the outcome of the preferential rights issue of shares, approved at the Extraordinary General Meeting on January 17, 2019. The Rights Issue has been subscribed to approximately MSEK 74.5, corresponding to a subscription ratio of approximately 60.2 percent, which meant that approximately 19.8 percent of the total volume of the Rights Issue was allocated to guarantors. Through the Rights Issue, NeuroVive thus raised approximately MSEK 99.0 before issue expenses.

March

The company successfully conducted a directed new issue of shares, which raised proceeds to NeuroVive of SEK 28.2 million before issue costs.

The first healthy volunteer in the company's KL1333 Phase Ia/b study was screened and will be enrolled into the study. First subject first visit in NeuroVive's KL1333 Phase Ia/b study was completed on 18 March 2019. The main aim of this second clinical KL1333 study is to further examine the safety profile of KL1333 and how the drug is metabolized following multiple doses in healthy volunteers and genetic mitochondrial disease patients. In addition, possible efficacy endpoints will be explored.

April

NeuroVive announced that the Supreme Court had delivered its ruling concerning arbitration between NeuroVive and CicloMulsion AG. After the Scania and Blekinge Court of Appeal had set aside the arbitration award in January 2018, NeuroVive appealed to the Supreme Court on certain points. The Supreme Court rejected the appeal. This meant that the arbitration award was ultimately set aside on these points, and that CicloMulsion can again have its claims examined in an arbitration process. Through the ruling from the Supreme Court, NeuroVive has also been ordered to compensate CicloMulsion's court costs of SEK 531,899 and EUR 20,187 for the Supreme Court.

May

The US Food and Drug Administration, FDA, approved NeuroVive's IND (Investigational New Drug) application, enabling clinical studies in the US with the company's drug candidate NeuroSTAT in development for treatment of moderate to severe traumatic brain injury, TBI.

July

The company initiated the second part in its ongoing Phase Ia/b clinical study with KL1333, NeuroVive's candidate drug for chronic treatment of genetic mitochondrial diseases, following successful completion of the first part. The first cohort of the study, in which the effect of food intake on the uptake of KL1333 after a single dose was assessed in healthy volunteers, had been successfully completed. Based on the review of that data it was decided to continue the second part of the study, where multiple ascending doses in healthy volunteers are evaluated.

The company's candidate drug NeuroSTAT, in development for treatment of moderate to severe traumatic brain injury, TBI, received Fast Track designation from the US Food and Drug Administration, FDA, facilitating its clinical development and path forwards to market.

October

NeuroVive held a Capital Markets Day for analysts, investors and media. The program included an overview of the compa-

ny's operations and strategy with deeper descriptions of the key projects, the company's external collaborations and the regulatory path towards market approval. Furthermore, an overview was made of the commercial potential of the projects as well as the progress of business development work.

December
The Comapny announced that it has fully and finally settled the dispute with CicloMulsion AG regarding certain pharmaceutical technology. The settlement meant that NeuroVive shall not make any payments to CicloMulsion for the claims made in the arbitration. The ownership of the technology shall remain with NeuroVive, who shall thus have exclusive rights thereto, and NeuroVive shall not be liable for any future royalties relating to the technology. The arbitration shall be terminated, and each party shall bear its own costs in the arbitration.

NeuroVive announced the completed recruitment of healthy volunteers in the second part of the company's ongoing Phase Ia/b clinical study with candidate drug KL1333, in development for chronic oral treatment of primary mitochondrial disease.

Remuneration

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 30-38. The Board proposes that remuneration for 2020 be paid as follows:

Annual variable remuneration (STI bonus)
From time to time, senior executives and other key individuals may be offered variable remuneration. Such variable remuneration shall be on market terms and shall be based on the outcome of predetermined financial and operational targets. Variable remuneration shall be based on the fulfilment of NeuroVive's targets for project results and value growth divided in personal targets for the financial year. The terms and conditions and basis of computation of variable remuneration shall be determined for each financial year. The targets promotes the Company's business strategy, long-term interests and sustainability by linking the remuneration to senior executives to the Company's project- and growth development.

The measurement period for variable remuneration is generally based on performance over a period of approximately 12 months. To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. At the annual review, the Remuneration Committee, or when applicable, the Board of Directors, may adjust the targets and/or the remuneration with regards to both positive and negative extraordinary events, reorganisations and structurual changes. The maximum amount of variable remuneration is capped at an amount corresponding to a portion of the fixed annual compensation for the current year:

CEO 30% Management 20% Other key individuals 10%

Variable compensation may either be paid as salary or as a lump-sum pension premium. Payment as a lump-sum pension premium is subject to indexation so the total cost for NeuroVive is neutral.

Variable remuneration with incentive to acquire NeuroVive shares (LTI program)
The Long-Term Incentive (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. The long-term incentive program shall apply in addition to the annual variable remuneration.

The decision regarding the annual amount available as LTI Bonus is built into the yearly bonus appraisal process to link yearly achievements to long term goals, to build employee shareholding in NeuroVive, which creates incentives to promote the Company's business strategy, long-term interests and sustainability, 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 decides on the amount of LTI Bonus. The maximum amount in the LTI Bonus is capped at an amount corresponding to a portion of the fixed annual compensation for the current year:

CEO 15% Management 10% Other key individuals 5%

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

Preferential rights issue. The Extra General Meeting has March 17 approved the Board's resolution from February 2020 on a new share issue with preferential rights for the Company's existing shareholders in order to ensure that the Company has financial resources for its prioritized primary mitochondrial disease (PMD) programs, primarily the continued clinical development of KL1333. The Rights issue is covered by subscription and guarantee commitments corresponding to 90 percent of the share issue and upon full subscription, the Company will receive approximately MSEK 74 before issue costs.

Directed rights issue. On April 22 2020 it was announced that NeuroVive makes a MSEK 20 directed share issue to leading Nordic life science investor Hadean Ventures. The Board of Directors of NeuroVive has entered into an investment undertaking and decided to issue, in aggregate, up to 27,892,888 shares to Hadean Capital I AS and HVentures Capital I AB, investment funds managed by Hadean Ventures. In total, the Directed Issue is intended to raise around MSEK 20 before transaction costs. The Board of Directors' decision to issue shares is based on the authorization given at the Annual General Meeting held on April 25, 2019. The maximum price in the Directed Issue is SEK 0.75 SEK. Should the volume weighted average price during the period June 1 to June 12, 2020 ("VWAP"), be lower than SEK 0.75 and greater than or equal to SEK 0.70, the price in the Directed Issue shall be equal to such volume weighted average price ("VWAP"). The Directed Issue is conditional upon on the VWAP not being less than SEK 0.70, unless the investors in their own discretion would agree to pay SEK 0.70 per share. Furthermore, the investment undertaking is also conditional on the Company's rights issue of approximately MSEK 74 resolved by the Board of Directors of the Company on February 19, 2020 being subscribed and paid by no less than 90 percent of the total amount of the rights issue and that one person representing the investors is elected as member of the Board of Directors of the Company at an General Meeting held on or prior to June 15, 2020. Subscription is expected to be executed on June 15, 2020. If the price-related condition for the Directed Issue is not fulfilled, NeuroVive and Hadean Ventures intend to renegotiate with the aim of finding a transaction structure suitable to the prevailing market conditions. As a consequence of the Directed Issue, the subscription period in the ongoing rights issue will be extended until April 29, 2020.

NeuroSTAT

NeuroVive Pharmaceutical AB announced that it intends to initiate a process with the aim to transfer the rights to develop and commercialize its NeuroSTAT program into a new company based in the US. The effort is in line with NeuroVive's strategy to focus its resources on its primary mitochondrial disease (PMD) projects, KL1333 and NV354. The process will start immediately with the plan to, subject to funding, establish the new company (NewCo) during the second half of 2020

COVID-19

NeuroVive announced that the overall work on the company's study program is continuing and the company reports on the preparations being made to minimize delays in its various projects and other activities, in light of the impact of COVID-19. For futher information please see page 26.

Disputes

NeuroVive is not involved in any disputes.

CicloMulsion AG

The dispute that has been ongoing with CicloMulsion AG since March 2013 was fully and finally settled in December 2019.

In 2004, NeuroVive entered into a License Agreement with CicloMulsion AG under which NeuroVive secured the rights to use and develop products based on a certain pharmaceutical technology.

In March 2013, CicloMulsion AG commenced an 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.

A partial award issued in 2016 was set aside by the Scania and Blekinge Court of Appeal with the exception of the question for which the Tribunal had reserved its decision. NeuroVive appealed parts of the ruling to the Supreme Court. On April 30th, 2019, the Supreme Court announced that the appeal had been rejected. This meant that the partial award was ultimately and completely set aside.

Through the ruling from the Supreme Court, NeuroVive was ordered to compensate CicloMulsion's court costs of SEK 531,899 and EUR 20,187 for the Supreme Court. The court costs were paid in May 2019.

The former arbitral tribunal was replaced by a Newly Composed Arbitral Tribunal following a request for the release of the arbitrators filed by CicloMulsion. The constitution of the Newly Composed Arbitral Tribunal was finalized and the arbitral tribunal initiated its process with the aim of announcing an award in 2020.

On December 16, 2019 the company announced that NeuroVive and CicloMulsion AG have fully and finally settled the dispute. The settlement means that NeuroVive shall not make any payments to CicloMulsion for the claims made in the arbitration. The ownership of the technology shall remain with NeuroVive, who shall thus have exclusive rights thereto, and NeuroVive shall not be liable for any future royalties relating

to the technology. The arbitration has been terminated, and each party shall bear its own costs in the arbitration.

NeuroVive has not been involved in any other disputes during 2019.

Prospects for 2020/2021

KL1333 - for treatment of primary mitochondrial diseases

- In the ongoing clinical study - start the Phase Ib part with patients (H1 2020)
- Conclude the Phase Ia/b study and report results (H2 2020)
- Initiate clinical Phase II efficacy study (H1 2021)

NV354 - alternative energy source in primary mitochondrial disease

- Complete preclinical safety studies (H2 2020)
- Produce NV354 clinical trial material for clinical studies (H2 2020)
- Initiate Phase I study (H1 2021)
- Conclude the Phase I study and report results (H2 2021)

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	103,067,283
Accumulated profit/loss	100,026,163
Profit/loss for the year	-76,947,418
Total	**126,146,028**

The Board of Directors proposes that unappropriated retained earnings of SEK 126,146,028 be carried forward. Accordingly, no dividend is proposed

Financial information

Revenue and results of operations

Consolidated sales 2019 amounts to SEK 134,000 (5,000) and are mainly revenues from research compounds sold by the partner Oroboros. The Group's other operating income of SEK 3,500,000 (2,461,000) relates to research grants from Vinnova for the project NV354. Otherwise, the Company has not generated revenue.

Operating expenses amounted to SEK 80,708,000 (75,826,000). Other external costs 63,133,000 (55,812,000) have increased compared with the previous year, mainly due to increased development costs. Costs relating to pre-clinical and clinical phase development projects have affected earnings for the period by SEK 45,093,000 (37,922,000), excluding personell costs, of which 25,860,000 (22,691,000), relates to projects in clinical phase.

Personnel expenses 2019 amounts to SEK 14,872,000 (14,454,000). Other operating expenses were SEK 325,000 (789,000) and relates to exchange losses. The consolidated operating profit/loss was SEK -77,074,000 (-73,360,000). Net financial income/expense was SEK 75,000 (-134,000). This amount mainly relates to result from other securities and receivables related to non current assets. The profit/loss for the period was SEK -77,000,000 (-73,494,000).

Financial position

Consolidated total assets were SEK 142,492,000 (115,308,000) of which intangible assets were SEK 74,686,000 (73,440,000).Cash and cash equivalents at year-end were SEK 58,319,000 (25,951,000). Equity at year-end was SEK 127,795,000 (97,012,000), and share capital was SEK 9,298,000 (4,585,000). The equity ratio was 86 percent (84) at the end of the period. Equity per share with no non-controlling interest was SEK 0.69 (1.96). The group has no interest-bearing liabilities.

The Board of Directors continuously reviews the operations' need for financing. The Extra General Meeting has March 17 approved the Board's resolution from February 2020 on a new share issue with preferential rights for the Company's existing shareholders. The Rights issue is covered by subscription and guarantee commitments corresponding to 90 percent of the share issue and upon full subscription, the Company will receive approximately MSEK 74 before issue costs.

On April 22, 2020 the Board of Directors decided upon a directed issue of shares totaling around MSEK 20 to Hadean Ventures. Hadean Ventures has undertaken, on certain conditions to subscribe for the new shares and invest up to MSEK 20. The subscription price for the shares will be in the SEK 0.70 to SEK 0.75 range determined by the volume weighted average price during the period June 1 to June 12, 2020. For further information see page 22.

The rights issues is expected to secure liquidity in the company until the end of quarter one 2021.

Cash flow

Consolidated cash flow for the year was SEK 32 364,000 (-3,046,000), with cash flow negatively affected by operating activities of SEK72,413,000 (63,829,000) and from investments, of SEK 2,695 (3,872). Cash flow from financing activities was SEK 107,471,000 (64,656,000) and was mainly sourced from the preferential rights issue consummated February 2019 and the directed rights issue consummated March 2019.

Investments

Total fixed assets amounted to SEK 88,573,000 (86,681,000) as of 31 December 2019. The change, of SEK 1,892,000 (-898,000) is due to investments in the company's patent portfolio. Investments of SEK 69,000 (82,000) 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 134,000 (5,000). Other operating income of SEK 3,500,000 (2,461,000 relates to research contributions from Vinnova. Parent Company's Operating expenses amounts 80,701,000 (75,556,000). Interest income includes internally interest of SEK 0 (0). Cash and cash equivalents at year end were SEK 58,272,000 (25,871,000).

Five-year summary

(SEK 000) if nothing else is specified

INCOME STATEMENT	2019	2018	2017	2016	2015
Net sales	134	5	27	14	2,502
Other operating income[1)]	3,500	2,461	248	104	522
Operating expenses	-80,709	-75,826	-71,363	-72,228	-94,490
Depreciation and amortization	-2,379	-4,771	-1,595	-1,121	-1,200
Operating income[1)]	-77,075	-73,360	-71,088	-72,110	-91,466
Net financial income/expense	75	-134	-515	265	665
Profit/loss before tax[1)]	-77,000	-73,494	-71,603	-71,845	-90,801
Net profit for the year	-77,000	-73,494	-71,603	-71,845	-90,801

BALANCE SHEET	2019	2018	2017	2016	2015
Intangible assets	74,686	73,440	74,315	71,151	74,904
Tangible assets	786	140	162	274	316
Other current assets	1,600	2,676	3,535	2,821	2,896
Cash and cash equivalents	58,319	25,951	28,992	93,251	96,662
Assets	148,492	115,308	120,106	180,717	174,927
Equity	127,795	97,012	105,846	168,304	154,779
Short-term liabilities	20,336	18,296	14,260	12,413	20,148
Equity and liabilities	148,492	115,308	120,106	180,717	174,927

CASH FLOW STATEMENT	2019	2018	2017	2016	2015
Cash flow from operating activities before changes in working capital	-74,620	-68,255	-58,260	-49,543	-61,313
Changes in working capital	2,208	4,626	496	-7,843	-5,907
Cash flow from investing activities	-2,695	-3,872	-15,279	-25,135	-23,445
Cash flow from financing activities	107,471	64,656	9,145	77,332	138,406
Cash flow for the period	32,364	-3,045	-64,258	-5,180	47,741
Change in cash and cash equivalents	32,368	-3,041	-64,259	-3,411	46,964
Cash and cash equivalents at beginning of year	25,951	28,992	93,251	96,662	49,698
Cash and cash equivalents at end of year	58,319	25,951	28,992	93,251	96,662

KEY RATIOS	2019	2018	2017	2016	2015
Liquidity Ratio (%)[1)]	295	156	228	774	494
Equity Ratio (%)[1)]	86	84	88	93	88

1) NeuroVive presents certain financial measures in the annual report that are not defined in accordance with IFRS, alternative performance measures (APM). For further information, see page 73.

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.

Risks specific to the Company

Business and operational risks

Before a treatment can be launched on the market, safety and efficacy in treating humans must be ensured for each individual indication, as demonstrated by preclinical and clinical studies. In 2019, NeuroVive initiated a clinical Phase Ia/b study in the project KL1333 in primary mitochondrial diseases ("PMD"). The Company intends to initiate the necessary activities for preparation for Phase II studies for KL1333 and to continue the preclinical development of NV354 with the aim of starting a Phase I clinical trial in the first half of 2021.

Since NeuroVive's projects are in early clinical development, the development work is associated with great uncertainty and risks regarding delays and results in the studies. Results from preclinical studies may not always be consistent with results from more extensive clinical studies. Therefore, there is a risk that the planned studies will not indicate sufficient safety and efficacy for treatments to be able to obtain the necessary regulatory approvals to enable the launch of the drug. If NeuroVive or its partners cannot, through clinical studies, adequately demonstrate that a drug is safe and effective, this may result in non-regulatory approvals and thus have a high impact on the Company's earning capacity and ability to commercialize any of its drug projects.

Impact of COVID-19 on the Company's clinical trials

The Company estimates that COVID-19 will delay NeuroVive's ongoing Phase Ia/b study with KL1333, since healthcare authorities and healthcare providers will prioritize available resources, care locations and healthcare professionals to better meet the possible influx of COVID-19 patients. At present, the planned final part of the Phase I a/b study with KL1333 against PMD is ready to start recruiting patients. Trial centers in Newcastle and London, where the study is to be conducted, have announced that, due to the situation with the COVID-19 pandemic, there will be delays in recruitment to all clinical trials for some time to come. This will cause the timing of inclusion of the first patient in the final phase of the Phase I a/b study with KL1333 to be delayed and that there is a risk that final results from this part of the study will be announced later than planned. NeuroVive therefor is working with different alternatives to adapt the study program for KL1333 to take into account the risk of continued delays, by modifying the design of the upcoming Phase II study, which therefor is expected to continue in the first half of 2021. NeuroVive's preparations in the form of preclinical safety studies to be able to take the drug candidate, NV354 for Leigh syndrome, into clinical phase in 2021 are currently not considered to be affected by the COVID-19 pandemic.

In NeuroVive's assessment, it is currently difficult to assess the actual effects of COVID-19 over the longer term and the degree to which they will affect the Company's operations and clinical studies.

Partners, out-licensing and manufacturing process

NeuroVive has ongoing cooperation with the British company Isomerase, which is one of NeuroVive's most important partners. The collaboration mainly includes chemistry development for NeuroVive's early development projects with the opportunity to scale up production to medium-sized volumes, but also cooperation on strategic issues and business development regarding the early projects. Furthermore, NeuroVive has collaborations with various contract organizations, so-called CROs, for preclinical evaluations of the early development projects and other actors who specialize in regulatory issues and balances in the preclinical and clinical work.

NeuroVive is collaborating with Korean pharmaceutical company Yungjin Pharm on the clinical development of the KL1333 project for PMD, as well as with the Karolinska Institute (KI) in Stockholm with early studies in experimental models of mitochondrial myopathy. In addition, NeuroVive is collaborating with Fortify Therapeutics, Inc. on the licensed NVP015 project for a local treatment of LHON.

In addition to the partners described above, the Company will in the future depend on collaborations in connection with the out-licensing of drug candidates for major clinical trials and/or in marketing and sales of medicines. On top of the opportunities available for traditional licensing, NeuroVive's management is continuously evaluating various types of collaborations with major pharmaceutical companies and/or CRO partners. There is a risk that the Company's current and/or future business partners, suppliers and manufacturers will

not fully meet the quality requirements set by the Company or otherwise fully meet its obligations to NeuroVive or that such agreements may not be concluded on terms favorable to the Company. If existing collaborations work unsatisfactorily or are terminated, the Company may be forced to seek out other partners, which may have a medium impact on the Company's costs and/or take longer than the Company estimates. Such a scenario may have a high impact on the Company's ability to continue to develop the product candidates according to a fixed timetable, which may result in reduced or missing revenues and higher costs than expected.

Recruitment of healthy subjects and patients
NeuroVive intends to enter into agreements with several different providers of services for clinical trials at clinics and hospitals. An important element of these agreements is the provision of recruitment of healthy subjects and patients to the clinical trials. The extent of recruitment has a relatively large impact on the schedule for the clinical trials. Should such recruitment take longer than planned, this could cause the Company's clinical studies to be delayed and the development of the Company's drug candidates to become more costly than planned. In the event that one or more of these suppliers terminate the collaboration agreements and that these cannot be replaced by agreements with other suppliers, this could also lead to delays in the clinical trials and thus a delay in registration of the Company's drug candidates. Such a delay could in turn lead to additional costs as well as expected revenues being deferred in the future.

Dependence on key personnel and qualified personnel
NeuroVive has built up an organization with qualified people to create the best possible conditions for the development of the Company's projects. However, NeuroVive is still run by a relatively small organization and the Company's future growth is largely dependent on the knowledge, experience and commitment of the management and other key personnel. This group consists of six people working within the management group or with preclinical, clinical or regulatory issues. The Company may fail to retain these key personnel and recruit new qualified personnel in the future, which could have a medium to high impact on the Company's ability to commercialize any of the drug candidates and thereby affect the Company's profitability and future earning capacity. New recruits could also take a long time to complete. If any of the Company's key employees terminate their employment, this could cause delays or interruptions in NeuroVive's operations and continued development, which could have a high impact on the Company's future sales and earning capacity. In this context, it is especially important that the staff experience NeuroVive as a professional and stimulating employer. To succeed in this, among other things, requirements will be set for professional board work, professional management, the fulfillment of forecasting development and that the Company applies market-based financial incentive systems.

Patents and other intellectual property rights
Patents are an important part of NeuroVive's assets, and the Company has a patent registered within 12 patent families as of the date of this Prospectus. There is a risk that existing and/or future patent portfolios and other intellectual property rights held by the Company will not constitute adequate commercial protection. If NeuroVive is forced to defend its patent rights against a competitor, this could entail significant costs and have a high impact on NeuroVive's ability to further develop the projects according to plan. Furthermore, there is a risk that NeuroVive may infringe or allegedly infringe upon third-party patents. Other parties' patents may also limit the possibility for one or more of the Company's future partners to freely use the affected drug or production method. The uncertainty associated with patent protection means that the outcome of such disputes is difficult to predict. Negative outcomes of intellectual property disputes could result in lost protection, a prohibition on continuing to use the current right or the obligation to pay damages. In addition, the cost of a dispute, even one where the outcome is in favor of NeuroVive, could be significant.

The above could present difficulties or delays in the commercialization of future medicines and thus also difficulties in generating revenue. The same also applies to other intellectual property rights, such as trademarks. NeuroVive is also to a certain extent dependent on know-how and corporate secrets, which are not protected by legislation in the same way as intellectual property rights. The Company uses confidentiality agreements and thus strives for far-reaching protection of sensitive information. There is a risk that the Company will not be able to effectively protect its know-how and business secrets, which could be detrimental to NeuroVive and its continued development of the clinical projects.

Risks associated with impairment of intangible assets
NeuroVive's intangible assets are central to the Company's business and its value. As of December 31, 2019, the Company had intangible assets valued at SEK 74,686,000. These intangible assets consist of capitalized expenses for product development, patents and other intangible assets. NeuroVive continuously reviews the value of the intangible assets. In the event that the results of ongoing and future studies of the Company's drug candidates do not meet the Company's expectations or if the Company fails to finance its drug candidates according to plan via external parties and non-dilutive financing or by any other means, there is a risk that the Company will be forced to impair the carrying amount of the affected intangible assets. An example of this would be that the Company fails to find an external party willing to finance NeuroSTAT. In addition, certain assumptions have been made in the impairment test. If these assumptions were to prove inaccurate or if the Company for other reasons has to impair its intangible assets, this could have a high impact on the Company's balance sheet total and operating profit.

There is a risk of side effects and subsequent product liability
Of the two ongoing projects in PMD, only KL1333 has been tested in humans to date. There is a risk that healthy subjects or patients who either participate in clinical studies of NeuroVive's drug candidates or otherwise come into contact with NeuroVive's products could suffer from serious side effects. The consequences of such potential side effects may delay or stop the continued development of the product and limit or prevent the commercial use of the products and thus lead to increased costs and thus have a medium to high impact on NeuroVive's earning capacity. There is also a risk that NeuroVive may be sued by healthy volunteers or patients suffering from side effects, whereby NeuroVive may be liable for damages. This would have a high impact on the Company's costs and limit possible future earning capacity. With every planned study, there will probably be limitations in the scope of insurance coverage and its amount limits. Therefore, there is a risk that the Company's insurance cover may not fully cover any future legal requirements, which could have a high negative impact on the Company's costs.

Part-owned development projects
NeuroVive runs development projects with a research group at Lund University where collaborative partners are joint owners of the projects and are entitled to a share of future income. The contractual allocation of any future revenue from the project is based on how much NeuroVive and each partner has invested in each project. It is NeuroVive''s intention, to the extent possible for the Company, to drive the development and commercialization of the projects that are currently contracted and thus gain a greater share of any future revenue. However, there is a risk that this will not be the case, which would lead to lower revenues than would otherwise be expected.

Industry-related risks

Competitors in the market
Research and development of new drugs are highly competitive and are characterized by rapid technological development. The Company's competitors can be both large multinational companies and smaller research companies operating in areas where NeuroVive operates. Within the Company''s main focus area, primary mitochondrial diseases (PMD), there is currently an approved competing drug, Raxone, developed by Santhera Pharmaceuticals. In addition, the Company is aware of a handful of drug development companies with clinical phase projects. If any of these competitors, or future competitors, succeed in developing and launching an effective and safe drug in the areas NeuroVive develops drugs within, this could have a high negative impact on NeuroVive''s future sales potential and profitability.

Financial risks

Future financing needs
NeuroVive has not yet, either individually or through partners, launched any treatment and thus has limited revenue from sales while the Company''s continued development plans for the drug projects entail increased costs for the Company. Drug development and drug product development are normally capital-intensive and NeuroVive will continue to be dependent on receiving financing for its projects in the future. Both the size and timing of the Company''s future capital needs depend on a number of factors, including the opportunities for success in research and development projects and for entering into collaborative and distributor agreements. There is a risk that any additional capital may not be raised on favorable terms, or that such capital raised will not be sufficient to fund the Company''s development, or that such capital may not be raised at all. This may mean that the development is temporarily halted or that the Company is forced to run the business at a lower rate than desired, which could lead to delayed or non-commercialization and thus, to a large extent, adversely affect the Company''s future earning capacity. NeuroVive is thus dependent on the fact that in the future capital can be raised to the extent required. Possible delays in clinical trials may mean that cash flow is generated later than planned and thus have a medium to high negative impact on NeuroVive's costs and earning capacity.

Legal and regulatory risks

Authorization and registration
In order to be able to market and sell drugs, permits must be obtained and registered with the relevant authority in each market, such as the Food and Drug Administration ("FDA") in the United States, the European Medicines Agency ("EMA") in Europe and the China Drug Administration ("CDA") in China. In the event that NeuroVive fails to obtain or maintain the necessary permits and registrations from authorities, the Company may be adversely affected in the form of reduced or missing revenue. Comments on the Company''s proposed plans for future studies may also lead to delays and/or increased costs for NeuroVive. The rules and interpretations that currently apply may also change in the future, which may affect the Company''s ability to meet the requirements of different authorities. Permits and registrations may be withdrawn after the Company or its partners have received them, which would have a high negative impact on the Company''s future opportunities for commercialization and its earning capacity.

Tax losses
As of December 31, 2019, the Group had recognized an accumulated loss of SEK 544,635,000. However, the Company has not recognized any value regarding these deficits in the balance sheet. The accumulated deficits may in the future reduce the Company''s possible taxable profits and thus reduce the corporate tax that arises in the event of future profits. The tax effect of the accumulated deficits could then possibly be recognized in the balance sheet. The Company''s ability to utilize fiscal deficits in the future may be limited or lost due to future changes in Swedish tax legislation or, as per

current rules, as a result of changes in ownership. If the loss carryforwards cannot be used to reduce future profits, this would have a high negative impact on the Company''s future tax costs.

Risks related to the share

Share price development

Current and potential investors should take into account that an investment in NeuroVive is associated with risk and the share price may both rise and fall. This entails a risk that an investor may lose all or part of his invested capital. During the period January 1, 2019 through December 31, 2019, the Company''s share price was a minimum of SEK 1.15 and a maximum of SEK 2,675. The share price may fluctuate as a result of, among other things, performance variations in the Company''s interim reports, the general economic situation and changes in the stock market''s interest in the Company and its shares. Limited liquidity in the share can in turn help to amplify such fluctuations in the share price. The share price may thus be affected by factors that are completely or partially outside the Company''s control. An investment in shares in NeuroVive should therefore be preceded by a thorough analysis of the Company, its competitors and the outside world, general information about the industry, the general economic situation and other relevant information. There is a risk that NeuroVive shares may not be sold at a price acceptable to the shareholder at any time.

Increased uncertainty in the stock market as a result of COVID-19

The period closest to the publication of the Prospectus, published on February 19, 2020, has been associated with a turbulent and volatile stock market that has arisen as a result of uncertainty related to the outbreak of the COVID-19 virus disease, which has also led to a general impact on the prevailing investment climate and had a general impact on supply and demand for shares. These factors have also had a direct impact on the Company''s share by creating fluctuations in the share price. A continued volatile stock market and continued uncertainty regarding the spread of COVID-19 may have a high negative impact on investors' willingness to invest in the Company and adversely affect the share price of the Company's shares, which in turn could lead to the subscription price, both with and without support of subscription rights, in the Offer being lower than would otherwise be the case. However, since the Rights Issue is covered by subscription commitments and guarantee commitments, the Company could, as a minimum, be allocated SEK 67 million, corresponding to approximately 90 percent of the Offer, before issue costs. However, these subscription commitments and guarantee commitments are not secured through advance transaction, bank guarantee, funds, mortgages, or similar arrangements.

Future new issues may dilute ownership interests and adversely affect the share price

NeuroVive is still in the early clinical development phase and has not yet generated any significant revenue. It is difficult to predict in advance when the Company may become profitable. To enable continued development of the Company's pharmaceutical project, NeuroVive needs additional funding. If additional financing is arranged through equity, further new issues of shares for current shareholders, unless they participate in such potential issues, will dilute their ownership interest in NeuroVive. Since the timing and terms for any future new issues will depend on NeuroVive's situation and market conditions at that time, the Company cannot anticipate or estimate the amount, timing or other conditions for such new issues. Depending on what the conditions look like for any further new issues, such issues may have a negative impact on NeuroVive's share price to a moderate extent.

Limited liquidity of the share and equity-related securities

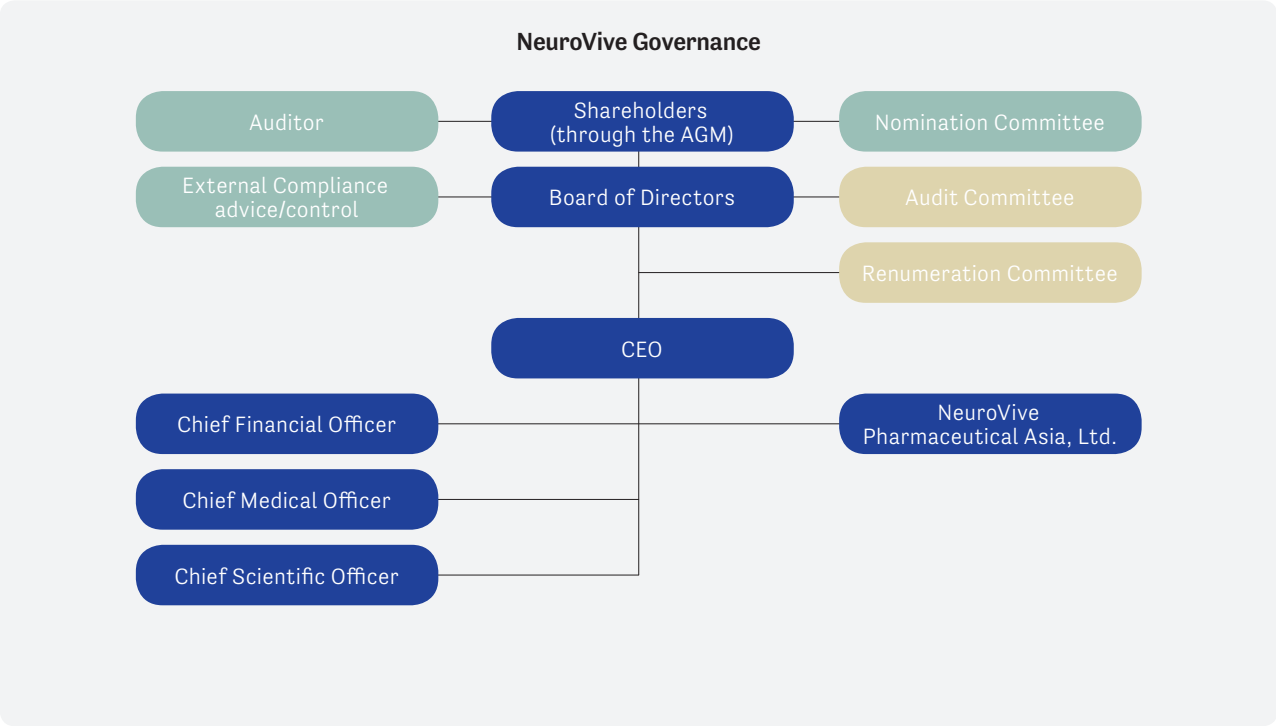
Over the past twelve months, an average of approximately 2 million shares have been traded per day in NeuroVive, corresponding to an average daily turnover of approximately SEK 3.3 million. There is a risk that an efficient and liquid market for the Company's shares and equity-related securities will not develop, which may cause difficulties for a shareholder to change his or her holding of shares at the desired time and price. A limited liquidity entails a risk that the quoted purchase and selling prices for the Company's shares will not fairly represent the value that a larger shareholding corresponds to. Liquidity in the share is affected by a number of factors, some of which are investor-specific, such as the size of securities holdings in relation to turnover in the share. If active and liquid trading of NeuroVive's share does not develop or prove sustainable, this may cause difficulties for shareholders to sell their shares at the time desired by the shareholder or at price levels that would prevail had the liquidity of the share been good.

Dividend

The Company has not paid a dividend in recent years since the Company is in a development phase. There is a risk that dividends in the future may be wholly or partially absent.

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. 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 of the Board

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 three 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 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.

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.

Owner structure

NeuroVive had some 10,502 registered shareholders as of 30 December 2019. Avanza Pension Försäkring AB was the largest owner with a holding of 17,846,388 shares, corresponding to some 9.6 percent of the shares and votes. John Fällström was the second largest shareholder with 7,200,643 shares, corresponding to some 3.87 percent of the shares and votes. Danske Bank International S.A, trustee of holdings, for Rothesay Limitedwas the third biggest shareholder with 6,600,000 shares, corresponding to some 3.55 percent of the shares and votes.

John Fällström is the largest shareholder with a total holding of 3.87 percent. Rothesay Limited is the second largest shareholder with a holding of 3.55 percent. Marcus Keep, with its stake in Maas BioLab and private holdings, is NeuroVive's third largest shareholder with a holding of 2.4 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 9,297,629.55 divided between 185,952,591 shares as of 30 December 2019. 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

Extra General Meeting

The EGM was held on 17 January 2019, at Scheelevägen 2 in Lund, Sweden. 13 shareholders attended the AGM, in person or through representatives. These shareholders represented 12.0 percent of the shares and votes of NeuroVive.

The EGM 2019 adopted the following resolutions:

- Resolution to issue shares with preferential rights for existing shareholders,
- Resolution to amend the articles of association.

Annual General Meeting 2019

The AGM was held on 25 April 2019, at Scheelevägen 2 in Lund, Sweden. 28 shareholders attended the AGM, in person or through representatives. These shareholders represented 12.7 percent of the shares and votes of NeuroVive. The CEO Erik Kinnman, David Laskow-Pooley (Chair), Board members, David Bejker, Denise Goode, Jan Törnell and the company's Auditor in Charge, Bengt Ekenberg attended the AGM.

The AGM 2019 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 2020
NeuroVive's AGM 2019 will be held 20 May 2020, at 10 am. 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 22 October 2019. The above new date for the AGM was announced on the Company's website 19 February, 2020.

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 Nomination 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 2020 was announced at the company's website 22 October, 2019. The Nomination Committee for the Annual General Meeting 2020 consists of the following members, Kristina Ingvar (Chair), appointed by John Fällström, Andreas Inghammar, appointed by Rothesay Ltd and Michael Vickers, appointed by Maas BioLab LLC.

The Board of Directors

Composition of the Board of Directors
NeuroVive's AGM on 25 April 2019 re-elected board members David Laskow-Pooley, David Bejker, Denise Goode and Jan Törnell. Magnus Persson 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

Board work 2019

January
- Resolution on Propectus
- Extra General Meeting

February
- Resolution on allocation of new shares in preferential rigts issue.
- 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
- Resolution on allocation of new shares in directed rights issue.
- Audit matters, Annual Report, AGM and Corporate Governance Report, evaluation of variable remuneration.

April
- 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
- Financing matters.

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 matters. 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 12 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 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 39.

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,

Board member	Elected in	Board (attendence)	Audit committee (attendence)	Remuneration committee (attendence)	Non-affiliated[1]
David Laskow-Pooley, Chair	2016	12/12		Chair (3/3)	Yes
David Bejker	2017	12/12	Chair (6/6)		Yes
Denise Goode	2018	12/12	Member (6/6)	Member (3/3)	Yes
Magnus Persson*	2019	6/6	Member (4/4)		Yes
Jan Törnell	2017	12/12	Member (6/6)	Member (3/3)	Yes

[1] According to the definition in the Swedish Code of Corporate Governance
*Magnus Persson was elected to the Board of Directors on April 25, 2019.

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.

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.

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 three 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, Magnus Persson 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 meets 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 2019 resolved that fees of SEK 400,000 should be paid to the Chair and SEK 250,000 to each of the remaining Board members.

The AGM 2019 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 2019 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 2,300,000.

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 1,150,000.

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 premium-based. Salary differentials can be utilized to increase pension provi-

sions 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 month 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 1,047,614 including SEK 250,465 social security fees was paid to senior executives in 2019, within the framework of the guidelines approved by the AGM 2019.

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. Michael Olsson 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 2019 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 60. The Interim Report for the period January-September 2019 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 environment
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 2019.

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: Director of the Board of Marker Therapeutics Inc. (England), Pharmafor Ltd, 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: Director of the Board of LIDDS AB and 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

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

Magnus Persson
Director

Director since 2019.
Born: 1960
Education: MD and PhD in physiology, Karolinska Institute, Stockholm.
Other ongoing assignments: Chairman of the Board and CEO of Perma Ventures AB, Chairman of the Board of Attgeno AB, Inititator Pharma AS, Cantargia AB, Galecto Biotech AB, Addi Medical AB, and Eir Ventures Partners AB, Director of the Board of Immunicum Aktiebolag, P O Persson i Lidingö AB, Medical Prognosis Institute AS, Cerecor Inc, and Karolinska Development AB, and Deputy Director of the Board of Mordin AB, Duomedix AB and Merigen 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 the Board of Innoext AB, Chairman of the Board of LIDDS AB and Glactone Pharma AB, Director of the Board of Diaprost AB, and Deputy Director of the Board of LIDDS Pharma 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, 2019.

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 and Adjunct 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.

Magnus Hansson
Chief Medical Officer

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: 421,548 shares (including family).

Catharina Jz Johansson
Chief Financial Officer

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, 2019.

Financial statements

Consolidated Statement of Comprehensive Income

(SEK 000)	Note	2019	2018
Net sales	6	134	5
Other operating income	7	3,500	2,461
Operating expenses	9,10	-63,133	-55,812
Personnel cost	11	-14,872	-14,454
Depreciation and write-down of tangible and intangible assets		-2,379	-4,771
Other operating expenses	8	-325	-789
		-80,709	**-75,826**
Operating income	5	**-77,075**	**-73,360**
Profit/loss from financial items			
Result from other securities and receivables related to non current assets		121	66
Financial income	12	-	407
Financial costs	13	-46	-607
			-134
Profit/loss before tax		**-77,000**	**-73,494**
Income tax	14	-	-
Profit/loss for the period		**-77,000**	**-73,494**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Translation differences on foreign subsidiaries		3	4
Total other comprehensive income, net after tax		**3**	**4**
Total comprehensive income for the period		**-76,997**	**-73,490**
Loss for the period attributable to:			
Parent company shareholders		-76,994	-68,373
Non-controlling interests		-6	-5,121
		-77,000	**-73,494**
Total comprehensive income for the period			
Parent company shareholders		-76,991	-68,370
Non-controlling interests		-6	-5,120
		-76,997	**-73,490**
Earnings per share before and after dilution (SEK) based on average number of shares	15	-0.45	-0.87

Consolidated Statement of Financial Position

Assets

(SEK 000)	Note	12/31/2019	12/31/2018
ASSETS			
Non-current assets			
Intangible assets			
Development costs	16	51,706	51,706
Patents	17	21,501	20,121
Other intangible assets	18	1,479	1,613
		74,686	**73,440**
Tangible assets			
Equipment	19	99	140
Right of use assets lease		687	-
		786	**140**
Financial Assets			
Other non-current receivables	22	13,101	13,101
		13,101	**13,101**
Total non-current assets		**88,573**	**86,681**
Current assets			
Other receivables		1,141	1,432
Prepaid expenses and accrued income	23	459	1,244
Cash and cash equivalents	24	58,319	25,951
		59,919	**28,627**
TOTAL ASSETS		**148,492**	**115,308**

Consolidated Statement of Financial Position

Equity and liabilities

(SEK 000)	Note	12/31/2019	12/31/2018
EQUITY AND LIABILITIES			
Equity attributable to the shareholders of the parent company			
Share capital	25	9,298	4,585
Additional paid in capital	26	592,980	489,913
Translation reserve	27	619	616
Retained earnings	28	-475,107	-398,113
Total equity attributable to the shareholders of the parent		**127,790**	**97,001**
Non-controlling interests		**5**	**11**
Total equity		**127,795**	**97,012**
Long-term liabilities			
Other long-term liabilities		361	-
		361	**-**
Short-term liabilities			
Accounts payable		14,234	10,162
Other liabilities		811	808
Accrued expenses and deferred income	29	5,291	7,326
		20,336	**18,296**
Total liabilities		**20,697**	**18,296**
TOTAL EQUITY AND LIABILITIES		**148,492**	**115,308**

Consolidated Statement of Changes in Equity

(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 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**
	-						
Opening balance, 1 January 2019	**4,585**	**489,913**	**616**	**-398,113**	**97,002**	**11**	**97,012**
Comprehensive profit/loss for the period	-	-	-	-	-	-	-
Profit/loss for the period	-	-	-	-76,994	-76,994	-6	-77,000
Other comprehensive income:	-	-	-	-	-	-	-
Translation differences	-	-	3	-	3	-	3
Other comprehensive profit/loss for the period, net after tax	**-**	**-**	**3**	**-**	**3**	**-**	**3**
Total comprehensive profit/loss	**-**	**-**	**3**	**-76,994**	**-76,991**	**-6**	**-76,997**
Transactions with shareholders:	-	-	-	-	-	-	-
New share issue**	4,713	103,067	-	-	107,780	-	107,780
Total transactions with shareholders	**4,713**	**103,067**	**-**	**-**	**107,780**	**-**	**107,780**
Closing balance, 31 December 2019	**9,298**	**592,980**	**619**	**-475,107**	**127,791**	**5**	**127,795**

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

**Total equity includes funds from the February 11, 2019 completed rights issue with KSEK 99,033 less expenses and guranties KSEK 17,184 and the directed rights issue completed March 7, 2019 with KSEK 28,212 less expenses KSEK 2,281.

Consolidated Statement of Cash Flows

(SEK 000)	Note	2019	2018
Cash flow from operating activities			
Operating income		-77,074	-73,360
Adjustments for non-cash items:			
Depreciation		2,379	1,914
Impaired value		-	3,324
Result from other securities and receivables related to non current assets		121	66
Interest received		-	407
Interest paid		-46	-606
Net cash from operating activities before changes in working capital		**-74,620**	**-68,255**
Changes in working capital			
Increase/decrease of other current assets		1,077	859
Increase/decrease of other short-term liabilities		1,131	3,767
		2,208	**4,626**
Cash flow from operating activities		**-72,412**	**-63,829**
Investing activities			
Acquisition of intangible assets	17.18	-2,626	-3,791
Acquisition of tangible assets		-69	-82
Increase/decrease in other financial assets	22	-	1
Cash flow from investing activities		**-2,695**	**-3,872**
Financing activities			
New share issue	25	107,780	64,656
Amortization lease liabilities		-309	-
Cash flow from financing activities		**107,471**	**64,656**
Cash flow for the period		**32,364**	**-3,045**
Cash and cash equivalents at the beginning of the period		**25,951**	**28,992**
Effect of exchange rate changes on cash		**4**	**5**
Cash and cash equivalents at end of period	24	**58,319**	**25,951**

Income Statement, Parent Company

(SEK 000)	Note	2019	2018
Net sales	5	134	5
Other operating income	7	3,500	2,461
		3,634	**2,466**
Operating expenses			
Other external expenses	9,10	-63,469	-55,777
Personnel cost	11	-14,872	-14,454
Depreciation and write-down of tangible and intangible assets		-2,036	-4,536
Other operating expenses	8	-325	-789
		-80,702	**-75,556**
Operating income	5	**-77,068**	**-73,090**
Profit/loss from financial items			
Result from other securities and receivables related to non current assets		122	66
Interest income and other similar profit items	12	-	400
Interest expenses and other similar loss items	13	-1	-602
		121	**-136**
Profit/loss before tax		**-76,947**	**-73,226**
Income tax	14	-	-
Profit/loss for the period		**-76,947**	**-73,226**

Statement of Comprehensive Income, Parent Company

(SEK 000)	Note		
Profit/loss for the period		-76,947	-73,226
Other comprehensive income		-	-
Total comprehensive profit/loss for the period		**-76,947**	**-73,226**

Company Balance Sheet, Parent Company

Assets

(SEK 000)	Note	12/31/2019	12/31/2018
ASSETS			
Non-current assets			
Intangible assets			
Development costs	16	51,706	51,706
Patents	17	21,501	20,121
Other intangible assets	18	1,479	1,613
		74,686	**73,440**
Tangible assets			
Equipment	19	99	140
		99	**140**
Financial assets			
Shares in subsidiaries	20	23,625	23,625
Other non-current receivables	21	13,101	13,101
		36,726	**36,725**
Total non-current assets		**111,511**	**110,305**
Current assets			
Short term receivables			
Receivables from group companies		-	-
Other receivables		1,138	1,430
Prepaid expenses and accrued income	22	459	1,244
		1,597	**2,674**
Cash and bank balances	23	**58,272**	**25,871**
Total current assets		**59,869**	**28,545**
TOTAL ASSETS		**171,380**	**138,850**

Company Balance Sheet, Parent Company

Equity and liabilities

(SEK 000)	Note	12/31/2019	12/31/2018
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	24	9,298	4,585
Statutory reserve		1,856	1,856
Development expenditure reserve		14,106	12,725
		25,260	**19,166**
Unrestricted equity			
Share premium reserve		103,067	62,687
Retained earnings		100,026	111,945
Profit/loss for the period		-76,947	-73,226
		126,146	**101,406**
Total equity		**151,406**	**120,572**
Short-term liabilities			
Accounts payable		14,234	10,162
Other liabilities		467	808
Accrued expenses and deferred income	28	5,273	7,308
		19,974	**18,278**
TOTAL EQUITY AND LIABILITIES	29	**171,380**	**138,850**

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 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**
	-	-	2,115	-	-2,115	-
Closing balance, 31 December 2018	**4,585**	**1,856**	**12,725**	**62,687**	**38,719**	**120,572**
Opening balance 1 January 2019	**4,585**	**1,856**	**12,725**	**62,687**	**38,719**	**120,572**
Comprehensive profit/loss for the period	-	-	-	-	-	-
Disposition according to AGM	-	-	-	-62,687	62,687	-
Profit/loss for the period	-	-	-	-	-76,947	-76,947
Total comprehensive profit/loss	**-**	**-**	**-**	**-62,687**	**-14,260**	**-76,947**
Transactions with shareholders						
New share issue*	4,713	-	-	103,067	-	107,780
Total transactions with shareholders	**4,713**	**-**	**-**	**103,067**	**-**	**107,780**
Development expenditure reserve	-	-	1,381	-	-1,381	-
Closing balance, 31 December 2019	**9,298**	**1,856**	**14,106**	**103,067**	**23,079**	**151,406**

*Total equity includes funds from the February 11, 2019 completed rights issue with KSEK 99,033 less expenses and guranties KSEK 17,184 and the directed rights issue completed March 7, 2019 with KSEK 28,212 less expenses KSEK 2,281.

Statement of Cash Flows, Parent company

(SEK 000)	Note	2019	2018
Cash flow from operating activities			
Operating income		-77,068	-73,090
Adjustments for non-cash items:			
Depreciation		2,036	1,914
Impaired value		-	3,089
Result from other securities and receivables related to non current assets		122	66
Interest received		-	400
Interest paid			-601
Net cash from operating activities before changes in working capital		**-74,911**	**-68,222**
Changes in working capital			
Increase/decrease of other current assets		1,077	859
Increase/decrease of other short-term liabilities		1,150	3,567
		2,227	**4,426**
		-	-
Cash flow from operating activities		**-72,684**	**-63,796**
Investing activities			
Acquisition of intangible assets		-2,626	-3,791
Acquisition of tangible assets		-69	-82
Change in other financial assets		-	1
Cash flow from investing activities		**-2,695**	**-3,872**
Financing activities			
New share issue		107,780	64,656
Cash flow from financing activities		**107,780**	**64,656**
Cash flow for the period		**32,401**	**-3,012**
Cash and cash equivalents at the beginning of the period		**25,871**	**28,883**
Cash and cash equivalents at end of period	23	**58,272**	**25,871**

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

Grounds of preparation of the reports
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 NeuroVive 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 have been applied consistently to all periods presented in the Group's financial reports, unless otherwise stated below, unless otherwise stated.

New and amended standards applied by the Group
The new accounting standard IFRS 16 is applied from January 1, 2019. No other standards to be applied by the Group for the first time for fiscal years beginning January 1, 2019 have had or are expected to have any impact on the Group's accounting policies or disclosures.

IFRS16 Leases is a new lease standard that supersedes IAS 17 Leases and interpretations on leases: IFRIC 4, SIC 15 and SIC 27. This standard requires lesees 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. NeuroVive has leases for office premises that is recognized on the balance sheet as of January 1, 2019. IFRS 16 was applied retroactively with no restatement of comparative figures (the simplified approach). The changed accounting policy affects the company's equity/assets ratio, profit after tax, are not significant. The total cash flow for leasing contracts in 2019 amounted to SEK 372,000. For further information, see below under Leasing and Note 10 Leasing.

New standards and interpretations not yet adopted by the Group
No new standards and interpretations that may have an impact on the Group's financial statements will come into effect for the financial year beginning after January 1, 2019.

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
Subsidiaries are defined as all companies 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.

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.

For information about which subsidiaries are included in the group and financial information about the most significant non-controlling interests in subsidiaries, see Note 21 of the Parent Company financial statements.

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. NeuroVive'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. NeuroVive'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 NeuroVive's operations. Revenues are recognized without VAT, and with elimination of intra-Group sales. NeuroVive 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. Revenue recognition of an up-front payment can vary depending on contract conditions and may be at a point in time or over time. The method used is dependent on the performance obligations included in the contract and when these are carried out.

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
IFRS from 1 January 2019
For the transition to IFRS 16 and when signing new leases, a right-of-use asset and a lease liability are recognized in the balance sheet. Cost comprises the discounted remaining lease payments for non-cancellable lease terms. Potential extension periods are included if the Group is reasonably certain that these will be utilized. In discounting, the company's incremental borrowing rate is applied, which is currently 5%.

The lease could be changed during the lease term, upon which remeasurement of the lease liability and the right-of-use asset is carried out.

Lease payments are distributed between amortization of the lease liability and payment of interest. The Group's material leases comprise the rental of office premises.

The company applies exemption rules for leases when the underlying asset is of low value and has a short lease. These leases are recognized as a cost in the period in which use occurs.

IAS17 up to 31 December 2018
The classification of a lease is determined by the extent to which the financial risks and benefits associated with ownership of the relevant leased property are held by the lessee or the lessor. A lease is classified as a finance lease if it entails that economic benefits and risks associated with ownership of the property are essentially transferred from the lessor to the lessee. A lease is classified as an operating lease if it does not entail that these benefits and risks are essentially transferred to the lessee. The Group has only operating leases, which entails that the lease payment is recognized as a cost distributed straight-line over the lease term.

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 computed on taxable profit or loss for the period. Taxable profit differs from reported profit or loss in the Statement of Comprehensive Income because it has been restated for non-taxable income and non-deductible expenses and for revenue and expenses that are taxable or tax deductible in other periods. The group's current tax liability is computed using the tax rates that are enacted or substantively enacted on the reporting date.

Deferred tax. A deferred tax liability is recognized for the taxable temporary differences relating to investments in subsidiaries, apart from those cases the group can control the timing of reversal of the temporary differences and it is likely that such reversal would not occur within the foreseeable future. The deferred tax receivables that relate to deductible temporary differences regarding such investments should only be recognized to the extent it is likely that amounts can be used against future taxable surpluses, and it is likely that such usage will occur within the sustainable future. The carrying amount of deferred tax receivables is tested at each reporting date and reduced to the extent it is no longer likely that sufficient taxable surpluses will be available to be used wholly or partly against the deferred tax receivable. Deferred tax is computed using the tax rates expected to apply for the period when the asset is recovered or the liability is settled, based on the tax rates (and tax laws) enacted or substantively enacted on the reporting date. Deferred tax assets and tax liabilities are offset when 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 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 and self-generated 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 12.

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 NeuroVive'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
NeuroVive'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, NeuroVive has the following categories of financial instruments.

Financial assets measured at amortized cost
Here, NeuroVive 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, 2019.

Financial assets at fair value through other comprehensive income
NeuroVive 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, NeuroVive recognizes its holding in the unlisted company, Note 22. 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. NeuroVive is not reporting any provisions as of 31 December 2019 or 31 December 2018.

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 after deduction of any impairment 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 IAS 39, Financial Instruments: Recognition and Measurement. The parent company applies a cost-based method, pursuant to the Swedish Annual Accounts Act.

Leases. The Parent Company uses the exception regarding the application of IFRS 16 Leasing Agreement, which means that all leases are recognized as a cost on a straight-line basis over the lease period.

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 74,686,000 (73,440,000), of which capitalized expenditure for product development represents SEK 51,706,000 (51,706,000). 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. A sensitivity analysis has been performed where different price/treatment and Peak market share have been simulated. An decrease in price/treatment and Peak market of 25 percentage shows no impairment. The result of the impairment test shows a surplus value. Management does not consider that there was any impairment of the group's intangible assets as of 31 December 2019.

Contingent consideration. On 1 May 2017, the company in-licensed the KL1333 substance from YungJin Pharm under a collaboration agreement. The license covers all rare conditions associated with mitochondrial dysfunction. Under the agreement, the parties will be responsible for clinical development, regulatory processes, launch, marketing, distribution and sales of KL1333 in their respective markets, which for NeuroVive means the entire world except for South Korea and Japan. According to the agreement, NeuroVive will pay an initial fee of USD 1 million to Yungjin Pharm upon signing the agreement (paid in April 2017), USD 1 million (paid in April 2018) a year after signing, and another USD 1 million after an additional successful Phase I clinical trial performed by YungJin Pharm. Further payments will be made in conjunction with the successful achievement of various clinical milestones (a total of USD 12 million), and of milestones linked to marketing authorization, pricing and reimbursement (a total of USD 42 million). In addition, Yungjin Pharm is entitled to payments linked to various regulatory and sales milestones and incremental, from single to low double-digit, royalty rates on future net sales. The agreement is to a certain extent exclusive, which entails that NeuroVive does not have the possibility of making equivalent agreements with other parties. Due to the uncertainty related to future payments, the company has made no provisions for any future payments.

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 51,706,000.

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 candidate 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 NeuroVive to utilize selected partners' existing commercial channels to build future business areas such as the marketing and sales of future pharmaceuticals. NeuroVive 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 620,000 (175,000).

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 861,000 (334,000).

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

The Group exposure of Euro, USD and GBP at the time of reporting

	Euro		USD		GBP	
(000)	2019	2018	2019	2018	2019	2018
Assets/Liabilities	-703	-295	-58	-39	-374	-87

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 20,336,000 (18,296,000) and mature within one year. The group's current receivables that become due within one year amount to SEK 1,600,000 (2,676,000). The group has cash and cash equivalents of SEK 58,319,000 (25,951,000). KSEK.

Maturity analysis regarding contractual payments for financial liabilities

Note that the amounts refer to undiscounted values.

Group 2019-12-31	Within one year	Between one and five years	After more than five years
Lease liability	372	372	-
Accounts payable	14,234	-	-
Other liabilities	439	-	-
Total	**15,045**	**372**	**-**

Group 2018-12-31			
Lease liability	-	-	-
Accounts payable	10,162	-	-
Other liabilities	808	-	-
Total	**10,970**	**-**	**-**

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 interest bearing 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.

Categories of financial assets and financial liabilities

	Group		Parent company	
	2019	2018	2019	2018
Financial Assets by category				
Financial assets recognized at fair value through income statement				
Other non-current receivables	13,101	13,101	13,101	13,101
Financial assets at accrued acquisition				
Other recivables	1,141	1,432	1,138	1,430
Cash and cash equivalents	58,319	25,951	58,272	25,871
Total financial assets	**72,561**	**40,484**	**72,511**	**40,402**
Financial liability				
Financial liabilities at accrued acquisition				
Other financial liabilities	0	0	0	0
Accounts payable	14,234	10,162	14,234	10,162
Other current liabilities	811	808	467	808
Accrued Expenses	2,069	2,137	2,069	2,137
Total financial liabilities	**17,114**	**13,107**	**16,770**	**13,107**

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 SEK127,795,000 (97,012,000). 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), which are a management fee. 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 2019 and 2018.
Revenues and non-current assets divided by geographical region
The group's sales relatea to the parent company in 2019 and 2018.

The group conducts its operations in mainly one geographical region—Sweden (the Company's domicile). Equipment in the parent company in Sweden totals SEK 87,886,000 (86,680,000).

NOTE 7 OTHER OPERATING INCOME

	Group		Parent company	
	2019	**2018**	**2019**	**2018**
Research grants from BridgeBio/Fortify	-	1,885	-	1,885
Research grants from Vinnova	3,500	576	3,500	576
Total	**3,500**	**2,461**	**3,500**	**2,461**

NOTE 8 OTHER OPERATING EXPENSES

	Group		Parent company	
	2019	**2018**	**2019**	**2018**
Exchange rate losses relating to operations	325	789	325	789
Total	**325**	**789**	**325**	**789**

NOTE 9 DISCLOSURE ON AUDIT FEES AND REIMBURSEMENT

	Group		Parent company	
	2019	**2018**	**2019**	**2018**
Mazars SET Revisionsbyrå AB				
auditing	405	405	405	405
audit work in addition to statutory audit	95	95	95	95
tax consulting	-	-	-	-
other	-	-	-	-
Kaizen Certified Public Accountants Limited				
auditing	13	12	-	-
audit work in addition to statutory audit	-	-	-	-
tax consulting	-	-	-	-
other	-	-	-	-
Total	**513**	**512**	**500**	**500**

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

Until January 1, 2019, the Group was lessee through operational leasing agreements for office premises. As a result of the transition to IFRS 16 Leases, all leasing agreements are recognized in the balance sheet, except for short-term leasing and minor value leasing. As of the year-end, the Group has leases for office premises in the balance sheet that are reported as Rights of use assets lease.

The remaining leasing fees have been calculated at present value, using the Group's marginal loan rate, which amounted to 5%. As of January 1, 2019, the following adjustments have been made in the consolidated balance sheet.

	Group
	1/1/2019
Right of use assets lease	1,030
Prepaid expenses	-
Total	**1,030**
Interest-bearing liabilities - long-term lease debt	687
Interest-bearing liabilities - short-term lease debt	343
Total	**1,030**

Equity is not affected, since the value of the right of use assets lease and the lease debt, amounts to the same number.

NOTE 10 LEASING, cont'd

Reconciliation between operating leasing obligations in accordance with IAS 17 and leasing liability in accordance with IFRS 16.	
Operating lease commitments as of December 31, 2018	199
Effect of present value calculation	-86
Nominal value of extension periods *	917
Reported lease debt as of January 1, 2019	1,030

* The premises rent contract runs for a period of 6 months at a time. The company has adopted an extension period of 36 months.

Amounts recognized in profit or loss	12/31/2019
Depreciation of right of use assets lease	343
Interest expenses for leasing liabilities	45
Costs attributable to low value lease agreements	156

The total cash flow for leasing contracts in 2019 amounted to SEK 372,000.

Leasing contract	Group 12/31/2018	Parent company 12/31/2018
Cost of the year	554	554
Maturities:		
Within one year	199	199
Between one and five years	-	-
After more than five years	-	-

NOTE 11 NUMBER OF EMPLOYEES, SALARIES, OTHER BENEFITS AND SOCIAL SECURITY CONTRIBUTIONS

Average number of employees	2019 No. of employees	2019 Of which no. of men	2017 No. of employees	2017 Of which no. of men
Parent company, Sweden	9	5	9	5
Subsidiary, Taiwan	-	-	-	-
Total, group	**9**	**5**	**9**	**5**

NOTE 11 NUMBER OF EMPLOYEES, SALARIES, OTHER BENEFITS AND SOCIAL SECURITY CONTRIBUTIONS, cont'd

Division of senior executives on reporting date	Group 31 Dec. '19	Group 31 Dec. '18	Parent company 31 Dec. '19	Parent company 31 Dec. '18
Board members	8	7	5	4
of which men:	*6*	*5*	*4*	*3*
Other employees in management, incl. CEO	5	5	5	5
of which men:	*4*	*4*	*4*	*4*
Total	**13**	**12**	**10**	**9**

Pensions

The group's and parent company's expense for defined contribution pension plans is SEK 1,600,000 (1,558,000).

Remuneration to senior executives and employees

Guidelines for remuneration for senior executives

The AGM 2019 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 (CEO), 20 percent (management team), 10% (key individuals) of basic annual salary, and a total maximum of SEK 2,300,000 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 (CEO), 10% (management team), 5% (key individuals) and a total of maximum SEK 1,150,000. 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 25 April 2019 were charged to profit or loss for 2019.

NOTE 11 NUMBER OF EMPLOYEES, SALARIES, OTHER BENEFITS AND SOCIAL SECURITY CONTRIBUTIONS, cont'd

Salaries and benefits for the year – group and parent company	Board & CEO	2019 Other	Board & CEO	2018 Other
Parent company	4,138	6,898	3,525	7,044
Subsidiary	-	-	-	-
Total	**4,138**	**6,898**	**3,525**	**7,044**

Social security costs and pension costs	Board & CEO	Other	Board & CEO	Other
Parent company				
Pension cost	473	1,126	461	1,097
Other socieal security costs	1,410	2,420	1,216	2,468
Subsidiary				
Pension cost	-	-	-	-
Other socieal security costs	-	-	-	-
Total	**1,883**	**3,546**	**1,677**	**3,565**

Salaries and benefits for the year Group and parent company 2019	Directors' fee	Basic salary	Variable remuneration	Pension expense	Other benefits	Social Security contributions	Total
David Laskow Pooley, Chair	407	-	-	-	-	128	534
David Bejker, Board member	317	-	-	-	-	99	416
Denise Goode, Board member,	287	-	-	-	-	90	377
Magnus Persson, Board member, April-December	200	-	-	-	-	63	263
Jan Törnell, Board member	287	-	-	-	-	90	377
Total, Board	**1,497**	**-**	**-**	**-**	**-**	**470**	**1,967**
Erik Kinnman, CEO		2,185	441	473	15	940	4,054
Other senior executives (CSO 40%, CFO 100%, CMO 100%, VP Bussines Development 100%)		3,525	357	768	36	1,406	6,092
Total CEO and other senior executives	**-**	**5,710**	**798**	**1,241**	**51**	**2,346**	**10,146**
Total	**1,497**	**5,710**	**798**	**1,241**	**51**	**2,816**	**12,113**

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 November-December	327	-	-	-	-	103	430
Marcus Keep, Board member, January-April	50	-	-	-	-	16	66
David Bejker, Board member	250	-	-	-	-	79	329
Denise Goode, Board member	213	-	-	-	-	67	280
Jan Törnell, Board member	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**

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 25 April 2019 resolution.

Other senior executives:
There are four other senior executives during the period of January to December 2019. The amount stated in the basic salary column corresponding to 3.4 (3.4) full-time equivalents for 2019.

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 mileage allowance and compensation, to Eskil Elmér and Magnus Hansson, within the framework of agreement for mitochondrial energy regulation projects, for 2019. The amount of other benefits includes mileage allowance for 2018. Compensation to related parties, within the framework of the agreement for mitochondrial energy regulation projects, is reported as Other external costs 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	
	2019	2018	2019	2018
Exchange rate gains	-	407	-	400
Total financial income	**-**	**407**	**-**	**400**

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

NOTE 13 FINANCIAL COSTS

	Group		Parent company	
	2019	2018	2019	2018
Interest costs	-1	602	-1	602
Exchange rate loss	-45	5	-	-
Total financial costs	**-46**	**607**	**-1**	**602**

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

NOTE 14 TAX

Tax for the year	Group		Parent company	
	2019	2018	2019	2018
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:

NOTE 14 TAX, cont'd

Tax for the year	Group		Parent company	
	2019	2018	2019	2018
Profit/loss before tax	**-77,000**	**-73,494**	**-76,947**	**-73,226**
Tax revenue for the year				
Tax computed at Swedish tax rate	16,478	16,169	16,467	16,110
Tax effect of non-deductible expenses	-22	-22	-22	-22
Tax effect of non-taxable revenues			-	-
Tax effect operations/impairment shares in subsidary	-	-	-	-
Tax effect divest business/shares in subsidary	-	-	-	-
Tax effect of deductible expenses and taxable revenues reported directly against equity	4,165	3,149	4,165	3,149
Difference in tax rates between Sweden and foreign subsidiary	-36	-33	-	-
Tax effect of deficits for which no deferred tax receivable is reported	-20,585	-19,263	-20,610	-19,237
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	Koncernen		Moderföretaget	
	31 Dec. '19	31 Dec. '18	31 Dec. '19	31 Dec. '18
Loss carry-forwards for which no deferred tax receivable has been recognized	544,635	448,273	518,809	422,500
Total loss carry-forwards	**544,635**	**448,273**	**518,809**	**422,500**

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	
	2019	2018
Profit/loss for the year attributable to equity holders of the parent (SEK)	-76,993,700	-68,372,764
Weighted average number of ordinary shares before dilution	171,575,031	78,499,813
Basic earnings per share, SEK	**-0.45**	**-0.87**

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	
	2019	2018	2019	2018
Opening cost	51,706	51,941	51,706	51,706
Capitalized expenditure for the year	-	-	-	-
Sales	-	-235	-	-
Closing accumulated cost	51,706	51,706	51,706	51,706
	-	-	-	-
Closing carrying amount	**51,706**	**51,706**	**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 55.

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 23% (24.1).

The total amount of expenditure for research and development expensed during the year was SEK 45,093,000 (37,922,000). Illustration on page 12.

NOTE 17 PATENTS

	Group		Parent company	
	2019	2018	2019	2018
Opening cost	29,107	28,405	29,107	28,405
Purchases during the year	3,172	3,791	3,172	3,791
Impairment patent Toxphos	-	-3,089	-	-3,089
Closing accumulated cost	**32,279**	**29,107**	**32,279**	**29,107**
	-	-	-	-
Opening amortization	-8,986	-7,778	-8,986	-7,778
Amortization for the year*	-1,792	-1,675	-1,792	-1,675
Impairment	-	467	-	467
Closing accumulated amortization	**-10,778**	**-8,986**	**-10,778**	**-8,986**
	-	-	-	-
Closing carrying amount	**21,501**	**20,121**	**21,501**	**20,121**

* 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 55) and depreciation is reported as amortization of intangible assets.

NOTE 18 OTHER INTAGIBLE ASSETS

	Group		Parent company	
	2019	2018	2019	2018
Opening cost	2,864	2,864	2,820	2,820
Purchases during the year	-	-	-	-
Closing accumulated cost	**2,864**	**2,864**	**2,820**	**2,820**
Opening amortization	-1,251	-1,117	-1,208	-1,074
Amortization for the year	-134	-134	-134	-134
Closing accumulated amortization	**-1,385**	**-1,251**	**-1,342**	**-1,208**
Closing carrying amount	**1,479**	**1,613**	**1,479**	**1,613**

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	
	2019	2018	2019	2018
Opening cost	1,410	1,328	1,410	1,328
Purchases during the year	69	82	69	82
Disposal	-18	-	-18	-
Closing accumulated cost	**1,461**	**1,410**	**1,461**	**1,410**
	-	-	-	-
Opening depreciation	-1,270	-1,166	-1,270	-1,166
Depreciation for the year	-110	-104	-110	-104
Disposal	18	-	18	-
Closing accumulated depreciation	**-1,362**	**-1,270**	**-1,362**	**-1,270**
	-	-	-	-
Closing carrying amount	**99**	**140**	**99**	**140**

NOTE 20 RIGHT OF USE ASSETS LEASE

	Group		Parent company	
	2019	2018	2019	2018
Opening cost	1,030	-	-	-
Purchases during the year	-	-	-	-
Closing accumulated cost	**1,030**	**-**	**-**	**-**
	-	-	-	-
Opening depreciation	-	-	-	-
Depreciation for the year	-343	-	-	-
Closing accumulated depreciation	**-343**	**-**	**-**	**-**
	-	-	-	-
Closing carrying amount	**687**	**-**	**-**	**-**

For further information regarding the transition to IFRS 16 Leasing agreements, please see Note 2 Significant accounting principles and Note 10 Leasing agreements.

NOTE 21 PARTICIPATIONS IN SUBSIDIARIES

	Parent company	
	2019	2018
Opening cost	23,625	23,625
Closing cost	**23,625**	**23,625**

Subsidiaries

	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 5,000 (11,000). The subsidiary, NeuroVive Pharmaceutical Asia Ltd., holds the Asian territorial licensing rights for NeuroSTAT and the agreements with the Chinese pharmaceutical company Sihuan Pharmaceutical and Sanofi Korea. 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 was impaired during 2018.

Summary, Balance Sheet	**2019**	**2018**
Intangible assets	-	-
Current assets	3	3
Cash and bank balances	47	80
Total assets	**50**	**83**
Current liabilities	19	19
Total liabilities	**19**	**19**
Net assets	**31**	**64**

Summary, earnings and comprehensive income	**2019**	**2018**
Revenue	-	-
Net profit for the year	-36	-33
Comprehensive income for the year	**-36**	**-33**
Total comprehensive income attributable to non-controlling holdings	**-6**	**-6**

Summary Cash Flow Statement	**2019**	**2018**
Cash flow from operating activities	-	
Cash flow from operating activities	-35	-37
Interest received	-	8
Interest paid	-	-4
Income tax paid	-	-
Internal group transactions	-	-
Cash flow from operating activities	**-35**	**-33**
Cash flow from investing activities	**-**	**-**
Cash flow from financing activities	**-**	**-**
Change in cash and cash equivalents	**-35**	**-32**
Cash and cash equivalents at beginning of year	80	108
Exchange rate difference in cash and cash equivalents	2	4
Cash and cash equivalents at end of year	**47**	**80**

NOT 22 OTHER LONG-TERM SECURITIES

	Group		Parent company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Isomerase Therapeutics	13,101	13,101	13,101	13,101
Summa	**13,101**	**13,101**	**13,101**	**13,101**

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. NeuroVive does not have any influence in the company, neither a significant nor a joint influence. 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. 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. According to the acquisition agreement, NeuroVive held the right to acquire 42,222 shares in Isomerase on two occasions. NeuroVive completed the first acquisition on January 13, 2016 and the second acquisition on August 15, 2016. Payment of the first acquisition was made through the issue of 738,533 new shares in the Company and payment of the second acquisition was paid by cash payment of GBP 550,000. NeuroVive thus owns 84,444 shares in Isomerase, which corresponds to approximately 10 per cent of the total number of shares in Isomerase. NeuroVive 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 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 23 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent company	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Other prepaid expenses	459	1,244	459	1,244
Total	**459**	**1,244**	**459**	**1,244**

NOTE 24 CASH AND CASH EQUIVALENTS/CASH AND BANK BALANCES

	Group		Parent company	
	12/31/2019	31 Dec. 17	31 Dec. 18	31 Dec. 17
Cash and bank balances	58,319	25,951	58,272	25,871
Tota	**58,319**	**25,951**	**58,272**	**25,871**

NOTE 25 SHARE CAPITAL

		Parent company and group	
	No. of shares	Quotient value, SEK	Share capital, SEK
Opening share capital, 1 Jan. 2017	52,326,197	0.05	2,616,310
New share issue	39,370,879	0.05	1,968,544
Closing share capital, 31 Dec. 2017	**91,697,076**	**0.05**	**4,584,854**
Opening share capital, 1 Jan. 2018	91,697,076	0.05	4,584,854
New share issue	94,255,515	0.05	4,712,776
Closing share capital, 31 Dec. 2018	**185,952,591**	**0.05**	**9,297,629**

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 73,357,661 shares raising a total of SEK 81,848,752.17 (after issue expenses of SEK 17,084,090.18) was completed in February 2019. The new issue increased share capital by SEK 3,667,883.05 with the remaining amount of SEK 78,180,869.12 recognized against other paid-up capital/share premium reserve. A rights issue of 20,897,854 shares raising a total of SEK 25,931,307.90 (after issue expenses of SEK 2,280,795.00) was completed in March 2019. The rights issue increased share capital by SEK 1,044,892.70 with the remaining amount of SEK 24,886,415.20 recognized against other paid-up capital/share premium reserve.

NOTE 25 SHARE CAPITAL, cont'd

Allocation Retained Earnings (SEK)	
Share premium reserv	103,067,283
Ackumulated profit/loss	100,026,163
Profit/loss for the year	-76,947,418
Total	**126,146,028**

The Board of Directors proposes that unappropriated retained earnings of SEK 126,146,028 be carried forward. Accordingly, no dividend is proposed.

NOTE 26 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 February 2019, and March 2019, increased other paid-up capital by SEK 103,067,284 (62,687,040) after deducting issue expenses of SEK 19,464,885 (14,313,397).

NOTE 27 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 28 RETAINED EARNINGS – GROUP

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

NOTE 29 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent company	
	31 Dec. 19	31 Dec. 18	31 Dec. 19	31 Dec. 18
Accrued salary including social security contributions	1,280	1,511	1,280	1,511
Accrued vacation pay liability including social security contributions	1,514	870	1,514	870
Accrued Directors' fees incl. social security contributions	379	226	379	226
Accrued pension expenses	410	400	410	400
Other accrued expenses	1,708	4,320	1,689	4,302
Total	**5,291**	**7,326**	**5,273**	**7,308**

NOTE 30 PLEDGED ASSETS AND CONTINGENT LIABILITIES

The Company has no pledged assets or contingent liabilities.

NOTE 31 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. Disclosures on transactions between the group and other related parties are presented below.

During 2019 compensation based on sales has been paid under the agreement, in relation to mitochondrial energy regulation projects, with the Research Group at Lund University, which includes CSO Eskil Elmér and CMO Magnus Hansson. A part from compensation within the framework of the agreement for mitochondrial energy regulation projects, and remuneration to senior executives, no transactions with related parties have occured. During 2018 there has been no purchases or sales between the group and related parties. Disclosures on remuneration of senior executives and other related parties are presented in note 11.

The company has no outstanding receivables from, or liabilities to, related parties.

NOTE 32 DIVIDEND

No dividend was paid in 2019 or 2018. No dividend will be proposed to the AGM on 20 May, 2020.

NOTE 33 ADOPTION OF FINANCIAL STATEMENTS

These consolidated accounts and annual accounts were adopted by the Board of Directors for issuance on 22 april 2020.

NOTE 34 POST-BALANCE SHEET EVENTS

Discovery Project

COVID-19
NeuroVive announced that the overall work on the company's study program is continuing and the company reports on the preparations being made to minimize delays in its various projects and other activities, in light of the impact of COVID-19. For futher information please see page 26.

NeuroSTAT
NeuroVive Pharmaceutical AB announced that it intends to initiate a process with the aim to transfer the rights to develop and commercialize its NeuroSTAT program into a new company based in the US. The effort is in line with NeuroVive's strategy to focus its resources on its primary mitochondrial disease (PMD) projects, KL1333 and NV354. The process will start immediately with the plan to, subject to funding, establish the new company (NewCo) during the second half of 2020

NOTE 34 POST-BALANCE SHEET EVENTS, cont'd

Other

Rights issue
The Extraordinary General Meeting has resolved to approve the Board of Directors decision of 19 February 2020 to increase the company's share capital by a maximum of SEK 4,648,814.75 by issue a maximum of 92,976,295 new shares with preferential rights for existing shareholders.

The Rights issue is covered by subscription and guarantee commitments corresponding to 90 percent of the share issue and upon full subscription, the Company will receive approximately MSEK 74 before issue costs. The right to subscribe for shares in the Rights issue shall accrue to the Company's shareholders, whereby each existing share in NeuroVive entitles to one (1) subscription right. Two (2) subscription rights entitle to subscription of one (1) new share. The record date for participation in the Rights issue was April 1, 2020 and the subscription period runs during the period April 6 to April 24, 2020. The last day for trading in NeuroVive's share including the right to participate in the Rights issue was March 30, 2020. Trading in subscription rights will take place on Nasdaq Stockholm during the period April 6 to April 22, 2020.

As a consequence of the Directed Issue, see below, the subscription period in the ongoing rights issue will be extended until April 29, 2020.

Directed issue
On April 22 2020 it was announced that NeuroVive makes a MSEK 20 directed share issue to leading Nordic life science investor Hadean Ventures. The Board of Directors of NeuroVive has entered into an investment undertaking and decided to issue, in aggregate, up to 27,892,888 shares to Hadean Capital I AS and HVentures Capital I AB, investment funds managed by Hadean Ventures. In total, the Directed Issue is intended to raise around MSEK 20 before transaction costs. The Board of Directors' decision to issue shares is based on the authorization given at the Annual General Meeting held on April 25, 2019. The maximum price in the Directed Issue is SEK 0.75 SEK. Should the volume weighted average price during the period June 1 to June 12, 2020 ("VWAP"), be lower than SEK 0.75 and greater than or equal to SEK 0.70, the price in the Directed Issue shall be equal to such volume weighted average price ("VWAP"). The Directed Issue is conditional upon on the VWAP not being less than SEK 0.70, unless the investors in their own discretion would agree to pay SEK 0.70 per share. Furthermore, the investment undertaking is also conditional on the Company's rights issue of approximately MSEK 74 resolved by the Board of Directors of the Company on February 19, 2020 being subscribed and paid by no less than 90 percent of the total amount of the rights issue and that one person representing the investors is elected as member of the Board of Directors of the Company at an General Meeting held on or prior to June 15, 2020. Subscription is expected to be executed on June 15, 2020. If the price-related condition for the Directed Issue is not fulfilled, NeuroVive and Hadean Ventures intend to renegotiate with the aim of finding a transaction structure suitable to the prevailing market conditions. As a consequence of the Directed Issue, the subscription period in the ongoing rights issue will be extended until April 29, 2020.

For further information, please see Statutory Administration Report, page 22.

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 May 20, 2020 for adoption.

Lund April 22, 2020

David Laskow-Pooley
Chair of the Board

David Bejker
Board member

Denise Goode
Board member

Magnus Persson
Board member

Jan Törnell
Board member

Erik Kinnman
CEO

Our Audit Report was presented on April 23, 2020

Mazars SET Revisionsbyrå AB

Michael Olsson
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 2019 except for the corporate governance statement on pages 30-40. The annual accounts and consolidated accounts of the company are included on pages 11-69 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 31 December 2019 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 31 December 2019 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. Our opinions do not cover the corporate governance statement on pages 30-40. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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 Company'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.

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

Our audit has included, but not been limited to, the following areas: examination of supporting documents for expensed as well as capitalized development and patent expenditure, examination and assessment of the company's internal controls for expenditure allocation / classification, examination and assessment of procedures for impairment testing, examination and assessment of the significant factors that the impairment tests are based on and examination and assessment of the information given in the notes to the financial statements.

Funding

The Company describes and informs about this area in the Directors' Report, page 24, in this annual report.

Description of key audit matter

The Company's development activities require funding. Cash and cash equivalents amounted to SEK 58 million at December 31st, 2019. In February 2020, the Board decided to perform a preferential rights issue which was approved by an Extraordinary General Meeting in March 2020. The rights issue is guaranteed to 90%. The rights issue will, fully subscribed, generate SEK 74 million before issue costs.

How the area has been considered in the audit

Our audit has included, but not been limited to, the following areas: examination and evaluation of the actions taken by the Company to ensure the Company's future funding through the preferential rights issue and review and evaluation of the Company's assessment of funding requirement to ensure going concern for the next 12 months.

Contingent liability as a result of ongoing dispute

The Company describes and informs about this area in the Directors' Report, page 22, in this annual report.

Description of key audit matter
The company has been involved in a legal process with CicloMulsion AG regarding royalty on future revenues on certain development projects. In December 2019 the Company and CicloMulsion have reached a settlement agreement whereby Neurovive will not make any payments to CicloMulsion related to the demands that have been made. The arbitration has been concluded and each party will bear is own costs pertaining to the arbitration.

How the area has been considered in the audit
Our audit has included, but not been limited to, the following areas: examination and evaluation of the settlement agreement and examination and evaluation of the information in the annual report related to the area.

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 2-10. 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 I 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 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 scepticism 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 2019 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 scepticism 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.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 30-40 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Mazars AB was appointed auditors of NeuroVive Pharmaceutical AB (Publ) by the general meeting of the shareholders on April 28, 2016 and has been the Company's auditor since June 8, 2012.

Stockholm, April 23, 2020
Mazars AB

Michael Olsson
Authorized Public Accountant

Definitions alternative performance measures

Alternative Performance Measures (APM) are key figures not defined in financial reports prepared according to IFRS. Of the below key figures, only the key figure Earnings per share before and after dilution is mandatory and defined according to IFRS. Of the other key figures, net sales, earnings per share before and after dilution, cash flow from operating activities and cash flow for the period are defined according to IFRS.

The following key figures are used:	Definition	Reason for use
Net revenues	Revenue from goods and services sold that are part of the company's normal operations	
Other operating income	Income from secondary activities in ordinary activities such as grants received	
Operating income	Net sales and other revenues minus expenses for other external costs, personnel costs, depreciation and impairment and other expenses	Measures the result in the operations
Profi/loss before tax	Operating income after profit/loss from finacial items and allocations	Measures the result in the business after profit/loss from financial items and allocations
Earnings per share before dilution (SEK) based on average number of shares	Profit/loss for the period divided by avarage number of shares before dilution at the end of the period	
Earnings per share after dilution (SEK) based on average number of shares	Profit/loss for the period divided by avarage number of shares after dilution at the end of the period	
Cash flow from operating activities	Cash flow from operating activities, including cash flow from working capital, ie changes in current liabilities and current receivables	Measures total cash flow generated in the business
Cash flow for the period	The company's total cash flow from operating activities, investment activities and financing activities	Measures total cash flow generated in the business including investment activities and financing activities
Average number of shares before and after dilution	Average number of shares before and after dilution	Measures the average number of shares during the period before and after dilution. As the Group's earnings are negative, there is no dilution
Equity Ratio %	Eget kapital i procent av balansomslutningen	Shows how much of the company's assets are financed with equity and shows the company's ability to pay
Liquidity Ratio (%)	Current assets divided by current liabilities	Shows on the company's short-term ability to pay

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.

MIDD
Maternally Inherited Diabetes and Deafness.

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.

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.

2017
- 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.
- 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.

2018
- 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.
- NeuroVive´s KL1333 received FDA Orphan Drug designation for treatment of mitochondrial diseases.
- 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.
- 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 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
- 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 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.

2019

February

- NeuroVive announced the outcome of the preferential rights issue of shares, approved at the Extraordinary General Meeting on January 17, 2019. The Rights Issue has been subscribed to approximately MSEK 74.5, corresponding to a subscription ratio of approximately 60.2 percent, which meant that approximately 19.8 percent of the total volume of the Rights Issue was allocated to guarantors. Through the Rights Issue, NeuroVive thus raised approximately MSEK 99.0 before issue expenses.

March

- The company successfully conducted a directed new issue of shares, which raised proceeds to NeuroVive of SEK 28.2 million before issue costs. These proceeds will be used primarily to accelerate clinical development activities.
- The first healthy volunteer in the company's KL1333 phase Ia/b study was screened and will be enrolled into the study. First subject first visit in NeuroVive's KL1333 phase Ia/b study was completed on 18 March 2019. The main aim of this second clinical KL1333 study is to further examine the safety profile of KL1333 and how the drug is metabolized following multiple doses in healthy volunteers and genetic mitochondrial disease patients. In addition, possible efficacy endpoints will be explored.

April

- NeuroVive announced that the Supreme Court had delivered its ruling concerning arbitration between NeuroVive and CicloMulsion AG. After the Scania and Blekinge Court of Appeal had set aside the arbitration award in January 2018, NeuroVive appealed to the Supreme Court on certain points. The Supreme Court rejected the appeal. This meant that the arbitration award was ultimately set aside on these points, and that CicloMulsion can again have its claims examined in an arbitration process. Through the ruling from the Supreme Court, NeuroVive has also been ordered to compensate CicloMulsion's court costs of SEK 531,899 and EUR 20,187 for the Supreme Court.

May

- The US Food and Drug Administration, FDA, approved NeuroVive's IND (Investigational New Drug) application, enabling clinical studies in the US with the company's drug candidate NeuroSTAT in development for treatment of moderate to severe traumatic brain injury, TBI.

July

- The company initiated the second part in its ongoing Phase Ia/b clinical study with KL1333, NeuroVive's candidate drug for chronic treatment of genetic mitochondrial diseases, following successful completion of the first part. The first cohort of the study, in which the effect of food intake on the uptake of KL1333 after a single dose was assessed in healthy volunteers, had been successfully completed. Based on the review of that data it was decided to continue the second part of the study, where multiple ascending doses in healthy volunteers are evaluated.
- The company's candidate drug NeuroSTAT, in development for treatment of moderate to severe traumatic brain injury, TBI, received Fast Track designation from the US Food and Drug Administration, FDA, facilitating its clinical development and path forwards to market.

October

- NeuroVive held a Capital Markets Day for analysts, investors and media. The program included an overview of the company's operations and strategy with deeper descriptions of the key projects, the company's external collaborations and the regulatory path towards market approval. Furthermore, an overview was made of the commercial potential of the projects as well as the progress of business development work.

December

- The Comapny announced that it has fully and finally settled the dispute with CicloMulsion AG regarding certain pharmaceutical technology. NeuroVive and CicloMulsion AG have now fully and finally settled the dispute. The settlement meant that NeuroVive shall not make any payments to CicloMulsion for the claims made in the arbitration. The ownership of the technology shall remain with NeuroVive, who shall thus have exclusive rights thereto, and NeuroVive shall not be liable for any future royalties relating to the technology. The arbitration shall be terminated, and each party shall bear its own costs in the arbitration.
- NeuroVive announced the completed recruitment of healthy volunteers in the second part of the company's ongoing Phase Ia/b clinical study with candidate drug KL1333, in development for chronic oral treatment of primary mitochondrial disease.

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