NeuroVive
PHARMACEUTICAL

Focused on widespread diseases for early out-licensing and development of orphan indications all the way to the market.

NVP015 highlighted in *Nature Communications*. This shows that NeuroVive is on the forefront of research.

NeuroVive's share upgraded for trading on the US market place OTCQX.

ANNUAL REPORT
2016

About NeuroVive

NeuroVive Pharmaceutical AB is a leader in mitochondrial medicine. The company is committed to the discovery and development of targeted drug candidates that preserve mitochondrial integrity and function in areas of unmet medical need.

The company's strategy is to take drugs for rare diseases through clinical development and into the market. The strategy for projects within larger indications outside the core focus area is out-licensing in the preclinical phase.

What is mitochondrial medicine?

Mitochondrial medicine is an area that spans from cell protection in acute or chronic disease conditions to the regulation of energy production and cell proliferation. The mitochondria can be considered as the engine and energy source of cells. The mitochondria give us the amount of energy we need to move, grow and think. NeuroVive's project portfolio encompass a broad platform of cyclophilin inhibitors that mediate organ protection through the increase of mitochondria's resistance to various types of stress conditions and through decreasing fibrosis development.

NeuroVive has several projects where mitochondrial energy regulation is in focus, both in genetic mitochondrial diseases and more common metabolic diseases such as NASH. In addition, NeuroVive has a liver cancer project where the Company is developing a novel treatment strategy for these types of diseases.

Trademarks

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.

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2016 in brief

Dual business model
with a focus on early phase projects for out-licensing at the pre-clinical phase and the development of orphan drug projects all the way to the market

Collaboration agreements
Traumatic brain injury research collaboration with University of Pennsylvania. Ten percent acquisition of the shares in Isomerase Therapeutics which strengthens the existing collaboration.

Licensing agreement termination
The licensing agreement with Arbutus Biopharma (former OnCore Biopharma Inc.) was terminated and all rights and produced drug compound NV556 were returned to NeuroVive.

Scientific publications
NVP015 was highlighted in Nature Communications. This shows that NeuroVive is on the forefront of research.

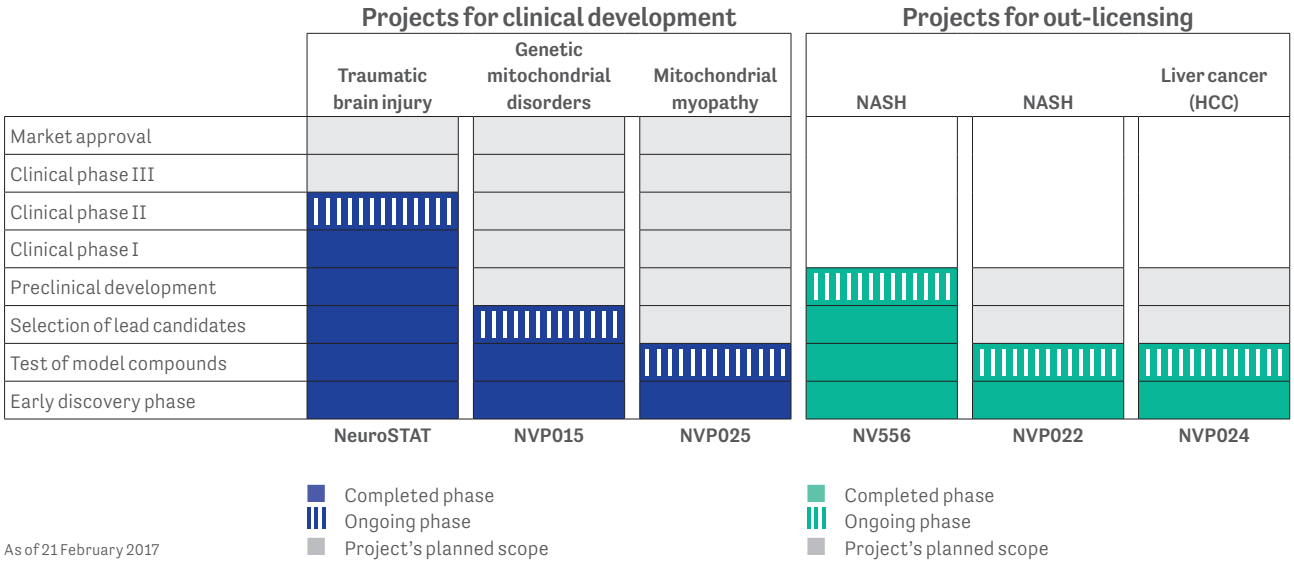
Project portfolio
The NV556 compound was shown to inhibit fibrosis development in an experimental model of NASH (non-alcoholic steatohepatitis). The aim is to out-license the project in the pre-clinical phase.

Clinical results
The phase II study showed that CicloMulsion® does not protect against acute kidney injury (AKI) during heart surgery when a heart-lung machine is used and the project development was discontinued.

Financing
NeuroVive performed a rights issue which was fully subscribed to 100.4 percent and provided the Company with 77 million SEK after issue expenses.

Market places
NeuroVive's share was upgraded for trading on the US market place OTCQX. The upgrading is part of the strategy to increase presence in the US and to strengthen investors' and partners' knowledge about the company.

Organization
Erik Kinnman was appointed as the new CEO. The management team was strengthened with Cecilia Hofvander, Director IR & Communications. The R&D department was strengthend with Matilda Hugerth (clinic) and Michele Tavecchio (preclinical).



As of 21 February 2017

Comments from NeuroVive's CEO, Erik Kinnman

An exciting and eventful year

2016 was a year of progress for several new and important projects in NeuroVive's field of expertise – mitochondrial medicine. The project portfolio has now been expanded to include widespread diseases such as fatty liver and cancer. These will be developed for out-licensing at the preclinical phase. When developing projects from clinic to market, NeuroVive is focused on rare diseases. During the autumn, the results of the CiPRICS clinical trial showed no renal protective effects. Development of the CicloMulsion candidate drug for acute kidney injury was subsequently terminated.

Successful NASH and cancer projects paving the way for out-licensing

During the autumn, we announced positive data for NV556 in an experimental model of NASH (fatty liver hepatitis), and presented our new business model. In early 2017, we were also able to inform about our efforts in cancer, when we presented positive data for our sanglifehrin-based compounds in an experimental model of liver cancer. Both liver cancer and NASH hold huge commercial potential, and if continued preclinical studies confirm our present findings, the plan is to initiate concrete out-licensing activities for the NASH project by the second half of 2017.

New business model creates value and spreads risks

The NASH and cancer projects are both in line with the company's new dual business model in mitochondrial medicine. The business model brings a broader and accelerated focus on projects for common diseases with significant unmet medical needs and high commercial potential, where the goal is to out-license in the preclinical phase. The business model also means that NeuroVive will be leading orphan indication projects – such as TBI and genetic mitochondrial disorders – all the way to marketing authorization. Overall, this means that we have several projects in our portfolio with the potential to create value as well as providing revenue streams in the near future. We are also spreading our risks in the portfolio. We have also decided to redirect research resources to the Parent Company and divest the Taiwan-based subsidiary, which is totally in line with the new business strategy and enables a greater focus on further development of the company's project portfolio.

Progress in the genetic mitochondrial disease project

Our NVP015 discovery project also developed favorably during the year. At the end of summer in 2016, the project attracted attention due to a publication in Nature Communications, one of the most prestigious scientific journals in the world. A publication in Nature Communications requires the highest quality research and is proof that we are really on the forefront of mitochondrial medicine. The journal reaches many authorities in the field, and the publication enables us to attract and link up with other experienced and knowledgeable experts in the area. The project is focused on boosting energy production in Complex I dysfunction, primarily in children with genetic mitochondrial disorders. The most promising compounds in the project are currently being tested in various experimental models. This optimization process is expected to continue for most of the year, leading to the selection of a lead candidate in the second half of 2017. A new mitochondrial myopathies project also commenced in early 2017, in which NV556 will be used as a model compound in an experimental study in partnership with Karolinska University Hospital.

Well conducted clinical trial did not demonstrate the expected effect

In autumn 2016, we announced that the CiPRICS Phase II trial had failed to achieve its goal of preventing acute kidney injury (AKI) in patients undergoing open heart surgery. CiPRICS was conducted in an exemplary manner by a team led by Associate Professor Henrik Bjursten at Skåne University Hospital and we are very satisfied with this rewarding partnership. The trial confirmed the effectiveness of how NeuroVive works with partners, using a network model for early-phase clinical research projects. Due to the outcome of the trial, it was decided to discontinue all further development of CicloMulsion for AKI, and we reallocated the resources to the company's other development projects instead. This – combined with termination of the license agreement with Arbutus Biopharma (formerly known as OnCore Biopharma, Inc.) and transfer of the drug product materials to NeuroVive – has allowed the company to focus more on the development of the early-phase projects.

Financing is a sign of confidence

To improve our access to capital, and thereby ensure the continued strength of our research and development programs, NeuroVive conducted a rights issue in spring 2016. When I was appointed CEO in March, my first task was to ensure a successful completion of the issue. I experienced a very positive response and a great deal of respect from our stakeholders throughout the capital-raising process. The issue was fully subscribed and raised SEK 77 million for the company after issue expenses. In early June, NeuroVive's share was upgraded from OTC Pink to being traded on OTCQX Best Market in the US. The upgrade will also improve our access to, and visibility for, US investors and potential partners, which

is in line with our strategy to increase our presence in the US and thus expand our shareholder base with additional well-capitalized international owners. To follow up the listing, I also traveled to the US several times to meet our current and prospective investors. I have noted a genuine interest in the company and our unique core expertise in mitochondrial medicine – not only from investors, but also from potential partners for our early-phase development projects.

Strong partnerships lead to innovative and cost-efficient development

Our partnership with the University of Pennsylvania (Penn) is important for NeuroVive since the research teams at Penn and the Children's Hospital of Philadelphia (CHOP) are leaders in the research related to our important traumatic brain injury (TBI) and congenital mitochondrial disorders projects. Through these partnerships with Penn and CHOP, NeuroVive has acquired access to unique experimental models for studying the efficacy of the NeuroSTAT drug candidate for TBI, and NVP015 for congenital mitochondrial disorders.

Our partnership with the UK development and research company Isomerase Therapeutics in Cambridge is another collaboration that we value highly. We completed a partial acquisition of Isomerase in August 2016, which means that we now own 10% of the company. The partial acquisition brings the companies closer together, and is a key strategic investment for NeuroVive's future development. We are very satisfied with the development of our partnership over the years, and our research teams complement each other well. Typical examples are the recent positive developments in our projects for treating both NASH and liver cancer. These projects effectively combined NeuroVive's core expertise in mitochondrial medicine with Isomerase's cutting-edge expertise in innovative chemistry and production development.

Important results for the TBI project in the first half of 2017

In late spring 2016, we announced that NeuroVive and Penn had commenced a preclinical program for the TBI indication, enabling us to compare dosages and the blood and brain concentrations achieved in the experimental models with those obtained in the CHIC clinical trial. The program consists of three substudies that build on each other, and the final substudy is an efficacy study. The results will therefore be presented upon completion of the final substudy, which we expect to be this spring. These experimental data – combined with the ongoing CHIC safety and dosage trial at Copenhagen University Hospital (Rigshospitalet) in Denmark – will provide the basis for planning the continued clinical development program. Assuming a positive outcome, the next step will be a Phase II trial to study the efficacy of NeuroSTAT in TBI patients.

Despite the challenges, 2016 also brought many new opportunities. We now look forward to the continued expansion and development of the exciting research and development programs in our portfolio, thereby increasing the company's value for our shareholders. Finally, I would like to thank all of our shareholders for the confidence they have shown, and our employees and business partners for a job well done.

Erik Kinnman
CEO
March 2017

Strategy

Focus on drug development in mitochondrial medicine

NeuroVive is focused on research and development in mitochondrial medicine with the aim of helping patients for whom few, or no, treatment options are currently available.

Mitochondrial science to solve clinical needs

NeuroVive develops drugs in the field of mitochondrial medicine in which no effective treatment options are currently available. These include traumatic brain injury and congenital mitochondrial disorders.

NeuroVive's drug candidates are designed to protect vulnerable organs from post-traumatic cell death, and to treat mitochondrial disorders for which no treatment options are currently available.

This deep expertise in mitochondrial medicine has also benefitted the development of drug candidates targeting major diseases.

Dual business model for risk diversification

NeuroVive has a dual business model. The first component comprises projects for major indications with high commercial potential, such as NASH and liver cancer, for out-licensing at the preclinical phase. The second component comprises proprietary drug development for rare diseases with a major unmet medical need, such as traumatic brain injury and genetic mitochondrial disorders, where the company intends to take projects from clinical development to market. This will build the company's medium to long-term value.

Key elements of the company's business strategy are to:

- Create revenues in the form of milestone payments and royalty streams by out-licensing projects at the preclinical phase
- Limit costs by using external expertise and strong partnership agreements
- Build financial stamina through strong partners, and strong and active owners

Innovative and cost-efficient development of novel drugs

NeuroVive's strategy for novel drug development has three components:

- Proprietary research
- Collaborative development
- Commercial partnership

NeuroVive complements its own research and development with partnerships with other drug discovery and development companies, and academic institutions. NeuroVive is thus able to effectively identify, evaluate and develop potential drug candidates and gain access to additional cutting-edge expertise, with the support of a flexible and cost-efficient business model.

Drug development is a comprehensive and carefully controlled process, to ensure that drugs reaching the market are proven safe and have the intended effect.

In addition to self-financing the necessary development phases, NeuroVive also seeks external funding wherever possible, to make this process as cost-efficient as possible. The company is also open to joint arrangements with partners to finance development.

The company's positive relationships with academia and hospitals in Sweden as well as internationally are a key contributing factor for NeuroVive's cost-efficient development process.

Active IP strategy protect assets

A key aspect of NeuroVive's strategy is to protect its expertise with strong patents. The patent protection covers discoveries of chemical compounds, methods and production processes related to the company's operations in core markets. NeuroVive has built up its strong position in patents with strategically defined patent families, primarily in the fields of cyclosporine formulation, sanglifehrin-based compounds and other promising novel compounds in the portfolio. Patents and patent applications are mainly concentrated to the key commercial markets of Europe, the US and Asia.

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 2016 - 31 December 2016. The Company is registered in Sweden and has its registered office in Lund.

NeuroVive's project portfolio

A broad and strong project portfolio

In 2016, NeuroVive launched a dual business model. One component comprises projects for common diseases with high commercial potential for out-licensing at the preclinical phase. The other component consists of proprietary drug development for rare diseases with a major unmet medical need, where the company intends to take projects from clinical development to market.

Traumatic brain injury

An acute traumatic brain injury (TBI) causes immediate damage to nerve cells. The damage may also continue to worsen several days after the trauma, which often affects the overall severity of the injury. TBI patients are at risk of impairment within areas such as disrupted thoughts, emotions, language and sensory perceptions, and the ability to cope with everyday living on their own. Brain injuries can lead to many years of suffering and loss of productive life due to disability.

Congenital mitochondrial disorders

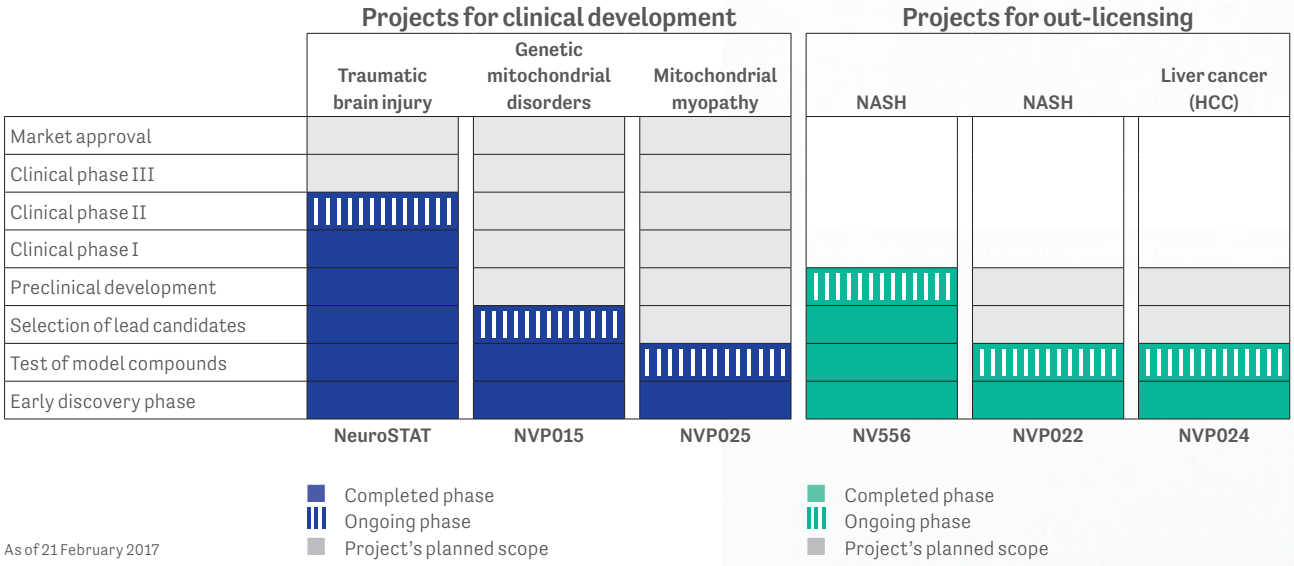
Congenital mitochondrial disorders are a group of diseases that are all attributable to mitochondrial dysfunction. All living cells contain mitochondria that serve as the powerhouse of the cell. When they do not function, a variety of symptoms can occur, including heart failure and rhythm disturbances, dementia, movement disorders, stroke-like episodes, deafness, blindness, droopy eyelids, limited mobility of the eyes, vomiting and seizures. The prognosis for these symptoms ranges in severity from progressive weakness to death. The diseases are caused by either genetic changes in mitochondrial DNA, or by nuclear DNA mutations.

Complex I dysfunction

A common cause of mitochondrial diseases relates to Complex I dysfunction, i.e. energy conversion in the first of the five protein complexes in the mitochondrion that are involved in effective energy conversion does not function normally. This is apparent in disorders including Leigh's Syndrome and MELAS, both of which are very serious diseases. The fatigue caused by mitochondrial disorders can worsen when the body needs more energy, such as during infections and fever. The deficient energy production can give rise to serious symptoms and necessitate intensive care, and there is currently no specific treatment to improve energy supply to the body's organs.

Mitochondrial myopathies

Mitochondrial myopathies are a group of neuromuscular diseases caused by congenital damage to the mitochondria, and include some of the most common genetic mitochondrial diseases. The symptoms of mitochondrial myopathies include muscle weakness, exercise intolerance and fatigue and are often associated with other symptoms of mitochondrial genetic disorders. There are currently few, or no, registered drugs that specifically target



As of 21 February 2017

these disorders. There is therefore a major unmet medical need for new and effective treatment options for mitochondrial myopathies.

NASH

Inflammation and excess fat in the liver are symptoms of non-alcoholic steatohepatitis (NASH), a condition that causes scarring of the liver which can lead to cirrhosis of the liver and liver cancer (hepatocellular carcinoma). There is a strong link between NASH and other metabolic disorders, such as diabetes and obesity. The disease is common all over the world and about 3-5% of all Americans (about 15 million people) suffer from NASH.[6] There are currently no registered treatment options available.

Liver cancer (HCC)

There are two major types of liver cancer: hepatocellular carcinoma (HCC) and intrahepatic bile duct cancer. Hepatitis virus infections (B and C), fatty liver, and both alcoholic and non-alcoholic steatohepatitis are risk factors for liver cancer. Although liver cancer is less common in northern Europe and the US, HCC is the sixth most-common type of cancer and the third most-common cause of cancer death in the world.[8,9]

Patent and trademark protection

A key aspect of NeuroVive's strategy is to protect its expertise with strong patents. Patent protection covers discoveries of chemical compounds, methods and production processes related to the company's operations in core markets. NeuroVive has built up its strong position in patents with strategically defined patent families, primarily in the fields of cyclosporine formulation, sanglifehrin-based compounds and other promising novel compounds in the portfolio. Patents and patent applications are mainly concentrated to the key commercial markets of Europe, the US and Asia.

In 2016, patent applications from three of the company's project areas were filed with the European Patent Office.

NeuroVive has registered the NeuroSTAT® and ToxPhos® trademarks and intends to also register some of the company's trademarks in other countries.

NeuroVive's traumatic brain injury (TBI) program

Medical problem

Traumatic brain injury (TBI) is caused by a violent blow to the head, resulting in immediate damage to nerve cells. The damage continues to worsen for several days after the trauma as more nerve cells are damaged due to the initial injury, which can have a significantly adverse effect on the overall injury severity. At present, there are no approved treatments for the prevention of these secondary injuries. A large number of patients suffer moderate to severe functional disabilities requiring intensive care and various forms of support. The direct health care costs are estimated to exceed SEK 7 billion annually.[1]

Treatment objective

Researchers at Lund University, including NeuroVive's CSO, have shown that NeuroSTAT's active ingredient, cyclosporine, has potent neuroprotective properties. By inhibiting the cyclophilin protein and thus stabilizing the energy-producing mitochondria, NeuroSTAT is expected to limit the extent of the brain injury. The hope is that better preventive therapies for secondary brain injury after TBI, such as NeuroSTAT, will lead to higher survival rates, and significantly improved quality of life and functional ability after injury.

Market potential

In the US and Europe, approximately three million people sustain a TBI every year. In the US, TBI is the leading cause of death or disability, contributing to about 30% of all injury-related deaths.[2] Traumatic brain injuries are thus a major disease burden on society, with a major unmet need for effective therapies. To the best of NeuroVive's knowledge, there is no drug currently available that can prevent the neurological or functional deficits after TBI.

Candidate drug: NeuroSTAT

NeuroSTAT is currently being evaluated in the Phase II CHIC trial (Copenhagen Head Injury Ciclosporin) at Copenhagen University Hospital in Denmark, where safety, NeuroSTAT's circulation in the body and passage to the brain are being studied for two different dosing regimens in patients with a severe TBI. NeuroSTAT's neuroprotective effects in traumatic brain injury, and the relation between efficacy and drug concentrations in the brain are also being assessed in an advanced experimental study at the University of Pennsylvania (Penn). The candidate drug NeuroSTAT has orphan drug designation in both Europe and the US.

Project status

Phase II Clinical Trial (CHIC)
The ongoing CHIC trial is open label, which means that all parties involved in the trial know which participants have been assigned which interventions. In addition to evaluating NeuroSTAT's safety and blood and cerebrospinal fluid pharmacokinetics, exploratory measurements will be carried out to evaluate the efficacy of NeuroSTAT at mitochondrial level, and how NeuroSTAT affects various biochemical processes after a brain injury.

Complementary study at Penn
The first two of three substudies, in total, have been successfully conducted and completed. Positive results from the first substudies show that NeuroSTAT crosses the blood-brain barrier and concentration levels in the blood and brain are achieved. The third and final substudy, in which the effects of NeuroSTAT in a TBI model will be studied, is planned to conclude in the first half of 2017.

Project costs for the continued clinical development of NeuroSTAT will mainly be financed by applying for grants from major international institutions or, alternatively, via commercial partners.

Milestones and objectives

Milestones 2016
- CHIC trial: During the year, an independent safety monitoring committee evaluated safety in the CHIC trial and recommended that the trial continue as planned.

Objectives for 2017
- Studies at Penn: Completion of the third substudy and presentation of the aggregated results.
- CHIC trial: The planned number of participants be included and the study outcome presented.

NeuroVive's congenital mitochondrial disorders program, NVP015

Medical problem

Primary mitochondrial disorders are congenital metabolic diseases that affect the ability of cells to convert energy. The disorders can manifest differently and are described as syndromes, depending on the combination of signs and symptoms. A common cause of mitochondrial disease relates to Complex I dysfunction, i.e. where energy conversion in the first of five protein complexes in the mitochondrion involved in effective energy conversion does not function normally. This has been observed in both Leigh syndrome and MELAS, two very serious diseases with symptoms including muscle weakness, epilepsy and other severe neurological effects. Mitochondrial disorders usually present at an early age and progressively worsen. Many organs and types of tissue can be affected. The fatigue caused by mitochondrial disorders can worsen when the body needs more energy, such as during infections and fever. The deficient energy production may cause severe symptoms and require intensive care, and no specific treatment is currently available to improve the supply of energy to the body's organs.

Treatment objective

The NVP015 project is based on a concept instigated by NeuroVive's CSO Dr. Eskil Elmér and his colleagues by 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 only activated when it enters the body through the transformation of its chemical structure. NeuroVive's energy regulators have been developed to meet increased energy needs during flare-ups, and designed to circumvent the most common metabolic defects. By relieving flare-ups and thereby limiting the organ damage caused by fatigue, complications associated with the disorders can be prevented.

Market potential

Just over 10 in every 100,000 people suffer from a mitochondrial disease. Mitochondrial disorders usually present in early childhood. A successful drug candidate from the NVP015 research program in mitochondrial medicine could qualify for orphan drug designation in the US and Europe during clinical development, enabling a faster and less costly route to market, and a higher price. In 2015, the orphan drug market amounted to USD 102 billion and in 2014, the average annual cost for the treatment of a single patient was an estimated USD 112,000 (just over SEK 1 million). At most, the annual cost of treatment for a single patient was just over USD 400,000 (about SEK 4 million).[3]

NVP015 compound library

NVP015 aims to develop a drug for energy regulation, for the specific, acute and intravenous treatment of cellular energy crisis. The objective is to develop an orphan drug for a range of relatively rare childhood diseases, and for the acute treatment of drug-induced mitochondrial dysfunction. There is also a potential use for large patient groups in which the body could benefit from extra energy production, such as during prolonged surgery or intensive care.

Project status

The NVP015 project is currently testing various model compounds. Earlier compounds are not suitable for studies in more complex experimental models or in vivo, since they lack sufficient plasma stability. To circumnavigate this situation, researchers at NeuroVive and Isomerase have developed a new series of succinate prodrugs with improved stability in the bloodstream. The most promising compounds from this series are currently being tested in various experimental models.

Milestones and objectives

Milestones 2016

- NVP015 was published in the third-highest ranked multidisciplinary science journal in the world, Nature Communications. In the article, the research team and its partners present the results of the new treatment strategy behind NVP015, in which succinic acid (succinate) is delivered to cells with Complex I dysfunction, a potentially novel approach to treatment for patients suffering from diseases caused by mitochondrial complex I dysfunction.

Milestones/objectives for 2017

- Preclinical collaboration agreement signed with the Children's Hospital of Philadelphia (CHOP) and Dr. Marni J. Falk, M.D, a well-established researcher in the field of mitochondrial medicine. Dr. Falk's research team at CHOP will evaluate compounds from NeuroVive's NVP015 research program in various experimental models of mitochondrial Complex I dysfunction.
- Selection of lead candidate.

NeuroVive's mitochondrial myopathies program, NVP025

Medical problem

Mitochondrial myopathies are a group of neuromuscular diseases caused by damage to the mitochondria. The symptoms of mitochondrial myopathies include muscle weakness, exercise intolerance and fatigue, and are often accompanied by other symptoms of genetic mitochondrial disorders such as heart failure or rhythm disturbances, dementia, movement disorders, stroke-like episodes, deafness, blindness, droopy eyelids, limited mobility of the eyes, vomiting and seizures. The prognosis for these symptoms ranges in severity from progressive weakness to death.[4]

Treatment objective

Some of the more common mitochondrial myopathies include Kearns-Sayre syndrome, MERRF syndrome (myoclonus epilepsy with ragged-red fibers), and MELAS (mitochondrial encephalomyopathy with lactic acidosis and stroke-like episodes). There are currently few, or no, registered drugs that specifically target these disorders. There is therefore a major unmet medical need for new and effective treatment options for mitochondrial myopathies. The objective is to develop a substance with mitochondrial protective effects to prevent the weakening of muscle fiber associated with these disorders.

Market potential

Just over ten in every 100,000 people suffer from a mitochondrial disease. Mitochondrial disorders usually present in early childhood. A successful drug candidate from the mitochondrial myopathies research program could qualify for orphan drug designation in the US and Europe during clinical development, enabling a faster and less costly route to market, and a higher price. In 2015, the orphan drug market amounted to USD 102 billion and in 2014, the average annual cost for the treatment of a single patient was an estimated USD 112,000 (just over SEK 1 million).[1] At most, the annual cost of treatment for a single patient was just over USD 400,000 (about SEK 4 million).[3]

NV556

NV556. initially used as a model compound in the project, is a potent cyclophilin inhibitor in NeuroVive's Sangamide class of compounds. NV556 has undergone extensive preclinical development and shown a good safety profile.

Project status

NV556 is being studied in partnership with Karolinska University Hospital in Stockholm, where the research team will study NV556 and its effects as a model compound in experimental models of mitochondrial myopathies. The research team has previously published results[5] showing that another cyclophilin inhibitor, cyclosporine, exhibits mitochondrial protective effects by inhibiting cyclophilin D and thus preventing muscle fiber weakness in an experimental model of mitochondrial myopathies. They have also demonstrated that mitochondrial myopathy patients have elevated levels of cyclophilin D, the target molecule for NeuroVive's NV556 compound. NV556 is expected to have a higher specificity and tolerability profile than cyclosporine, which may facilitate dosing.

Milestones and objectives

Objectives for 2017

- Results from preclinical experimental models of mitochondrial myopathies for lead candidate development.

NeuroVive's non-alcoholic steatohepatitis (NASH) programs, NV556 and NVP022

Medical problem

The presence of fatty liver is considered to exist when fat exceeds 5% of total liver weight. Fatty liver was previously associated with the overconsumption of alcohol, but this view changed in the 1980s. The accumulation of fat in the liver of patients who were also non-drinkers – accompanied by inflammation – led to the name of the disease: non-alcoholic steatohepatitis (NASH). The generic term for this type of fatty liver is non-alcoholic fatty life disease (NAFLD).

Treatment objective

Liver fibrosis and inflammation are symptoms of NASH – a condition that can lead to cirrhosis of the liver and liver cancer (hepatocellular carcinoma). Current data from a well-documented experimental model of NASH show that that NeuroVive's cyclophilin inhibitors influence fibrosis development.

Market potential

NAFLD is one of the most common liver diseases in the world. An estimated 20% of the world population suffers from NAFLD, and about one-third of the US population. There is a strong link between NASH and other metabolic disorders, such as diabetes and obesity. About 3-5% of all Americans (about 15 million people) suffer from NASH and there are currently no registered treatments.[6] The global market is estimated to exceed USD 15 billion by 2025.[7]

NV556 and NVP022

NV556
NV556 is a potent cyclophilin inhibitor in NeuroVive's Sangamide class of compounds. NV556 has undergone extensive preclinical development, and showed an excellent safety profile. Positive preclinical results were received for the effects of NV556 on fibrosis development in an experimental model of NASH.

NVP022
NVP022 is a novel class of compounds targeting mitochondrial metabolic pathways in NASH and complements NV556 in the treatment of NASH. The project is based on NeuroVive's core expertise in mitochondrial energy regulation, combined with the expertise of its partner company, Isomerase, in innovative chemistry.

Project status

NV556
Complementary long-term studies on the effects of NV556 on fibrosis development in a well-documented experimental model of NASH are ongoing.

NVP022
NVP022 has a completely different mode of action than NV556, and can therefore serve as an alternative and complementary therapy for NASH. Various model compounds are being evaluated.

Milestones and objectives

Milestones 2016
- NV556 demonstrated inhibitory effects on the development of fibrosis in a well-documented experimental model of NASH.

Objectives for 2017
- Confirmatory results in complementary studies and the initiation of out-licensing activities.

NeuroVive's hepatocellular carcinoma program, NVP024

Medical problem

Liver cancer is often diagnosed at a late stage of the disease and mortality rates are high. There are two major types of liver cancer: hepatocellular carcinoma (HCC) and intrahepatic bile duct cancer. Risk factors associated with HCC are hepatitis B virus or hepatitis C virus infections, alcohol-induced cirrhosis or chronic liver damage. Although liver cancer is less common in northern Europe and the US than in Asia, HCC is the sixth most-common type of cancer and the third most-common cause of cancer death worldwide.[8,9]

Treatment objective

In recent years, the number of HCC cases has increased all over the world. Early diagnosis and novel treatment options may considerably improve the outlook for HCC patients, who otherwise have a very poor prognosis with current treatment options.[10] Based on its expertise in mitochondrial medicine, NeuroVive has studied a unique aspect of the company's sanglifehrin-based compounds – anticancer effects – and is developing these compounds for the treatment of HCC in the NVP024 project.

Market potential

HCC is the sixth most common type of cancer, with about 780,000 new cases diagnosed globally in 2012, and the third most common cause of death worldwide. In Europe, HCC is the 14th most common type of cancer, with about 63,500 new cases diagnosed in 2012. While surgery, chemotherapy and radiotherapy are important starting points for the treatment of liver tumors, there is a large medical need for more, and effective, complementary medical treatments to decrease side effects and increase the survival rate for people with liver cancer.[11]

NVP024

NeuroVive's NVP024 project is focused on the anticancer properties of a sub-set of the novel sanglifehrin-based compounds.

Project status

Together with its international partners, NeuroVive's research team has demonstrated that these compounds show powerful anticancer effects in preclinical models of HCC. Additional studies are ongoing.

Milestones and objectives

Milestones 2016

- The compounds showed powerful anti-cancer effects in preclinical models of HCC.

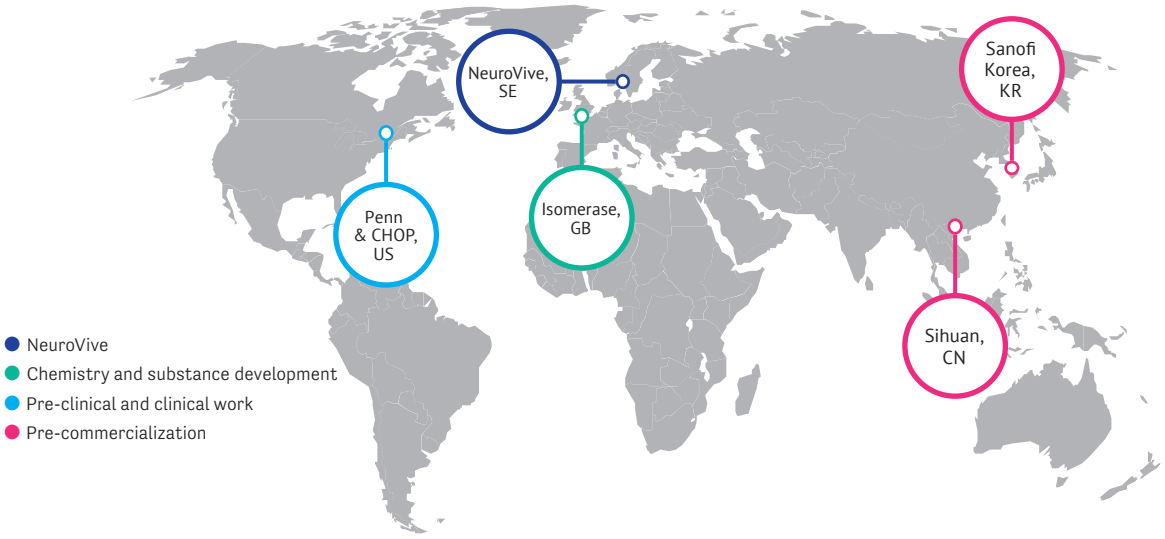
Objectives for 2017

- Confirmatory results in complementary preclinical experimental HCC models and optimization of model compounds.

Organization and expertise

Deep mitochondrial expertise and strong international partners

NeuroVive conducts extensive research and development, comprising both discovery research and clinical development. This process is carried out both in-house and in collaboration with high-profile partners. The flexible network organization aims to deliver high-quality research and development that is time and cost-efficient.



Well-educated personnel

The company's in-house resources comprise 17 full and part-time employees. All have university or college-level education and six have a Doctor of Medical Science degree. Thirteen employees are engaged in preclinical work, and three in the company's clinical activities. NeuroVive also collaborates with several external companies and institutions. In 2016, the company invested SEK 16 million in preclinical phase research and more than SEK 12 million in clinical phase research. During the year, the company's employees have primarily been based in Sweden and Taiwan. However, some employees are occasionally based in the US to ensure the efficiency of various collaborative projects by working on site.

Chemistry and compound development

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

Pre-clinical and clinical development

In pre-clinical and clinical development, NeuroVive collaborates with several partners. The University of Pennsylvania (Penn) in the US contributes its expertise and research to the development of NeuroSTAT, a drug candidate in the field of traumatic brain injury. The Children's Hospital of Philadelphia (CHOP) in the US collaborates with NeuroVive in the NVP015 project for genetic mitochondrial disorders. NeuroVive also collaborates with various contract research organizations (CRO) on preclinical evaluations of early-phase development projects, and other players specialized in regulatory issues and considerations in preclinical testing and clinical trials. To ensure NeuroVive's access to drug product suitable for clinical trials, NeuroVive partners with Fresenius Kabi, a globally leading pharmaceutical manufacturer.

Other partnerships

Other partnerships include, through the subsidiary NeuroVive Asia Ltd. Hong Kong, the Chinese pharmaceutical company Sihuan which has a strong presence in China, and Sanofi Korea which is well-established on the Korean pharmaceutical market. In addition to these partners, NeuroVive also collaborates with various academic institutions all over the world to remain at the forefront of its research areas.

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 31 December 2016 NeuroVive had 6,921 shareholders. Shares are also traded on the US marketplace OTCQX.

Share price development and turnover

Since year-end, 53,282,007 shares were traded with a value of SEK 274,459,341. NeuroVive's share price was SEK 3.33 at the end of the year, representing a decrease of 65% compared to previous year-end. The highest price paid for the year was SEK 10.59 on 14 January 2016 and the lowest price paid was SEK 2.90 on 13 October 2016. Market capitalization was SEK 164,697,288 at year-end, compared to SEK 295,057,459 at the previous year-end.

Share capital

NeuroVive had 49,458,645 shares on 31 December 2016 and the share capital amounted to SEK 2,472,932.25 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 issue for non-cash consideration completed in January 2016 increased the number of shares to 31,473,685 and the share capital to SEK 1,573,684.25. The rights issue completed in May 2016 increased the number of shares to 49,458,645 and the share capital to SEK 2,472,932.25. The table on page 19 shows the development of the number of shares.

Ownership

NeuroVive had 6,921 shareholders registered on 31 December 2016.

Dividend

The Board of Directors proposes that no dividend be paid for 2016.

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. An issue for non-cash consideration was completed in January 2016 and a new rights issue was completed in May 2016. More information on the issues can be found on NeuroVive's website.

Share price and volume, 2016

The NeuroVive Share

Market Place	Nasdaq Stockholm
Ticker Symbol	NVP
Sector	Health Care
Market Place, US	OTCQX
Ticker Symbol, US	NEVPF:US
ISIN-code	SE0002575340
Highest price paid 2016	10.59
Lowest price paid 2016	2.90
Closing price 2016	3.33
Market Capitalization 31 December 2016 (MSEK)	164.7
Number of Shares	49,458,645

Largest shareholders as of 31 December 2016

Name	No of shares (pcs.)	Votes and capital (%)
Avanza Pension Försäkrings AB **	5,465,239	11.05
EuroClear Bank S.A/N.V, W8-IMY (register holdings for Maas Biolab, LLC and Marcus Keep and others with US domicile)*	4,439,118	8.98
Baulos Capital Belgium SA (former Private Placement SPRL)	4,372,915	8.84
Danske Bank International S.A.	1,778,246	3.60
Nordnet Pensionförsäkring AB**	1,528,411	3.09
Handelsbanken Liv	928,007	1.88
Redmayne Nominees Ltd UK Clients	706,751	1.43
Eskil Elmér***	464,411	0.92
Gregory Batcheller***	404,332	0.82
Swedbank Försäkring	382,616	0.77
Other owners (approx. 6,900 shareholders)	28,988,599	58.62
In total	**49,458,645**	**100.00**

Source: EuroClear Sweden AB

Fredrik Olsson, with holdings in Baulos Capital Belgium SA, Baulos International AS and private holdings, is NeuroVive's largest shareholder with a holding of 9.11% in total. Marcus Keep with its stake in Maas BioLab and private holdings is the second largest shareholder with a total holding of 7.83%.

*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 3,874,432 shares in NeuroVive per 31 December 2016 and Maas had at this point 45 shareholders. Maas was owned to 48.44 % by board member Marcus Keep and 17.09 % by CSO Eskil Elmér. Chairman of the Board, Gregory Batcheller owned at the same time 1.74 % of Maas.

** Capital insurance

*** Includes holdings by family members (wife and children)

Share capital history

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

Shareholdings, 31 December 2016

Shareholding	No. of Owners	No. of Shares	Holding, (%)	Votes, (%)
1-500	2,524	483,255	0.98	0.98
501-1,000	1,148	920,385	1.86	1.86
1,001-5,000	2,086	5,244,287	10.60	10.60
5,001-10,000	550	4,135,197	8.36	8.36
10,001-15,000	187	2,323,892	4.70	4.70
15,001-20,000	127	2,206,311	4.46	4.46
20,001-	299	34,145,318	69.04	69.04

Operations

NeuroVive's overall objective is to discover and develop new drugs in mitochondrial medicine, an area spanning from cell protection in acute and chronic medical conditions to the regulation of energy production and cell division. The company's strategy is to take specialty and orphan drugs through all stages of development until marketing authorization together with global partners, and to out-license projects focused on major diseases at the preclinical phase. The drug development program includes a wide spectrum of cyclophilin inhibitors that serve as organ protection by increasing the mitochondrial stress response and reducing the development of fibrosis. NeuroVive is also involved in several projects focused on the regulation of mitochondrial energy production, in both genetic mitochondrial disorders and common metabolic diseases such as NASH. In addition, NeuroVive is working on a project in hepatocellular cancer, in which the company is developing a new platform with a completely new treatment strategy for these types of diseases.

Group

The group's legal structure consists of the parent company, whose operations include drug development and group-wide functions. Other group companies include the Taiwan-based subsidiary NeuroVive Pharmaceutical Asia, Inc., which in 2016 had two wholly owned subsidiaries – NeuroVive Pharmaceutical Asia Ltd. based in Hong Kong, and NeuroVive Pharmaceutical Taiwan, Inc. based in Taiwan. The subsidiary's primary mission was to develop and commercialize NeuroVive's product portfolio in Asia, and to conduct research and development. The company owns 71.37% of the shares in NeuroVive Pharmaceutical Asia, Inc. In 2017, a decision was made to divest the Taiwan-based subsidiary, NeuroVive Pharmaceutical Asia, Inc. The group retained the Hong Kong-based subsidiary, NeuroVive Pharmaceutical Asia Ltd.

In 2015, a wholly owned subsidiary was established in France to prepare for a possible launch of the Company's product, CicloMulsion. That company was closed 2016.

Significant events in 2016

January
NeuroVive entered a research collaboration with the University of Pennsylvania (Penn) to strengthen NeuroVive's research and development program in traumatic brain injury (TBI).

The Company acquired, through a non-cash consideration of approximately 6.8 MSEK, shares in the UK company Isomerase Therapeutics (Isomerase) with the aim of strengthening their existing partnership and accelerating NeuroVive's research and development programs.

March
Erik Kinnman was appointed new CEO of NeuroVive.

April
The Company commenced the first of three substudies in the preclinical program for TBI, which is taking place in partnership with Penn. The program will evaluate the neuroprotective effects of drug candidate NeuroSTAT in an experimental TBI model.

June
The Company's share in the US was upgraded to the OTC Markets Group's OTCQX market.

August
The results of the NVP015 research program around a new pharmacological strategy for the treatment of mitochondrial disease were published in Nature Communications, the third highest-ranked multidisciplinary science journal in the world. The project was conducted by NeuroVive in partnership with Lund University, Newcastle University, Selcia/Mitopharm Ltd and Isomerase Therapeutics Ltd.

The Company completed a 10% partial acquisition of Isomerase Therapeutics with a cash payment of GBP 550,000.

October
The results of the exploratory Phase II clinical trial, CiPRICS, demonstrated that patients treated with CicloMulsion before open heart surgery did not benefit from the treatment to prevent acute kidney injury (AKI), compared with a placebo. The development of CicloMulsion was subsequently discontinued.

The license agreement with Arbutus Biopharma (formerly OnCore Biopharma, Inc.) was terminated and all rights to the NVP018 compound (NV556) were returned to NeuroVive. Under the termination agreement, NeuroVive also received the NVP018 compound and materials manufactured by Arbutus Biopharma, valued at approximately USD 1.5 million, free of charge.

November
The Company announced that NV556 had demonstrated positive preclinical results in an experimental model for the chronic and common liver disease NASH (non-alcoholic steatohepatitis).

The Company presented its new two-part business model. The first component comprises projects for major indications with high commercial potential for out-licensing at the preclinical phase. The second component comprises proprietary drug development for rare diseases with a major unmet medical need, where the Company intends to take projects from clinical development to market.

Other
In May, NeuroVive completed the rights issue of shares and warrants, authorized by an Extraordinary General Meeting on March

31, 2016. The issue was subscribed to 100.4% and raised SEK 77 million for the Company after issue expenses.

On June 1, NeuroVive strengthened its management team with the appointment of Cecilia Hofvander, Director IR & Communications. The Company's COO, Jan Nilsson, resigned on August 24. The research organization was strengthened by the appointments of Matilda Hugerth, Director Clinical & Regulatory Affairs and Michele Tavecchio, Senior Scientist.

Organization

During the year, the average number of employees in the group was 17 (15), of whom 9 (9) were women. At year-end, there were 8 (5) part-time employees and 15 (13) full-time employees. Of a total of 23 (18) employees, 11 (9) were women and a total of 13 (8) were engaged in the Company's research and development activities. The level of education among employees is high, six employees have a PhD in Medical Science, while the remaining 17 are all university graduates. In addition to employees, NeuroVive has a number of consultants who regularly engage with the Company.

Remuneration

The Annual General Meeting (AGM) resolves on remuneration of the Chairman of the Board and other Board members. The AGM also resolves on guidelines for the remuneration of the CEO and other senior executives. For more information about the remuneration paid in 2016, refer to Note 11 and the Corporate Governance Report on page 40. The Board of Directors proposes the following remunuerations for 2017:

Variable yearly 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 individual targets. The terms and conditions and basis of computation of variable remuneration shall be determined for each financial year.

Variable compensation is settled in the year after vesting and 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. The board shall decide on the amount of STI Bonus. The basic principle is that the yearly STI Bonus is capped at an amount corresponding to a portion of the fixed annual compensation for the current year:

CEO	Management	Other key persons
30%	20%	10%

The total of the variable remuneration for senior executives (CEO and Management) may amount to a total maximum of SEK 2,000,000. The amount could increase in the event the company hires further employees.

Long-Term Incentive (LTI Bonus)
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 should 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 a portion of the fixed annual compensation for the current year:

CEO	Management	Other key persons
15%	10%	5%

The total maximum cost for the above LTI Bonus is SEK 1,000,000. The amount could increase in the event the company hires further employees.

General principles for STI and LTI
When structuring variable remuneration that is payable to management in cash, the Board of Directors should consider introducing provisions such as:

- disqualification from future LTI Bonus in relation to an individual who sells his/her shares during the 3 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.

Significant events after the end of the financial year

R&D projects

A preclinical collaboration agreement was signed for NVP015 with the Children's Hospital of Philadelphia (CHOP) and Marni J. Falk, M.D., a US key opinion leader in the mitochondrial medicine field. Dr. Falk's research team at CHOP will evaluate compounds from NeuroVive's research program, NVP015, in certain experimental disease models and study energy metabolism and disease development in models of mitochondrial complex I dysfunction.

A collaboration agreement was signed with Karolinska Institutet, Stockholm, Sweden, regarding development of the company's compound NV556 for the treatment of mitochondrial myopathy. Under the collaboration agreement, the team led by Prof. Håkan Westerblad at Karolinska Institutet will use NeuroVive's cyclophilin inhibitor compound NV556 as a model compound and study its effects in experimental models of mitochondrial myopathy a new indication for the Company.

NeuroVive's R&D team has together with the collaboration partner Isomerase showed that its sanglifehrin-based compounds display potent effects in preclinical models of HCC. After the end of the period it was announced that the project had participated at the scientific conference EASL HCC Summit held in Geneva, Switzerland, 2-5 February, 2017 with a poster presentation. The results presented show that a recently generated model compound, in which the anti-cancer activity has been optimized, show inhibitory effects on human hepatocellular cancer cells (in vitro). Furthermore, this compound class also demonstrated anti-cancer activity in an experimental (in vivo) model of HCC, after oral as well as intraperitoneal dosing.

Other

After the end of the period, it was announced that research resources and activities in the Taiwan-based subsidiary, NeuroVive Pharmaceutical Asia, Inc., will be redirected to the Parent Company, NeuroVive Pharmaceutical AB. The operations in Taiwan have been sold to the current Taiwanese shareholders. Under the agreement, NeuroVive Pharmaceutical AB will receive about SEK 5 million before administrative expenses. In addition, NeuroVive and its partner Foundation Asia Pacific Ltd., will reacquire the Hong Kong-based subsidiary, NeuroVive Pharmaceutical Asia Ltd., which holds the Asian license rights for NeuroSTAT and agreements with the Chinese pharmaceutical company Sihuan Pharmaceutical and Sanofi Korea. The Hong Kong-based company will be owned jointly by NeuroVive Pharmaceutical AB (about 82.5%) and Foundation Asia Pacific Ltd. (about 17.5%). Under the agreement, other assets, which were previously licensed to NeuroVive's Asian company, will be transferred to NeuroVive Pharmaceutical AB.

Disputes

CicloMulsion AG

In March 2013, CicloMulsion AG commenced arbitration seeking declaratory relief with regard to royalties to be allegedly paid by the Company under a 2004 License Agreement with the Company as well as certain other claims relating to the Company's obligations under the License Agreement. As previously reported, on May 25, 2016, the Tribunal rendered a partial award. The Tribunal held, inter alia, that the Company is obliged to pay, subject to the terms of the License Agreement, future royalties on product sales in certain countries while other claims were dismissed. Regarding the obligation of the Company to pay royalties in other countries, the Arbitral Tribunal reserved its decision for a final award. The arbitration proceeding is continued in this respect but currently suspended by the Arbitral Tribunal due to appeals initiated by each party at the competent Swedish court in Skane. The appeal filed by CicloMulsion AG is mainly based on an alleged infringement of its right to be heard and the Company's appeals refers to an infringement of both its right to be heard and mandatory law. With regard to the latter the Company relies on a recent decision of the European Court of Justice on the impact of European competition law on license agreements, including the obligation to pay royalties. This decision was issued after the partial award was rendered by the Arbitral Tribunal. So far there are no indications as to the prospects of these appeals.

NeuroVive is not involved in any other disputes.

Prospects for 2017

Clinical development projects:

- Traumatic brain injury: The preclinical experimental studies conducted in partnership with the University of Pennsylvania are planned to conclude in spring 2017. The clinical Phase II safety trial, CHIC, which is studying the neuroprotective effects of the drug candidate NeuroSTAT in patients with traumatic brain injury, is expected to conclude in the first half of 2017. These combined results will form the basis for further clinical development decisions. Project costs for the continued clinical development of NeuroSTAT will mainly be financed by grants from major international institutions or, alternatively, via commercial partners.
- NVP015 Complex 1 dysfunction: Demonstrate stability in the bloodstream and delivery of succinic acid (succinate) to energy-intense organs. Test the concept in experimental stu-

dies. Selection of lead candidate during the second half of 2017 for further preclinical development.
- Mitochondrial myopathies: Collaboration with the Karolinska University Hospital in Stockholm continues.

Out-licensing projects:
- Fatty liver; NASH: Conduct additional confirmatory tests. Introduction of concrete out-licensing activities during the second half of 2017.
- Hepatocellular carcinoma: Confirmatory analyses in complementary preclinical experimental HCC models and optimization of model compounds.

Share premium reserve	82,652,330
Accumulated profit	176,687,277
Profit/loss for the year	-87,118,153
Total	**172,221,454**

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:

The Board of Directors proposes that unappropriated retained earnings of SEK 172,221,454 be carried forward. Accordingly, no dividend is proposed.

Financial information

Revenue and results of operations

Consolidated sales amounts to SEK 14,000 (2,502,000). The majority of the group's other income of SEK 104,000 (522,000) mainly relates to exchange rate gains. Otherwise, the Company has not generated revenue. Operating expenses were SEK 72,228,000 (94,490,000). The SEK 22,262,000 decrease in operating expenses is explained by the decreases to other external expenses of SEK 34,168,000 (48,514,000) of which expensed research and development expenses were SEK 12,001,000 (12,361,000). Costs associated with the CiPRICs study were less expensive than last year's closure cost related to the CIRCUS study. Personnel expenses 2016 amounts to SEK 15,276,000 (15,556,000). Other operating expenses were SEK 21,663,000 (29,220,000), of which SEK 21,135,000 (28,135,000) relates to previously capitalized expenses for CicloMulsion. Since patients treated with CicloMulsion prior to open heart surgery experienced no benefit in the prevention of acute kidney injury (AKI), the company has decided to discontinue the development of CicloMulsion. This means that all previously capitalized costs related to CicloMulsion were impaired. The consolidated operating profit/loss was SEK -72,110,000 (-91,466,000). Net financial income/expense was SEK 265,000 (665,000). This amount mainly relates to unrealized value changes in current assets. The profit/loss for the period was SEK -71,845,000 (-90,801,000).

Financial position

Consolidated total assets were SEK 180,717,000 (174,927,000) of which intangible assets were SEK 71,151,000 (74,904,000). Cash and cash equivalents at year-end were SEK 93,251,000 (96,662,000). Equity at year-end was SEK 168,304,000 (154,779,000), and share capital was SEK 2,473,000 (1,537,000). The equity ratio was 93% (88) at the end of the period. Equity per share with no non-controlling interest was SEK 3.14 (4.59). The group has no interest-bearing liabilities.

The Board of Directors continuously reviews the operations' need for financing and has tasked the management to investigate various financing alternatives to secure the long term financing of the Company.

Cash flow

Consolidated cash flow for the year was SEK -5,180,000 (47,741,000), with cash flow negatively affected by operating activities of SEK 57,377,000 (67,220,000) and from investments, of SEK 25,135,000 (23,445,000). Cash flow from financing activities was SEK 77,332,000 (138,406,000) and was wholly sourced from the new issues consummated in May 2016.

Investments

Total fixed assets amounted to SEK 84,645,000 (75,369,000) as of 31 December 2016. The change, before impairment of capitalized expenses, of SEK 17,382,000 (23,438,000) is mainly due to capitalized development expenses from projects the Company is conducting, as well as patents. In 2016, impairment of capitalized expenses directly related to the CicloMulsion totaled SEK 21,135,000, which resulted in a negative net change in the company's fixed assets. Some 74% (60) of the increase in capitalized development expenses and patents relates to NeuroSTAT, some 6% (15) to NV556, some 15% (0) NVP015 and some 5% (0) to other projects. For a review of the development phases in which the intangible fixed assets lie, see page 10. Investments of SEK 106,000 (251,000) were made in property, plant and equipment, the majority being equipment used in development projects.

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 30,000 (327,000), mostly comprising a management fee to the subsidiary. Other operating income of 104,000 (509,000) mainly relates to exchange rate gains. Due to the decision to discontinue development of CicloMulsion, the value of shares in the NeuroVive Pharmaceutical Asia, Inc. subsidiary decreased approximately 50%, corresponding to SEK 20,870,000, which is the estimated value of CicloMulsion in relevant Asian territories. Interest income includes internally interest of SEK 0 (53,000). Cash and cash equivalents at year end were SEK 75,954,000 (75,936,000).

Five-year summary

(SEK 000) if nothing else is specified

INCOME STATEMENT	2016	2015	2014	2013	2012
Net sales	14	2,502	7,152	5,335	-
Other operating income	104	522	1,181	1,598	1,328
Operating expenses	-72,228	-94,490	-53,587	-29,132	-17,699
Depreciation and amortization	-1,121	-1,200	-441	-147	-128
Operating income	-72,110	-91,466	-45,254	-22,346	-16,499
Net financial income/expense	265	665	580	220	596
Profit/loss before tax	-71,845	-90,801	-44,673	-22,126	-15,903
Net profit for the year	-71,845	-90,801	-44,673	-22,126	-15,903

BALANCE SHEET	2016	2015	2014	2013	2012
Intangible assets	71,151	74,904	79,601	47,119	32,705
Tangible assets	274	316	344	457	665
Other current assets	2,821	2,896	1,625	1,609	959
Cash and cash equivalents	93,251	96,662	49,698	39,992	37,177
Assets	180,717	174,927	131,268	89,177	71,506
Equity	168,304	154,779	107,841	74,643	63,043
Short-term liabilities	12,413	20,148	23,427	14,534	8,463
Equity and liabilities	180,717	174,927	131,268	89,177	71,506

CASH FLOW STATEMENT	2016	2015	2014	2013	2012
Cash flow from operating activities before changes in working capital	-49,534	-61,313	-44,552	-21,966	-15,789
Changes in working capital	-7,843	-5,907	920	2,876	3,567
Cash flow from investing activities	-25,135	-23,445	-23,429	-11,684	-9,718
Cash flow from financing activities	77,332	138,406	76,599	33,595	46,322
Cash flow for the period	-5,180	47,741	9,537	2,821	24,382
Change in cash and cash equivalents	-3,411	46,964	9,706	2,815	24,382
Cash and cash equivalents at beginning of year	96,662	49,698	39,992	37,177	12,795
Cash and cash equivalents at end of year	93,251	96,662	49,698	39,992	37,177

KEY RATIOS	2016	2015	2014	2013	2012
Liquidity ratio (%)	774	494	219	286	451
Equity ratio (%)	93	88	82	84	88
Adjusted equity (SEK)	168,304	154,779	107,841	74,643	63,043
Dividend (SEK)	-	-	-	-	-
No. Employees at year-end	23	18	13	11	8

Financial definitions:

Liquidity ratio: Current assets (excl. Inventories) divided by current liabilities
Equity ratio: Shareholders' equity as a percentage of total assets

Risk factors

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

Clinical trials

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

Regulatory standards and political risk

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

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

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

Pharmaceuticals pricing

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

Product liability

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

Commercialization and collaboration

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

Competitors

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

Patents and other intellectual property

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

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

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

Key individuals

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

Financial risks

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

Future capital requirements

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

Corporate Governance Report

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

NeuroVive Governance

Annual General Meeting

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

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

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

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

The Board of Directors

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

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

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

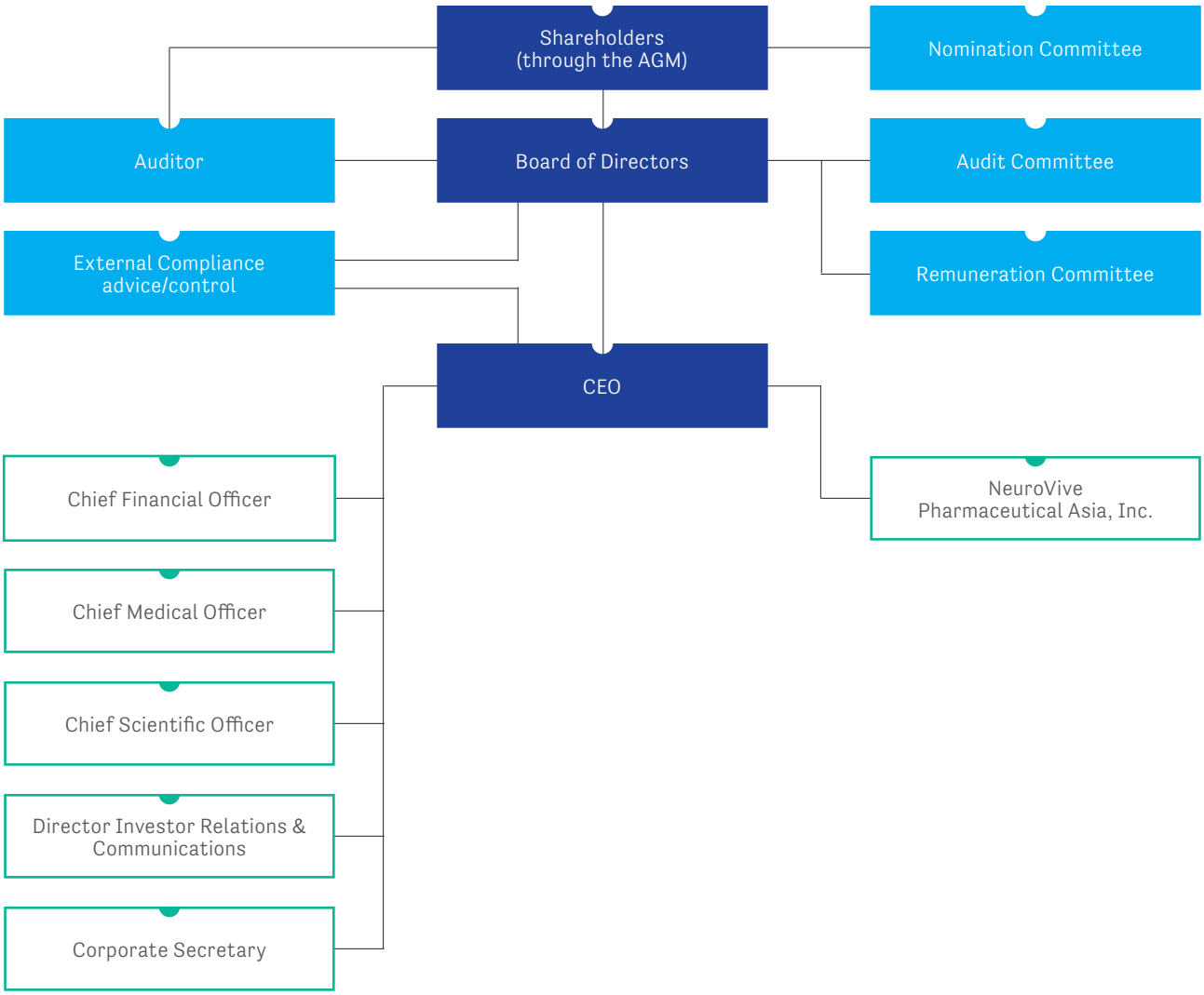
Remuneration Committee. The Board of Directors has established a Remuneration Committee consisting of a minimum of three Board members to assist the Board on issues relating to remuneration principles, remuneration and other terms of employment of management. After consultation within the Remuneration Committee, the Board of Directors takes decisions on remuneration.

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


Shareholders
(through the AGM)
Nomination Committee
Auditor
Board of Directors
Audit Committee
External Compliance
advice/control
Remuneration Committee
CEO
Chief Financial Officer
NeuroVive
Pharmaceutical Asia, Inc.
Chief Medical Officer
Chief Scientific Officer
Director Investor Relations &
Communications
Corporate Secretary

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 based on applicable legislation/regulations and on sector-specific parameters considered significant to the Company. The control system encompasses all applicable regulatory frameworks as well as the specific demands NeuroVive places on its operations.

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

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

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

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

Ownership structure

NeuroVive had some 6,921 registered shareholders as of 31 December 2016. Avanza Pension Försäkring AB was the largest owner with a holding of 5,465,239 shares, corresponding to some 11.0% of the shares and votes. Euroclear Bank S.A/N.V, W8-IMY (registers holdings for Maas Biolab, LCC and Marcus Keep and others domiciled in the US) was the second largest shareholder with 4,439,118 shares, corresponding to some 9.0% of the shares and votes. Baulos Capital Belgium SA was the third biggest shareholder with 4,372,915 shares, corresponding to some 8.8% of the shares and votes.

Fredrik Olsson, with holdings in Baulos Capital Belgium SA, Baulos International AS and private holdings, is NeuroVive's largest shareholder with a holding of 9.11% in total. Marcus Keep with its stake in Maas BioLab and private holdings is the second largest shareholder with a total holding of 7,83%.

There were no other 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 2,472,932.25 divided between 49,458,645 shares as of 31 December 2016. 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. Re-

solutions reached at the AGM shall adhere to the Swedish Companies Act's regulations on majority requirement. In accordance with the Articles of Association, the invitation to the AGM and Extraordinary General Meetings are published in Post- och Inrikes Tidningar and on the Company's website. An announcement that a Meeting has been convened is published in Swedish daily newspaper Svenska Dagbladet.

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

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

Given the Company's ownership structure and financial circumstances, NeuroVive does not consider simultaneous interpretation into other languages and translation of all of or part of the documentation relating to the AGM as justified.

NeuroVive's website contains information on the Company's previous AGMs as well as information on shareholders' rights to raise matters at the AGM and the cut-off date for NeuroVive receiving such requests.

Shareholders' meetings

The AGM was held on 28 April 2016, at Scheelevägen 2 in Lund, Sweden. Fourteen shareholders attended the AGM, in person or through representatives. These shareholders represented 28.87% of the shares and votes of NeuroVive. The CEO, Gregory Batcheller, Anna Malm Bernsten, Arne Ferstad, Boel Flodgren, Marcus Keep, the company's Auditor in Charge and the Chairman of the Nomination Committee attended the AGM.

The AGM 2016 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,
- Adopted a resolution on incentive program in subsidiary NeuroVive Pharmaceutical Asia, Inc.

EGM was held on 31 March 2016, at Grand Hotel Lund, Bantorget 1 in Lund, Sweden. Twelve shareholders attended the EGM, in person or through representatives. These shareholders represented 14.7% of the shares and votes of NeuroVive. The EGM adopted resolution to amend the articles of association and resolution to approve the board of director's resolution to issue new shares and warrants (Units) with preferential rights for existing shareholders.

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 2017
NeuroVive's AGM 2017 will be held on 27 April 2017, at 4 p.m. at Medicon Village, Scheelevägen 2, in Lund, Sweden. Shareholders wishing to attend the AGM must notify the Company in advance. Information on how to apply and how to raise a matter at the AGM is on the Company's website. Information about the date and place of the AGM was uploaded to the company's website on 26 October 2016.

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 2017 was announced in a press release on 26 October 2016 and is as follows:

- Anders Ermén (Chair of the Nomination Committee), Board member representing Baulos Capital Belgium SA and,
- Michael Vickers, Board member representing Maas Biolab LLC, and,
- Andreas Inghammar, Board member representing Eskil Elmér.

The Board of Directors

Composition of 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. NeuroVive's AGM on 28 April 2016 re-elected Gregory Batcheller, Arne Ferstad, Boel Flodgren, Marcus Keep, Helena Levander and Anna Malm Bernsten. David Laskow-Pooley was elected new Board member. Gregory Batcheller was re-elected Chair of the Board. None of the Board members are members of the Company's management, although Gregory Batcheller, through Stanbridge Corporation BVBA work on the Company's management on a consulting basis. The Board members' non-affiliation to the Company, the Company's management and the Company's major shareholders are indicated in the table below.

Chair

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

Board work in 2016

January
- Resolution to allocate new shares in a new issue.

February
- 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. Proposal to new share issue and notification EGM.

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

April
- Resolution on Prospectus.
- AGM.
- Statutory Meeting. Determining authorized signatories, 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
- Resolution to allocate new shares in a new issue.
- Review and authorization of Q1 Interim Report.

July
- Determining other policies on European Parliament and Council Regulation (596/2014/EU) on Market Abuse ("MAR").

August
- Review and authorization of Q2 Interim Report.

October
- Review of Corporate Governance, determining operational objectives and strategy on the bases of new circumstances following the decision to discontinue development of CicloMulsion.

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.

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.

As Gregory Batcheller undertakes permanent assignments on behalf of the Company in addition to his role as Chair, the division of responsibilities between the Chair and CEO has been clarified in the Board of Directors' rules of procedure and the CEO's instructions.

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 13 meetings during the year. Regular Board meetings covered matters such as reviewing and adopting financial

Board members 2016

Board member	Elected in	Board of Directors (attendence)	Audit committee (attendence)	Remunerations committee (attendence)	Non affiliated[1]
Gregory Batcheller, Chair	2000	12/13			▲
Arne Ferstad	2010	13/13	Member (5/5)		Yes
Boel Flodgren	2013	12/13		Member (2/2)	Yes
Marcus Keep*	2000	13/13			Yes
Helena Levander	2012	11/13	Chair (5/5)	Member (2/2)	Yes
Anna Malm Bernsten	2013	13/13	Member (4/5)	Chair (2/2)	Yes
David Laskow-Pooley**	2016	7/7			Yes
Helmuth von Moltke***	2005	6/6			Yes
Fredrik Olsson***	2015	6/6			●

1 According to the definition in the Swedish Code of Corporate Governance
▲ Affiliated to the Company or management
● Affiliated to major shareholders
* Affiliated to major owners until May 2016. Non affiliated after May 2016 the number of shares and votes registered increased as a result of the conducted new share issue.
** David Laskow-Poley was elcted to the Board of Directors on April 28th 2016.
*** Helmuth von Moltke resigned Fredrik Olsson resigned at his own request on the AGM on April 28 2016.

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 Board meeting of the year included an appraisal of the Board of Directors and the work of the Board. The CEO's work was not evaluated as a result of the recruitment of a new CEO. Additional meetings during the year dealt with matters such as decision on new share issue, EGM 2016 and allocation of shares under the new issues.

The Board members' non-affiliation and attendance are indicated in the table below. For a presentation of Board members, see pages 38-39 of the Annual Report.

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

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

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

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

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

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

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

NeuroVive's Remuneration Committee is appointed at the Board meeting following election and comprises Helena Levander, Anna Malm Bernsten (Chair) and Boel Flodgren.

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 Arne Ferstad, Helena Levander (Chair) and Anna Malm Bernsten 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 January - March, the members of management were interim CEO Jan Nilsson, Catharina Jz Johansson, Eskil Elmér and Magnus Hanson. Erik Kinnman, appointed CEO, started his position on March 14th. In the period March to May, management consisted of the company's CEO Erik Kinnman, Catharina Jz Johansson, Eskil Elmér, Jan Nilsson and Magnus Hansson. Cecilia Hofvander IR Director started her position on June 1st. In the period June to August the members of management were the company's CEO Erik Kinnman, Catharina Jz Johansson, Cecilia Hofvander, Eskil Elmér, Jan Nilsson and Magnus Hansson. Jan Nilsson concluded his employment August 24th. In the period September – December management consisted of the company's CEO Erik Kinnman, Catharina Jz Johansson, Cecilia Hofvander, Eskil Elmér and Magnus Hansson. 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 2016 resolved that fees of SEK 300,000 should be paid to the Chair and SEK 150,000 to each of the remaining Board members. Chair of the Board Gregory Batcheller and Board member Fredrik Olsson waived their Director's fee for the current term of office.

The AGM 2016 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 2016 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 pre-

mium, 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% of basic annual salary. Total variable remuneration to senior executives may not exceed SEK 1,500,000.

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

- make payment of a portion of such remuneration conditional on the sustainability of the results on which the earnings are based, and
- allow for the Company to reclaim compensation that has been paid on the basis of information that is later shown to be manifestly inaccurate.

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 provisions through lump-sum pension premiums, provided that the total cost to NeuroVive remains neutral.

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

The Board of Directors is entitled to depart from the above guidelines if the Board considers there are special reasons to justify such departure in individual cases. Variable remuneration of SEK 725,669 was paid to senior executives in 2016, within the framework of the guidelines.

The Auditor has presented a statement to the AGM 2017 relating to whether the Board of Directors followed the adopted guidelines for remuneration to senior executives in 2016. The Auditor's statement concludes that NeuroVive followed the guidelines. The Board of Director proposes that remunerations for 2017 are decided in accordance with the proposal on pages 21-22.

Share-based incentive program

There are currently no active incentive programs.

Auditors

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

Remuneration to the Auditors

The AGM 2016 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 an 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 54. The Interim Report for the period January-September 2016 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 (event-driven 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 Remuneration and Audit Committees, the CEO, the CFO, internally appointed staff and the Company's Auditor. Control is also exercised through the reporting procedures adopted in the Company's finance manual, including financial reporting to the Board of Directors, and a yearly report to the Board of Directors on completed internal control procedures.

The Audit Committee has overall responsibility for ensuring that the internal control regarding financial reporting and reporting to the Board of Directors is effective. The Audit Committee performs quarterly reconciliation with the company's CEO and Auditor. In addition, the documentation produced for Management's evaluation of the company's internal control is reviewed and evaluated annually.

Risk assessment

Risks assessment includes identifying risks that may arise if the fundamental standards of financial reporting in the group are not satisfied. A review takes place to ensure that the Company has an infrastructure that enables effective and expedient control, and an assessment of the Company's financial position and significant financial, legal and operational risks. The company identifies and evaluates the risks on a regularly basis, that may arise, in a risk assessment model.

Pharmaceuticals development is associated with risks and is a capital-intensive process. The risk factors judged to be of particular significance to NeuroVive's future progress are the outcome of clinical studies, measures taken by regulatory authorities, competition and pricing, collaboration partners, liability risk, patents, key staff and future capital requirement.

Control activities

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

Information and communication

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

Monitoring

NeuroVive monitors the observance of the Company's constitutional documents and routines relating to internal controls. Management reports to the Audit Committee on internal controls at each meeting.

The Board of Directors is regularly updated on the Company's financial position and profit/loss against budget as well as on development projects in relation to the relevant project budgets. The CEO presents a written report at each regular Board meeting, or when the need arises, directly to the Board of Directors on the monitoring and status of the Company's ongoing projects and drug candidates.

Special evaluation of the requirement for internal audit

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

Compliance with Swedish stock market regulations and accepted stock market practice

NeuroVive has not been subject to any ruling by Nasdaq Stockholm's disciplinary commission or statements by the Swedish Securities Council relating to breaches of Nasdaq's regulatory framework for issuers or good accounting practice on the stock market in the financial year 2016.

NeuroVive's Board and Management

1 Gregory Batcheller
Executive Chairman

2 Arne Ferstad
Board Director

3 Boel Flodgren
Board Director

4 Marcus Keep
Board Director

5 Anna Malm Bernsten
Board Director

6 Helena Levander
Board Director

7 David Laskow-Pooley
Board Director

8 Erik Kinnmann
CEO

9 Catharina Jz Johansson
CFO

10 Eskil Elmér
CSO

11 Magnus Hansson
CMO

12 Cecilia Hofvander
Director IR & Communications

Board of Directors

Gregory Batcheller
Executive Chairman
Born: 1957
Education: LL.M., Lund University, J.D., University of Toronto and B.Sc.(Econ.), London School of Economics.
No. of shares in NeuroVive: 404 332 shares (including family) and 1,74 percent of the shares in Maas Biolab LLC, owner of 3 874 432 shares in NeuroVive. Number of options; TO3 – 3000.
Other assignments: Chair of Monocl AB and Xintela AB, managing director of Stanbridge Corporation BVBA (Belgium) and Director of Business Research Life Sciences Ltd (United Kingdom) and Director of Saga Diagnostics AB.
Other: Affiliated to the Company and the management. Non-affiliated to major owners.

Arne Ferstad
Director (2010)
Born: 1950
Education: Finance/Marketing, Markedsforingskolen, Oslo, Norway and Management at INSEAD/Cedep, France. Other assignments: CEO and chair of Ankor Consultants Ltd (United Kingdom), chair in CombiGene AB and board member of Clinical Laserthermia Systems AB and Peptonic Medical AB.
No. of shares in NeuroVive: 80 055 shares (including family). Number of options; TO3 – 5 929.
Other: Non-affiliated to the Company and the management. Non-affiliated to major owners.

Boel Flodgren
Director (2013)
Born: 1942
Education: Juris Doctor, Lund University.
Other assignments: -.
No. of shares in NeuroVive: 21 992 shares (including family). Number of options; TO3 – 999.
Other: Non-affiliated to the Company, the management and to major owners.

Marcus Keep
Director (2000)
Born: 1959
Education: BSc in Chemistry from University of South Carolina. BA in Religion from Dartmouth College. MD from Medical University of South Carolina. Neurosurgery speciality training from Montreal Neurological Institute, McGill University.
Ongoing assignments: CEO and chair of Maas Biolab LLC (USA) and CEO of Keep Enterprises, LLC (USA) and Restorative Neurosurgery Foundation (USA). Concluded assignments 2016: Associate Professor of Neurosurgery, Penn State Hershey Medical Center, Pennsylvania (USA), Chief of Neurosurgery at Penn State Health-St. Joseph Medical Center.
No. of shares in NeuroVive: 425 929 shares (including family) and shares in Maas Biolab LLC (owner of 3 874 432 shares in NeuroVive) where Marcus Keep controls 48.44 percent of the shares. Number of options; TO3 – 0.
Other: Non-affiliated to the Company, the management and to major owners.

Anna Malm Bernsten
Director (2013)
Born: 1961
Education: M.Sc. Eng., KTH Royal Institute of Technology, Stockholm.
Other assignments: Chair of Medivir AB, Oatly AB and Björn Axén Institut AB. Board member of CellaVision AB and Pågengruppen AB, board member and CEO of Bernsten Konsult AB. Concluded assignments 2016: Chair of Ceral Base CEBA AB, board member of Arcam AB.
No. of shares in NeuroVive: -.
Other: Non-affiliated to the Company, the management and to major owners.

Helena Levander
Director (2012)
Born: 1957
Education: B.Sc. (Econ.), Stockholm School of Economics, Stockholm.
No. of shares in NeuroVive: 31 424 shares. Number of options; TO3 – 1 428.
Other assignments: Chair of Nordic Investor Services Aktiebolag and board member of Recipharm, Concordia Maritime Aktiebolag, Medivir Aktiebolag and Stampen AB.
Other: Non-affiliated to the Company, the management and to major owners.

David Laskow-Pooley
Director (2016)
Born: 1954
Education: BSc Pharmacy (1st), Pharmaceutical/ Chemical engineering specialty and QP., Sunderland School of Pharmacy
No. of shares in NeuroVive: -.
Other assignments: CEO and board member of LondonPharma Ltd and member of the board of TapImmune Inc, USA, OBN Ltd, England, England, ProtoPharma Ltd, England and Pharmafor Ltd, England.
Other: Non-affiliated to the Company, the management and to major owners.

Management

Erik Kinnman
Chief Executive Officer
Erik Kinnman, born 1958, is a seasoned life science executive with broad experience and understanding from the industry across a variety of businesses and functions. He has held a number of senior leadership positions in biopharmaceutical companies such as AstraZeneca and Sobi. His expertise and experience includes clinical development, business strategy, business development, and investor relations. Erik Kinnman also has experience from the financial sector. In addition, he holds an Executive MBA from the Stockholm School of Economics and has comprehensive scientific qualifications from the Karolinska Institutet, which has rendered him a Ph.D. and an Associate Professor. Moreover, Erik Kinnman is an M.D., board certified in Neurology and Pain Management. Employed since 2016.

No of shares: 47,000
No of options: TO3 – 4,800

Catharina Jz Johansson
Chief Financial Officer
Catharina Jz Johansson, born 1967, possesses experience from work on medtech growth enterprises with multinational operations. Catharina Johansson holds a M.Sc. in Business and Economics. Her previous experience includes serving as interim CFO for medical device company Cellavision, which is listed on Nasdaq Stockholm, and Accounting Manager for Bong and Alfa Laval Europe. Employed since 2013.

No of shares: 10,000
No. of options: TO3 – 625

Eskil Elmér
Chief Scientific Officer
Eskil Elmér, born 1970, is associate professor of experimental neurology at Lund University (Sweden) and group leader of the Mitochondrial Medicine lab at the department of Clinical Neurophysiology. Dr Elmér is patentee and co-founder of both Maas Biolab, LLC and NeuroVive Pharmaceutical AB, and CSO of NeuroVive, with overall charge of the company's pre-clinical research. In addition, Eskil Elmér is a practising physician in the department of clinical neurophysiology at Skåne University Hospital in Lund, Sweden. Employed since 2000.

No of shares: 464,411 Privately owned (including family) and 17.09% of Maas Biolab, LLC which owns 12.6% of NeuroVive.
No of options: TO3 – 767

Magnus Hansson
Chief Medical Officer
Magnus Hansson, born 1976, has extensive experience in the area of Mitochondrial Medicine. He has previously been serving as a Senior Scientist in NeuroVive since 2008 and as a consultant physician and associate professor in medical imaging and physiology at Skåne University Hospital, Sweden. Dr Hansson has overall charge of the company's pre-clinical and clinical development programs. He holds a PhD in Experimental brain research from Lund University, Sweden and has authored more than 30 scientific publications and 10 patent applications. Employed since 2008.

No of shares: 117,590 (including family)
No of options: TO3 – 4 889

Cecilia Hofvander
Director IR & Communications
Cecilia Hofvander, born 1967, has long experience from IR (Investor Relations) and international business development. She has also worked with financial transactions, early drug development and global clinical trials of candidate drugs. She joins NeuroVive from a position at Active Biotech AB (publ) where she worked for 15 years, the last eight years as responsible for IR and communication. Cecilia holds a B.Sc degree in chemistry and molecular biology from Lund university and a Communications Executive Program diploma from Stockholm School of Economics. Employed since 2016.

No. of shares: 1,000
No. of options: –

Consolidated Statement of Comprehensive Income, Group

(SEK 000)	Note	2016	2015
Net sales	6	14	2,502
Other operating income	7	104	522
Operating expenses	9,10	-34,168	-48,514
Personnel cost	11	-15,276	-15,556
Depreciation and write-down of tangible and intangible assets		-1,121	-1,200
Other operating expenses	8	-21,663	-29,220
		-72,228	**-94,490**
Operating income	5	**-72,110**	**-91,466**
Profit/loss from financial items			
Result from other securities and receivables related to non current assets		28	-
Financial income	12	432	1,100
Financial costs	13	-195	-435
		265	**665**
Profit/loss before tax		**-71,845**	**-90,801**
Income tax	14	-	-
Profit/loss for the period		**-71,845**	**-90,801**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Translation differences on foreign subsidiaries		1,782	-667
Total other comprehensive income, net after tax		**1,782**	**-667**
Total comprehensive income for the period		**-70,063**	**-91,468**
Loss for the period attributable to:			
Parent company shareholders		-70,240	-90,119
Non-controlling interests		-1,605	-682
		-71,845	**-90,801**
Total comprehensive income for the period			
Parent company shareholders		-69,271	-90,207
Non-controlling interests		-792	-1,261
		-70,063	**-91,468**
Earnings per share before and after dilution (SEK) based on average number of shares	15	-1.67	-3.01

Consolidated Statement of Financial Position, Group

(SEK 000)	Note	16-12-31	15-12-31
ASSETS			
Non-current assets			
Intangible assets			
Development costs	16	51,255	59,803
Patents	17	17,979	13,023
Other intangible assets	18	1,917	2,078
		71,151	**74,904**
Tangible assets			
Equipment	19	274	316
		274	**316**
Financial Assets			
Interest in other companies	21	13,102	1
Other non-current receivables		118	148
		13,220	**149**
Total non-current assets		**84,645**	**75,369**
Current assets			
Other receivables		1,650	2,368
Prepaid expenses and accrued income	22	1,171	528
Cash and cash equivalents	23	93,251	96,662
		96,072	**99,558**
TOTAL ASSETS		**180,717**	**174,927**
EQUITY AND LIABILITIES			
Equity attributable to the shareholders of the parent company			
Share capital	24	2,473	1,537
Additional paid in capital	25	418,339	335,687
Translation reserve	26	780	-190
Retained earnings	27	-266,146	-195,906
Total equity attributable to the shareholders of the parent		**155,446**	**141,128**
Non-controlling interests		**12,858**	**13,651**
Total equity		**168,304**	**154,779**
Short-term liabilities			
Accounts payable		6,000	5,207
Other liabilities		483	601
Accrued expenses and deferred income	28	5,930	14,340
		12,413	**20,148**
Total liabilities		**12,413**	**20,148**
TOTAL EQUITY AND LIABILITIES		**180,717**	**174,927**

Consolidated Statement of Changes in Equity, Group

	Equity attributable to the shareholders of the parent company						
(SEK 000)	Share capital	Additional paid-in capital	Translation reserve*	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance, 1 January 2015	**1,389**	**207,812**	**-102**	**-105,787**	**103,312**	**4,529**	**107,841**
Comprehensive profit/loss for the period							
Profit/loss for the period	-	-	-	-90,119	-90,119	-682	-90,801
Other comprehensive income:							
Translation differences	-	-	-88	-	-88	-579	-667
Other comprehensive profit/loss for the period, net after tax	-	-	-88	-	-88	-579	-667
Total comprehensive profit/loss	**-**	**-**	**-88**	**-90,119**	**-90,207**	**-1,261**	**-91,468**
Transactions with shareholders:							
New share issue	148	119,427	-	-	119,575	-	119,575
Change of ownership in new issue	-	8,448	-	-	8,448	10,383	18,831
Total transactions with shareholders	**148**	**127,875**	**-**	**-**	**128,023**	**10,383**	**138,406**
Closing balance, 31 December 2015	**1,537**	**335,687**	**-190**	**-195,906**	**141,128**	**13,651**	**154,779**
Opening balance, 1 January 2016	**1,537**	**335,687**	**-190**	**-195,906**	**141,128**	**13,651**	**154,779**
Comprehensive profit/loss for the period							
Profit/loss for the period	-	-	-	-70,240	-70,240	-1,605	-71,845
Other comprehensive income:						-	
Translation differences	-	-	970	-	970	812	1,782
Other comprehensive profit/loss for the period, net after tax	-	-	970	-	970	812	1,782
Total comprehensive profit/loss	**-**	**-**	**970**	**-70,240**	**-69,270**	**-793**	**-70,063**
Transactions with shareholders:							
New share issue**	936	82,652	-	-	83,588	-	83,588
Total transactions with shareholders	**936**	**82,652**	**-**	**-**	**83,588**	**-**	**83,588**
Closing balance, 31 December 2016	**2,473**	**418,339**	**780**	**-266,146**	**155,446**	**12,858**	**168,304**

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

** Total equity includes funds from the in January completed non cash consideration with SEK 6,809,000 less expenses SEK 553,000 and funds from the in May completed rights issue with SEK 94,421,000 less expenses SEK 17,089,000.

Consolidated Statement of Cash Flows, Group

(SEK 000)	Note	2016	2015
Cash flow from operating activities			
Operating income		-72,110	-91,466
Adjustments for non-cash items:			
Depreciation		1,121	1,200
Currency differences on intercompany items		48	153
Impaired value		21,135	28,135
Disposal of Business		7	-
Result from shares in associated company		28	-
Interest received		363	1,100
Interest paid		-126	-435
Net cash from operating activities before changes in working capital		**-49,534**	**-61,313**
Changes in working capital			
Increase/decrease of other current assets		-19	-1,255
Increase/decrease of other short-term liabilities		-7,824	-4,652
		-7,843	**-5,907**
Cash flow from operating activities		**-57,377**	**-67,220**
Investing activities			
Acquisition of intangible assets		-18,152	-23,200
Acquisition of tangible assets		-139	-245
Increase in other financial assets		-6,844	-
Cash flow from investing activities		**-25,135**	**-23,445**
Financing activities			
New share issue		77,332	119,575
Share issue from non-controlling interests		-	18,831
Cash flow from financing activities		**77,332**	**138,406**
Cash flow for the period		-5,180	47,741
Cash and cash equivalents at the beginning of the period		96,662	49,698
Effect of exchange rate changes on cash		1,769	-777
Cash and cash equivalents at end of period	23	**93,251**	**96,662**

Income Statement, Parent Company

(SEK 000)	Note	2016	2015
Net sales	5	30	327
Other operating income	7	104	509
		134	**836**
Operating expenses			
Other external expenses	9,10	-31,521	-45,774
Personnel cost	11	-12,495	-13,376
Depreciation and write-down of tangible and intangible assets		-1,006	-1,106
Other operating expenses	8	-21,660	-29,221
		-66,683	**-89,477**
Operating income	5	**-66,548**	**-88,641**
Profit/loss from financial items			
Result from shares in group company	20	-20,880	-
Result from shares in associated company		29	-
Interest income and other similar profit items	12	288	601
Group interest income		-	53
Interest expenses and other similar loss items	13	-7	-152
		-20,570	**502**
Profit/loss before tax		**-87,118**	**-88,139**
Income tax	14	-	-
Profit/loss for the period		**-87,118**	**-88,139**

Statement of Comprehensive Income, Parent Company

(SEK 000)	Note	2016	2015
Profit/loss for the period		-87,118	-88,139
Other comprehensive income		-	-
Total comprehensive profit/loss for the period		**-87,118**	**-88,139**

Company Balance Sheet, Parent Company

(SEK 000)	Note	2016	2015
ASSETS			
Non-current assets			
Intangible assets			
Development costs	16	51,020	59,568
Patents	17	17,979	13,023
Other intangible assets	18	1,881	2,023
		70,881	**74,614**
Tangible assets			
Equipment	19	221	232
		221	**232**
Financial assets			
Shares in subsidiaries	20	20,870	41,750
Interest in other companies	21	13,102	1
		33,972	**41,751**
Total non-current assets		**105,074**	**116,597**
Current assets			
Short term receivables			
Receivables from group companies		7	334
Other receivables		1,643	1,323
Prepaid expenses and accrued income	22	515	492
		2,165	**2,149**
Cash and bank balances	23	**75,954**	**75,936**
Total current assets		**78,119**	**78,085**
TOTAL ASSETS		**183,193**	**194,682**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	24	2,473	1,537
Statutory reserve		1,856	1,856
Development expenditure reserve		9,924	-
		14,253	**3,393**
Unrestricted equity			
Share premium reserve		82,653	119,427
Retained earnings		162,434	141,070
Profit/loss for the period		-87,118	-88,139
		157,969	**172,358**
Total equity		**172,222**	**175,751**
Short-term liabilities			
Accounts payable		5,582	4,192
Other liabilities		473	399
Accrued expenses and deferred income	28	4,916	14,340
		10,971	**18,931**
TOTAL EQUITY AND LIABILITIES	29	**183,193**	**194,682**

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 2015	**1,389**	**1,856**	**-**	**76,293**	**64,778**	**144,316**
Comprehensive profit/loss for the period						
Disposition according to AGM	-	-	-	-76,293	76,293	-
Profit/loss for the period	-	-	-	-	-88,139	-88,139
Total comprehensive profit/loss	**-**	**-**	**-**	**-76,293**	**-11,846**	**-88,139**
Transactions with shareholders						
New share issue	148	-	-	119,427	-	119,575
Total transactions with shareholders	**148**	**-**	**-**	**119,427**	**-**	**119,575**
Closing balance, 31 December 2015	**1,537**	**1,856**	**-**	**119,427**	**52,932**	**175,752**
Opening balance 1 January 2016	**1,537**	**1,856**	**-**	**119,427**	**52,932**	**175,752**
Comprehensive profit/loss for the period						
Disposition according to AGM	-	-	-	-119,427	119,427	-
Profit/loss for the period	-	-	-	-	-87,118	-87,118
Total comprehensive profit/loss	**-**	**-**	**-**	**-119,427**	**32,309**	**-87,118**
Transactions with shareholders						
New share issue	899	-	-	76,433	-	77,332
Non-cash consideration	**37**	**-**	**-**	**6,220**	**-**	**6,257**
Total transactions with shareholders	936	-	-	82,653	-	83,589
Development expenditure reserve	-	-	9,924	-	-9,924	-
Closing balance, 31 December 2016	**2,473**	**1,856**	**9,924**	**82,653**	**75,316**	**172,222**

Statement of Cash Flows, Parent company

(SEK 000)	Note	2016	2015
Cash flow from operating activities			
Operating income		-66,548	-88,641
Adjustments for non-cash items:			
Depreciation		1,006	1,106
Impaired value		21,135	28,135
Disposal of Business		7	-
Result from shares in associated company		29	-
Interest received		288	654
Interest paid		-7	-152
Net cash from operating activities before changes in working capital		**-44,090**	**-58,898**
		-	
Changes in working capital		-	
Increase/decrease of other current assets		-23	1,609
Increase/decrease of other short-term liabilities		-8,123	-3,710
		-8,145	**-2,101**
Cash flow from operating activities		**-52,235**	**-60,999**
		-	
Investing activities		-	
Acquisition of intangible assets		-18,148	-23,120
Acquisition of tangible assets		-88	-230
Cash flow from investing activities		-25,079	-23,350
Financing activities		-	
New share issue		77,332	119,575
Change of ownership in subsidiary		-	-8,132
Cash flow from financing activities		77,332	111,443
Cash flow for the period		18	27,094
Cash and cash equivalents at the beginning of the period		**75,936**	**48,842**
Cash and cash equivalents at end of period	23	**75,954**	**75,936**

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.

Note 2 – Critical accounting policies

Basis of preparation of the financial statements

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.

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 are unchanged from the previous year unless otherwise stated.

New and amended standards applied by the Group

None of the Standards to be applied by the Group for the first time for fiscal year beginning 1 January 2016 has had or expected to have any impact on the Group's accounting policies or disclosures.

New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for

31 December 2016 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9 "Financial Instruments" addresses the classification, measurement and recognition of financial assets and liabilities and introduces new rules for hedge accounting. IFRS 9 replaces those parts of IAS 39 relating to classification and measurement of financial instruments and introduces a new impairment model. The new model for calculating losses is based on expected losses which can result in earlier recognition of credit losses. The Group expects no impact on the classification and valuation of the Group's financial assets and liabilities. IFRS 9 will enter into force 1 January 2018.

IFRS 15 "Revenue from contracts with customers". IFRS 15 treats how the accounting of revenues shall be made. Revenue shall according to IFRS 15 be accounted when the customer receives the control over the sold goods or service and the customer has opportunity to use the goods or services. The Group estimate that the new standard has no major impact on the financial statements, but will lead to increased disclosure requirements. IFRS 15 is applicable for financial years beginning 1 January 2018. The Group's revenues are still very limited.

IFRS 16 "Leases" is a new leasing standard that will replace IAS 17 "Leases" and related interpretations IFRIC 4, SIC-15 and SIC-27. The new standard requires lessees to recognize nearly all leases on the balance sheet which will reflect their right to use an asset for a period of time and the associated liability to pay rentals. The lessor's accounting model largely remains unchanged. The standard, which applies to fiscal years beginning 1 January 2019 or later, are not yet adopted by the EU. Early application is permitted if also IFRS 15 Revenue from Contracts with Customers are applied. The group has not yet been evaluated in detail the impact of IFRS 16 but assesses that the premises the Group hires will be recognized as assets in the balance sheet. The present value of future lease costs will be recognized as a liability. Some of the commitments may be covered by the exception for short-term and low value leases.

The new standard will mainly affect the company's equity ratio. The Group does not intend to use the possibility of early adoption.

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

Consolidated accounts

The consolidated accounts include the parent company NeuroVive Pharmaceutical AB and those companies over which the parent company exerts a controlling influence directly or indirectly (subsidiaries). Subsidiaries are defined as all companies (including structured entities) where the company has a controlling influence. The group is judged to control a company when it is exposed to or becomes entitled to variable returns on its holding in the company and is able to influence such returns as a result of its influence in the company. Subsidiaries are included in the consolidated financial statements from the date the controlling influence is transferred to the group. They are deconsolidated from the date when the controlling influence ceases.

When the controlling influence over the group company ceases, but the group retains shares in the company, remaining shares are initially recognized at fair value. Profit or loss is recognized in the Income Statement.

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

The acquisition method is applied for recognizing the group's business combinations. The purchase price for acquiring a subsidiary consists of the fair value of transferred assets, liabilities that the group takes over from the previous owner of the acquired company, and those shares issued

by the group. The purchase price also includes the fair value of all assets or liabilities that are a result of an agreement on conditional purchase price. Identifiable acquired assets and liabilities taken over in a business combination are initially recognized at fair value on the acquisition date. For each acquisition—i.e. acquisition by acquisition—the group decides whether non-controlling interests in the acquired companies should be recognized at fair value or at the holding's proportional share of the carrying amount of the acquired company's identifiable net assets. Acquisition-related costs are expensed immediately

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

The accounting policies of the subsidiary are adjusted as required for consistency with the group's accounting policies. All intragroup transactions, balances and unrealized gains and losses attributable to intra-group transactions are eliminated in the preparation of the consolidated accounts.

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

Operating segments

An operating segment is a part of a Company that conducts business operations from which it can receive revenues or incur expenses, whose operating earnings are regularly reviewed by the Company's chief operating decision-maker, and for which there is independent financial information available. 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 revenue principle is that revenues are the fair value of what will be received for goods and services sold in NeuroVive's operations. Revenues are recognized excluding value-added tax and with the elimination of intragroup sales. NeuroVive recognizes revenue when its amount can be measured reliably, it is likely that future economic benefits will flow to NeuroVive and when the essential risks and rewards have transferred to the buyer.

Up-front payments. Up-front payments can be received on entering collaboration agreements and are not repayable. An up-front payment where there is a remaining obligation to render services on the Company's part are considered as advance payments. In such cases, the Company has not finished accruing revenues before the estimated or predetermined collaboration period expires. The amount is allocated on entering the agreement in accordance with the estimated or predetermined collaboration period.

If there is no reservation or other obstacle to receiving compensation and this does not relate to future performance on NeuroVive's part, the up-front payment from the counterparty will be recognized as revenue on entering the agreement.

Milestone payments. Any agreed milestone payments are recognized as revenues if and when the contract counterparty satisfies the agreed criteria and the agreement with the counterparty is secured. Such criteria may consist of study endpoints, registration of pharmaceuticals or sales achieved.

Royalties. Any future royalty revenues are recognized as revenue in accordance with the economic substance of agreements.

Revenue from sales of goods. Future sales of developed pharmaceuticals may also consist of sales of goods. These revenues will be recognized when the essential risks and rewards associated with ownership of goods as transferred to the buyer and when the revenue amount can be measured reliably.

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.

Lease arrangements

A finance lease is an agreement by which the economic risks and rewards associated with ownership of an item are essentially transferred from the lessor to the lessee. Other lease arrangements are classified as operating leases. The group only has operating leases.

Lease payments in operating leases are expensed on a straight-line basis over the lease term, providing there is no systematic way to better reflect the user's economic benefit over time.

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. Non-monetary 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. Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the taxable values used for computing taxable profit. Deferred tax is recognized in accordance with the balance sheet method. Deferred tax liabilities are recognized for basically all taxable temporary differences, and deferred tax receivables are recognized for basically all deductible temporary differences to the extent it is likely that these amounts can be utilized against future taxable surpluses. Deferred tax liabilities and tax receivables are not recognized if the temporary difference relates to goodwill or if it arises as a result of a transaction that is the first-time recognition of an asset or a liability (that is not a business combination), and which at the time of the transaction, neither affects reported nor taxable profit.

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 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 assessments recognized prospectively. Estimated useful lives of intangible assets are estimated at:

Patents 3-20 yrs.
Other intangible assets 5-20 yrs.

Accounting policies for research and development. Development expenses are normally not capitalized until a development project enters phase I. For information on which phase the development projects lie in, refer to page 10.

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. The initial assumption for when all of the above criteria can be considered satisfied for NeuroVive's projects relating to pharmaceuticals is normally when development projects enter phase I.

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.

For information about in which fase the accumulated development costs are, see page 10.

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 financial liability is recognized in the Balance Sheet when the Company becomes party to the instrument's contracted terms. A financial asset or part of a financial asset is de-recognized from the Balance Sheet when the rights in the agreement are realized, expire or the Company relinquishes control over it. All of a financial liability is de-recognized from the Balance Sheet when the obligations in the agreement are satisfied or extinguished in another way.

The Company evaluates whether there are objective indications that a financial asset or group of financial assets are impaired due to events that have occurred on each reporting date. Examples of such events are a significantly deteriorated financial position of the counterparty or payment defaults on due amounts.

Financial assets and financial liabilities that are not measured at fair value through profit or loss in subsequent reporting are reported at fair value on first-time recognition with supplements or deductions for transaction expenses. Financial assets and financial liabilities that are measured at fair value via profit or loss in subsequent reporting, are reported at fair value on first-time recognition. In subsequent reporting, financial instruments are measured at amortized cost or fair value depending on initial categorization pursuant to IAS 39.

On first-time recognition, a financial asset or financial liability is categorized as one of the following:

Financial assets
- Fair value through profit or loss
- Loans receivable and accounts receivable
- Investments held to maturity
- Financial assets held for sale

Financial liabilities
- Fair value through profit or loss
- Other financial liabilities measured at amortized cost

NeuroVive's financial assets and financial liabilities are categorized as loans receivable and accounts receivable and other financial liabilities are measured at amortized cost.

The fair value of financial instruments. The fair values of financial assets and financial liabilities are measured as follows:

Fair values of financial assets and liabilities with standard terms traded on active marketplaces are measured based on quoted market prices.

The fair value of other financial assets and liabilities are measured using generally accepted valuation models and based on information obtained from observable relevant market transactions.

For all financial assets and liabilities, carrying amounts are judged as a close approximation of their fair value, unless otherwise specifically stated in the following notes.

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 "loan receivables and accounts receivable," 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 2016 or 31 December 2015.

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, non-current assets, equity and the incidence of provisions as a separate heading. The parent company also presents a separate Statement of Comprehensive Income, separately from the Income Statement.

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

Financial instruments. The parent company does not apply IAS 39, Financial Instruments: Recognition and Measurement. The parent company applies a cost-based method, pursuant to the Swedish Annual Accounts Act.

Note 3 – Critical estimates and judgments

Important sources of uncertainty and estimates

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

Impairment testing of intangible assets. Because amortization of the Company's capitalized expenditure on product development has not yet commenced, impairment testing of them is conducted at least yearly. Other intangible and tangible non-current assets are subject to impairment tests if there is any indication that they are impaired. Impairment tests are based on a review of recoverable amounts, which are estimated based on assets' value

in use. Management computes future cash flows in accordance with internal business plans and forecasts. This review also uses estimates of items including the discount rate and future growth rates beyond predetermined budgets and forecasts. The carrying amounts of intangible assets amount to SEK 71,151,000 (74,904,000), of which capitalized expenditure for product development represents SEK 51,255,000 (59,803,000). 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. The discontinued development of CicloMulsion has been recognized as an imparied value of SEK 21,135,000 during 2016. Management does not consider that there was any impairment of the group's intangible assets as of 31 December 2016.

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.

NeuroVive conducts research into pharmaceuticals that protect cells. The company holds broad patents for its development platforms that include cyclosporins and sanglifehrins and focus on mitochondrial medicine. The company's drug candidates CicloMulsion and NeuroStat are based on a well-known active compound that is already registered as an approved pharmaceutical in a different therapeutic area. This significantly reduces the risks associated with the clinical phase and potential future market approval. The company is evaluating various types of innovative forms of collaboration with the intention of establishing a reduced-risk and cost-efficient business model. This enables 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.

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, GBP, CAD and NTD. 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 127,000 (398,000).

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 1,311,000 (108,000).

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 12,413,000 (20,148,000) and mature within one year. The group's current receivables that become due within one year amount to SEK 2,821,000 (2,896,000). The group has cash and cash equivalents of SEK 93,251,000 (96,662,000).

Credit and counterparty risk

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

Credit risk also arises when the Company's surplus liquidity is invested in various types of financial instrument. The Board of Directors' predetermined framework stipulates that surplus liquidity may be invested in 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.

Measurements of financial instruments

Carrying amounts of financial assets and financial liabilities divided by measurement category in accordance with IAS 39 are indicated in the following table.

There were no reclassifications between the above measurement categories in the period.

	Group		Parent company	
	31 Dec. 16	31 Dec.15	31 Dec. 16	31 Dec.15
Financial assets				
Financial assets held for sale				
Interest in other companies	13,102	1	13,102	1
Loans receivable and accounts receivable				
Other non-current receivables	118	148	18	-
Receivables from group companies	-	-	7	334
Other receivables	2,821	2,896	2,158	1,815
Cash and cash equivalents	93,251	96,662	75,954	75,936
Total financial assets	**109,292**	**99,707**	**91,239**	**78,086**
Financial liabilities				
Other financial liabilities				
Accounts payable	6,000	5,207	5,582	4,192
Liabilities to group companies	-	-	-	-
Other current liabilities	6,413	14,941	5,389	14,739
Total financial liabilities	**12,413**	**20,148**	**10,971**	**18,931**

Interest income on cash and cash equivalents is stated in note 12. Net gains/losses from other financial assets and liabilities are insignificant.

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 is not considered to have any significant effect.

Capital

The group's aim for managing its capital is to ensure the group's capacity to continue its operations to generate a reasonable return to shareholders and benefit other stakeholders. The group is funded through equity, which amounts to SEK 168,304,000 (154,779,000). 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 16,000 (327,000), which are a management fee. The parent company reports interest income of SEK 0,000 (53,000) 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 major products and services and information on major customers

The group's net sales consist of no larger products or services 2016. The group's net sales 2015 consists of an up-front payment from a customer.

Revenues and non-current assets divided by geographical region

The group's sales relatea to the parent company in 2016, and to the subsidary in 2015.

The group conducts its operations in two main geographical regions—Sweden (the Company's domicile), and Taiwan. Property, plant and equipment in the parent company in Sweden totals SEK 105,074,000 (116,597,000), and SEK 28,402,000 (27,429,000) in the subsidiary in Taiwan.

Note 7 – Other operating income

	Group		Parent company	
	2016	2015	2016	2015
Exchange rate gains relating to operations	104	522	104	509
Total	**104**	**522**	**104**	**509**

Note 8 – Other operating expenses

	Group		Parent company	
	2016	2015	2016	2015
Exchange rate losses relating to operations	509	1,085	509	1,086
Impaired value	21,135	28,135	21,135	28,135
Övriga rörelsekostnader	19	-	16	-
Total	**21,663**	**29,220**	**21,660**	**29,221**

Note 9 – Disclosure on audit fees and reimbursement

	Group		Parent company	
	2016	2015	2016	2015
Mazars SET Revisionsbyrå AB				
auditing	450	435	450	435
audit work in addition to statutory audit	90	100	90	100
tax consulting	10	15	10	15
other	-	30	-	30
Mazars France				
auditing	100	-	100	-
audit work in addition to statutory audit	-	-	-	-
tax consulting	-	-	-	-
other	-	-	-	-
DeloitteTaiwan				
auditing	153	372	-	-
audit work in addition to statutory audit	-	-	-	-
tax consulting	-	-	-	-
other	-	-	-	
Total	**803**	**952**	**650**	**580**

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

Note 10 – Leasing

Operating leases. The expense for the year for operating leases amounts to SEK 692,000 (613,000) for the group and parent company and mainly relates to office rental. On the reporting date, the parent company and group had outstanding commitments in the form of minimum lease payments in irrevocable operating leases with the following maturities:

	Group		Parent company	
	2016	2015	2016	2015
Within one year	485	321	191	195
Between one and five years	133	-	-	-
After more than five years	-	-	-	-
Total	**618**	**321**	**191**	**195**

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

	2016		2015	
Average number of employees	No. of employees	Of which no. of men	No. of employees	Of which no. of men
Parent company, Sweden	9	5	10	4
Subsidiary, Taiwan	8	4	5	2
Total, group	**17**	**9**	**15**	**6**

	Group		Parent company	
Division of senior executives on reporting date	31 Dec. '16	31 Dec. '15	31 Dec. '16	31 Dec. '15
Board members	12	13	7	8
of which men:	*9*	*10*	*4*	*5*
Other employees in management, incl. CEO	9	7	5	3
of which men:	*5*	*4*	*3*	*2*
Total	**21**	**20**	**12**	**11**

Pensions
The group's and parent company's expense for defined contribution pension plans is SEK 1,381,000 (1,136,000).

Remuneration to senior executives and employees
Guidelines for remuneration for senior executives
Fees for board and committee work are payable to the Chair of the Board and Board members in accordance with AGM resolution. The Chair of the Board waived his fee for 2016.

The AGM 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% of basic annual salary, and a total maximum of SEK 1,500,000 to senior executives. 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.

	2016		2015	
Salaries and benefits for the year – group and parent company	Board & CEO	Other	Board & CEO	Other
Parent company	4,315	7,326	6,400	6,536
Subsidiary	783	1,238	779	1,212
Total	**5,098**	**8,564**	**7,179**	**7,748**

Social security costs and pension costs	Board & CEO	Other	Board & CEO	Other
Parent company				
Pension cost	299	1,082	544	592
Other socieal security costs	961	2,196	1,308	1,800
Subsidiary				
Pension cost	-	99	-	58
Other socieal security costs	18	82	28	64
Total	**1,278**	**3,459**	**1,880**	**2,514**

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

Salaries and benefits for the year Group and parent company 2016	Directors' fee	Basic salary	Variable remuneration	Pension expense	Other benefits	Social Security contributions	Total
Gregory Batcheller, Chair	-	-	-	-	1,066	-	1,066
Arne Ferstad, Board member	133	-	-	-	119	42	294
Marcus Keep, Board member	100	-	-	-	-	31	131
Helena Levander, Board member	180	-	-	-	-	57	237
Anna Malm Bernsten , Board member	160	-	-	-	54	50	264
Boel Flodgren, Board member	113	-	-	-	-	18	131
Fredrik Olsson, Board member	100	-	-	-	-	31	131
Total, Board	**786**	**-**	**-**	**-**	**1,239**	**230**	**2,255**
Jan Nilsson, former acting CEO (2,5 månader)	-	380	-	-	1	62	443
Erik Kinnman, CEO (9,5 månader)	-	1,553	345	299	11	669	2,877
Other senior executives (CSO 20%, CFO 100%, CMO 100%, IR 7/12 month, COO 6 month+ serverance pay)	-	3,214	381	589	47	1,167	5,398
Total CEO and other senior executives	**-**	**5,147**	**726**	**888**	**59**	**1,898**	**8,718**
Total	**786***	**5,147**	**726**	**888**	**1,298**	**2,128**	**10,973**

*Total fees Board amounts to SEK 1,180,000. Board fees are recognized in accordance with actual board-year and has not been allocated. Boad Fees 2016 amount to 2/3 of decided fee.

Salaries and benefits for the year Group and parent company 2015	Directors' fee	Basic salary	Variable remuneration	Pension expense	Other benefits	Social Security contributions	Total
Gregory Batcheller, Chair	-	-		-	1,488	-	1,488
Arne Ferstad, Board member	200	-	-	-	427	63	690
Marcus Keep, Board member	150	-	-	-	-	47	197
Helena Levander, Board member	270	-	-	-	-	85	355
Helmuth von Moltke, Board member	150	-	-	-	-	5	155
Anna Malm Bernsten , Board member	240	-	-	-	-	75	315
Boel Flodgren, Board member	170	-	-	-	-	23	193
Fredrik Olsson, Board member	-						
Total, Board	**1,180**	**0**	**0**	**0**	**1,915**	**298**	**3,393**
Mikael Brönnegård, former CEO (8 months + severance pay)	-	2,208	302	544	1	921	3,976
Jan Nilsson, acting CEO (4 months)	-	637	155	-	2	90	884
Other senior executives (CFO 100 %, CSO 20 %, COO 8/12 months)	-	2,242	392	190	7	628	3,459
Total CEO and other senior executives	**-**	**5,087**	**849**	**734**	**10**	**1,639**	**8,319**
Total	**1,180**	**5,087**	**849**	**734**	**1,925**	**1,937**	**11,712**

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

Apart from the Chair of the board, all Directors' fees resolved by the AGM on 28 April were proportionally charged to profit or loss for 2016 with 8/12 months. The Chair waived his fee for 2016.

In 2016 Gregory Batcheller served as Executive Chair. He waved his Directors' fee as approved by the AGM, but through his own company, Stanbridge bvba, invoiced NeuroVive for services rendered in his capacity as Executive Chair. The invoiced amount including reimbursement for expenses is stated in the other benefits column above.

In addition to their duties as a Board member, Arne Ferstad and Anna Malm Bernsten rendered executive consulting services to the Company, invoiced to NeuroVive through respectively company Ankor Consultants Ltd and Bernsten Consulting. These amounts are stated in the other benefits column above, and also relate to reimbursement for expenses.

Other senior executives:
There are three other senior executives during the period of January to March 2016, four other senior executives during the period of March to May 2016, five other executives during the period June to August and four other executives during the period of September to December with the amount stated in the basic salary column corresponding to 3.5 full-time equivalents for 2016 and 1.9 fulltime equivalents for 2015.

Jan Nilsson, COO, has acted as Interim CEO during the period of January to March 2016 and as COO during the period of March to August 2016. Jan Nilsson concluded his employment in August 2016 . Jan Nilsson's remuneration is reported under Other senior executives for the period March to August including severance pay and under Board of Directors and CEO for the period January to March 2016. Jan Nilsson, COO and Interim CEO has not received remuneration in addition to basic salary, variable remuneration and other remuneration.

Eskil Elmer, CSO, did not receive any other compensation apart from basic salary and variable compensation.

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.

Cecilia Hofvander, IR Director, did not receive any other compensation apart from basic salary, variable compensation and other benefits stated in the amount for other senior executives.

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

Pensions
There is no contracted retirement age for the CEO or other senior executives. The pension premium for the CEO and other senior executives is equivalent to ITP1 and calculated on the basis of ITP1's 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 3 to 6 months applies between the Company and other senior executives.

Note 12 – Financial income

	Group		Parent company	
	2016	2015	2016	2015
Interest income	19	66	3	35
Exchange rate gains	413	1,034	285	566
Total financial income	**432**	**1,100**	**288**	**601**

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

Note 13 – Financial costs

	Group		Parent company	
	2016	2015	2016	2015
Interest costs	76	60	7	
Exchange rate loss	119	375	-	152
Total financial costs	**195**	**435**	**7**	**152**

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

Note 14 – Tax

Tax for the year	Group		Parent company	
	2016	2015	2016	2015
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 22% (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:

	Group		Parent company	
Tax for the year	2016	2015	2016	2015
Profit/loss before tax	-71,845	-90,801	-87,118	-88,139
Tax revenue for the year				
Tax computed at Swedish tax rate	15,806	19,976	19,166	19,391
Tax effect of non-deductible expenses	-26	-128	-26	-128
Tax effect of non-taxable revenues				
Tax effect operations/ impairment shares in subsidary	-4,594	-	-4,594	-
Tax effect of deductible expenses and taxable revenues reported directly against equity	3,881	3,394	3,881	3,394
Difference in tax rates between Sweden and foreign subsidiary	168	-29		
Tax effect of deficits for which no deferred tax receivable is reported	-15,235	-23,212	-18,427	-22,656
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. Loss carry-forwards attributable to the subsidiary in Taiwan are subject to a ten-year time limit for utilization.

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

Loss carry-forwards	Group		Parent company	
	16-12-31	15-12-31	16-12-31	15-12-31
Loss carry-forwards for which no deferred tax receivable has been recognized	299,817	231,327	274,499	190,736
Total loss carry-forwards	**299,817**	**231,327**	**274,499**	**190,736**

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	
	2016	2015
Profit/loss for the year attributable to equity holders of the parent (SEK)	-70,240,601	-90,119,000
Weighted average number of ordinary shares before dilution	41,986,149	30,051,328
Basic earnings per share, SEK	**-1.67**	**-3.00**

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	
	2016	2015	2016	2015
Opening cost	59,803	68,368	59,568	68,133
Capitalized expenditure for the year	12,587	19,570	12,587	19,570
Sales	-	-	-	-
Impaired value	-21,135	-28,135	-21,135	-28,135
Closing accumulated cost	51,255	59,803	51,020	59,568
Closing carrying amount	**51,255**	**59,803**	**51,020**	**59,568**

Of total capitalized expenditure for product development, 99% (68) relates to NeuroSTAT, 0% (30) to CicloMulsion, 0% (1) to NVP014 and 1% (1) to Other projects.

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. If carrying amount exceeds value in use, the impairment is taken in profit or loss. The CiPRICS-study termination has been recognised as an impaired value of SEK 21,135,000 during the third quarter. The impairment test as of 31 December 2016 indicated that there was no impairment. The discount rate before tax applied was 25.2% (24,5).

The total amount of expenditure for research and development expensed during the year was SEK 12,001,000 (12,361,000). Illustration on p. 10.

Note 17 – Patent

	Group		Parent company	
	2016	2015	2016	2015
Opening cost	18,193	15,111	18,193	15,111
Purchases during the year	6,156	5,502	6,156	5,502
Reclassification		-2,420		-2,420
Closing accumulated cost	**24,349**	**18,193**	**24,349**	**18,193**
Opening amortization	-5,170	-3,965	-5,170	-3,965
Amortization for the year*	-1,200	-1,205	-1,200	-1,205
Closing accumulated amortization	-6,370	-5,170	-6,370	-5,170
Closing carrying amount	**17,979**	**13,023**	**17,979**	**13,023**

* Amortization on patents is recognized as part of the cost of capitalized expenditure for product development because patents are used in development work.

Note 18 – Other intagible assets

	Group		Parent company	
	2016	2015	2016	2015
Opening cost	2,899	400	2,820	400
Purchases during the year	-	79	-	-
Reclassification	-	2,420	-	2,420
Closing accumulated cost	**2,899**	**2,899**	**2,820**	**2,820**
Opening amortization	-821	-313	-797	-313
Amortization for the year	-161	-508	-142	-484
Closing accumulated amortization	-982	-821	-939	-797
Closing carrying amount	**1,917**	**2,078**	**1,881**	**2,023**

The software, acquired in 2011, is for compiling documentation for use in a future application for drug registration. The reclassification relates to part of the Biotica acquisition completed in 2013.

Note 19 – Equipment

	Group		Parent company	
	2016	2015	2016	2015
Opening cost	1,444	1,193	1,291	1,061
Purchases during the year	106	251	106	230
Disposal	-79	-	-79	-
Closing accumulated cost	**1,471**	**1,444**	**1,318**	**1,291**
Opening depreciation	-1,128	-849	-1,059	-849
Depreciation for the year	-131	-279	-100	-210
Disposal	62	-	62	-
Closing accumulated depreciation	**-1,197**	**-1,128**	**-1,097**	**-1,059**
Closing carrying amount	**274**	**316**	**221**	**232**

Note 20 – Participations in subsidiaries

	Parent company	
	2016	2015
Opening cost	41,750	33,618
Impairment of NeuroVive Pharmaceutical Asia Ltd	-20,870	-
Formation of NeuroVive Pharmaceutical Asia, Inc.	-	8,123
Shares NeuroVive France SARL	-9	9
Closing cost	**20,870**	**41,750**

Subsidiary

	NeuroVive Pharmaceutical Asia, Inc.
Incorporation	Cayman Island
Domicile	Taiwan
Share of equity, %	71,37%
Share of votes, %	71,37%
Book value	20,870

NeuroVive Pharmaceutical AB's subsidiary NeuroVive Pharmaceutical Asia, Inc. has non-controlling holdings of 28.63%. The share of the votes is identical to the share of ownership. Non-controlling holdings total SEK 12,858,000 (13,651,000). As part of the company's preparations for a potential listing of a subsidiary in Taiwan, the company has established a Taiwan-based subsidiary, NeuroVive Pharmaceutical Asia, Inc. alongside collaboration partner Foundation Pacific Asia Ltd. A subsidiary wholly owned by NeuroVive Asia, NeuroVive Pharmaceutical Taiwan, Inc., has been established in Taiwan to manage ongoing operations locally in the region in order to increase the group's presence in Asia and to manage existing projects in the region and carry out research and development projects under license from the parent company. NeuroVive already owns a company for the group's intellectual property in Asia, NeuroVive Pharmaceutical Asia Ltd. with its registered office in Hong Kong, alongside collaboration partner Foundation Asia Pacific Ltd. The holding in NeuroVive Hong Kong has been converted to the corresponding shares in NeuroVive Asia. The wholly owned subsidiary NeuroVive France SARL was founded in 2015, with the aim to prepare for a possible launch of the company's product CicloMulsion. The company was closed down during 2016.

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

Summary, Balance Sheet	2016	2015
Intangible assets	33,951	27,429
Current assets	17,959	21,599
Total assets	**51,910**	**49,028**
Current liabilities	1,448	1,346
Total liabilities	**1,448**	**1,346**
Net assets	**50,462**	**47,682**

Summary, earnings and comprehensive income	2016	2015
Revenue	-	2,514
Net profit for the year	**-39,105**	**-2,655**
Comprehensive income for the year	-37,323	-3,322
Total comprehensive income attributable to non-controlling holdings	-792	-1,260

Note 20 – Participations in subsidiaries, cont'd

Summary Cash Flow Statement	2016	2015
Cash flow from operating activities		
Cash flow from operating activities	-6,117	-3,163
Interest received	16	36
Interest paid	-	-82
Income tax paid	-	-
Cash flow from operating activities	**-6,101**	**-3,209**
Cash flow from investing activities	**860**	**-1,019**
Cash flow from financing activities	**-**	**24,109**
Change in cash and cash equivalents	-5,241	19,881
Cash and cash equivalents at beginning of year	20,721	884
Exchange rate difference in cash and cash equivalents	1,817	-44
Cash and cash equivalents at end of year	**17,297**	**20,721**

Not 21 – Owner-interest in other companies

	Group		Parent company	
	31 Dec. 16	31 Dec. 15	31 Dec. 16	31 Dec. 15
Svenska Läkemedelsförsäkringen AB	1	1	1	1
Isomerase Therapeutics Ltd	13,101	-	13,101	-
Total	**13,102**	**1**	**13,102**	**1**

Note 22 – Prepaid expenses and accrued income

	Group		Parent company	
	31 Dec. 16	31 Dec. 15	31 Dec. 16	31 Dec. 15
Other prepaid expenses	1,171	528	515	492
Total	**1,171**	**528**	**515**	**492**

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

	Group		Parent company	
	31 Dec. 16	31 Dec. 15	31 Dec. 16	31 Dec. 15
Cash and bank balances	93,251	96,662	75,954	75,936
Tota	**93,251**	**96,662**	**75,954**	**75,936**

Note 24 – Share capital

	Parent company and group		
	No. of shares	Quotient value, SEK	Share capital, SEK
Opening share capital, 1 Jan. 2015	27,788,093	0.05	1,389,405
New share issue	2,947,059	0.05	147,353
Closing share capital, 31 Dec. 2015	**30,735,152**	**0.05**	**1,536,758**
Opening share capital, 1 Jan. 2016	30,735,152	0.05	1,536,758
Non Cash Consideration	738,533	0.05	36,927
New share issue	17,984,960	0.05	899,248
Closing share capital, 31 Dec. 2016	**49,458,645**	**0,05**	**2,472,932**

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 non cash consideration of 738,533 shares was issued in January 2016 as payment for the shares aquried in Isomerase Therapeutics Ltd . The non cash consideration increased share capital by SEK 36,927, with the remaining amount of SEK 6,219,750 recognized against other paid-up capital/ share premium reserve. In addition a new issues of 17,984,960 shares raising a total of SEK 77,331,828 (after issue expenses of SEK 17,089,212) was completed in May 2016. The new issue increased share capital by SEK 899,248, with the remaining amount of SEK 76,432,580 recognized against other paid-up capital/share premium reserve.

Note 24 – Share capital, cont'd

Allocation Retained Earnings	
Share premium reserv	82,652,330
Ackumulated profit/loss	176,687,277
Profit/loss for the year	-87,118,153
Total	**172,221,454**

Note 25 – Other paid-up capital – group

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

The share issues completed in January 2016 and May 2016 increased other paid-up capital by SEK 82,652,330 (119,426,515) after deducting issue expenses of SEK 17,641,810 (15,426,139).

Note 26 – Reserves – group

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

Note 27 – Retained earnings – group

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

Note 28 – Accrued expenses and deferred income

	Group		Parent company	
	31 Dec. 16	31 Dec. 15	31 Dec. 16	31 Dec. 15
Accrued salary including social security contributions	1,603	2,314	1,232	2,314
Accrued vacation pay liability including social security contributions	967	800	967	800
Accrued Directors' fees incl. social security contributions	271	744	271	744
Accrued pension expenses	103	204	103	204
Other accrued expenses	2,986	10,278	2,343	10,278
Total	**5,930**	**14,340**	**4,916**	**14,340**

Note 29 – Pledged assets and contingent liabilities

There is an ongoing dispute with CicloMulsion AG that could result in future payment liabilities to CicloMulsion AG. The court has yet to set a date for its decision. For more information see page 22.

Note 30 – Transactions with related parties

Transactions between the Parent Company and its subsidiary, which is closely related to the Company, have been eliminated on consolidation and accordingly, disclosures on these transactions are presented in note 5. Disclosures on transactions between the group and other related parties are presented below.

Apart from the purchase of consulting services from senior executives and raising bridge finance, 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.

Outstanding receivables from, and liabilities to, related parties	Group		Parent company	
	31 Dec. 16	31 Dec. 15	31 Dec. 16	31 Dec. 15
Liabilities				
Stanbridge bvba (owned by Gregory Batcheller, Executive Chair)	95	223	95	223
Total liabilities	**95**	**223**	**95**	**223**

Purchases of goods and services from related parties are on an arm's length basis.

Note 31 – Dividend

No dividend was paid in 2016 or 2015. No dividend will be proposed to the AGM on 27 April 2017.

Note 32 – Adoption of financial statements

These consolidated accounts and annual accounts were adopted by the Board of Directors for issuance on 23 March 2017.

Note 33 – Post-balance sheet events

Discovery Project
A preclinical collaboration agreement was signed for NVP015 with the Children's Hospital of Philadelphia (CHOP) and Marni J. Falk, M.D.

A collaboration agreement was signed with Karolinska Institutet, Stockholm, Sweden, regarding development of the company's compound NV556 for the treatment of mitochondrial myopathy.

NeuroVive's R&D team has together with the collaboration partner Isomerase showed that its sanglifehrin-based compounds display potent effects in preclinical models of HCC. After the end of the period it was announced that the project had participated at the scientific conference EASL HCC Summit held in Geneva, Switzerland, 2-5 February, 2017 with a poster presentation.

Other
After the end of the period, it was announced that research resources and activities in the Taiwan-based subsidiary, NeuroVive Pharmaceutical Asia, Inc., will be redirected to the Parent Company, NeuroVive Pharmaceutical AB. The operations in Taiwan have been sold to the current Taiwanese shareholders. Under the agreement, NeuroVive Pharmaceutical AB will receive about SEK 5 million before administrative expenses. In addition, NeuroVive and its partner Foundation Asia Pacific Ltd., will reacquire the Hong Kong-based subsidiary, NeuroVive Pharmaceutical Asia Ltd., which holds the Asian license rights for NeuroSTAT and agreements with the Chinese pharmaceutical company Sihuan Pharmaceutical and Sanofi Korea. The Hong Kong-based company will be owned jointly by NeuroVive Pharmaceutical AB (about 82.5%) and Foundation Asia Pacific Ltd. (about 17.5%). Under the agreement, other assets, which were previously licensed to NeuroVive's Asian company, will be transferred to NeuroVive Pharmaceutical AB.

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 27 April 2017 for adoption.

Lund, Sweden, 23 March, 2017

Gregory Batcheller
Chair of the Board

Arne Ferstad
Board member

Boel Flodgren
Board member

Marcus Keep
Board member

David Laskow-Pooley
Board member

Anna Malm Bernsten
Board member

Helena Levander
Board member

Erik Kinnman
CEO

Our Audit Report was presented on 23 March, 2017

Mazars SET Revisionsbyrå AB

Bengt Ekenberg
Authorized Public Accountant

Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions
We have audited the annual accounts and consolidated accounts of NeuroVive Pharmaceutical AB (publ) for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 10-61 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 2016, 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 2016, and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

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

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

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.

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 as a whole, but we do not provide a separate opinion on these matters.

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

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

The Company's operations primarily consist of research and development of targeted drug candidates. Development takes place over a longer period in different development phases. As accounting principle activated expenses are related to the development Phase 1. Other development expenditure is expensed. Capitalized costs may over time be affected by disposals / out-licensing of development projects, impairment / amortization of active projects and reclassifications of ongoing projects. The area includes estimates of allocation of expenditure for various projects as well as the valuation of capitalized expenditure. Carrying value at December 31, 2016 is by the company essentially controlled by an externally conducted evaluation of the remaining portfolio for capitalized projects. The company annually produce its own impairment test based on the indications received from the external valuation.

The company capitalizes patent costs related to active development projects. Capitalized patent costs are amortized over the life of the patent. Depreciation attributable to development projects in Phase 1 or later are capitalized as development costs. The area includes assessments of the accuracy as well as the valuation of capitalized expenditure.

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

Personnel costs and related party transactions
See note 11 of personnel costs and note 30 of related party transactions in the financial statements for detailed information and description of the area.

Description of key audit matter
The company has personnel-intensive activities where expenditure partly is attributable to direct development activities. Personnel expenditure relating to development activities are activated within the applicability of the accounting principles. This requires control over time spent per employee per project. The company also has related parties receiving compensation from the company by consulting fees. Furthermore, employees receive a certain variable remuneration bonus based on criteria established by the remuneration committee.

How the area has been considered in the audit
We have audited the Company's system of internal control referenced to personnel costs and have tested the internal control against remuneration expensed during the year. Reconciliation has also been made against agreements, protocol notes, matching matrices and specifications. The accuracy of the information on remuneration and related party transactions provided in the annual report has been controlled.

Subsequent events / restructuring of the Asia Group
See note 33 of subsequent events and note 20 of shares in subsidiaries in the financial statements for detailed information and description of the area.

Description of key audit matter
The Group's Asian sub-group has been restructured after the closing. The purpose of the group has primarily been to prepare the projects

Ciclomulsion (CIPRICS- study) and NeuroStat for the Asian market. As the Ciprics- project was closed during the year, the operations of the Group thus been limited. The Asian subgroup contains all license rights relating to Ciclosporin / NeuroStat for Asian markets, transferred from the parent company in 2014 through a share issue in the Hong Kong company, but also liquid assets obtained through cash issues. The restructuring that has taken place in the beginning of 2017 has meant that the Company sold the business in Taiwan and as compensation received 82,5% of the shares in the Hong Kong company and thereby the license rights, and parts of liquid assets. The carrying value of shares in the Asia Group reported in the parent company has been adapted to the remaining estimated value of the NeuroStat- study for the Asian market. This adjustment resulted in a write-down of shares in the parent company of 20.9 million corresponding to 50%.

How the area has been considered in the audit
The restructuring has been reviewed against the decision through protocols and agreements between the parties involved. We've also verified that the transaction is applicable from legal aspects. We have reconciled the effects of valuation of shares in subsidiaries in the parent company and have controlled the valuation against an external valuation.

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 2-7 and 66-69. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

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

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

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

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 2016 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 my our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on my 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.

Helsingborg 23 March 2017
Mazars SET Revisionsbyrå AB

Bengt Ekenberg
Authorized Public Accountant

Glossary

Active compound
A pharmaceutical active ingredient in a pharmaceutical product.

Bioequivalent
Equal efficacy in the body of two comparative pharmaceuticals with the same active compound.

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 specific compound designated during the preclinical phase. The candidate drug is the compound that is then studied in humans in clinical trials.

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.

Clinical trial
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".

CRO
Clinical research organization.

Cyclophilin D
The mitochondrial protein that cyclosporine A and other cyclosporines bind to in all cells of the body.

Cyclosporine A
A natural active compound (cyclical molecule) produced by the fungus Tolypocladium inflatum. Cyclosporine A is now produced by artificial or chemical methods. Cyclosporine A is a well-known clinically applied cyclosporine that has been demonstrated as potently protective of the brain in animal models of brain injury, where cyclosporine A has transited the blood-brain barrier and entered the brain.

EMA
The European Medicines Agency.

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

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. In phase IIa, which is open, different doses of the pharmaceutical are tested without comparison against placebo and focusing on the pharmaceutical's metabolism in the body, as well as safety. Then in phase IIb, studies of efficacy of a selected dose(es) against placebo is studied, which is then termed "blind."

FDA
The US Food and Drug Administration.

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

In vivo
Scientific experiments or clinical trials on living humans or animals. This, in contrast to analysis and experiments conducted outside the living body, in test tubes, for example

Leigh's syndrome
Leigh's 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 spinal cord).

Lipid emulsion
The carrier medium of drug candidate NeuroSTAT® is a lipid emulsion that consists of small fat globules. It is a version of the well-known lipid emulsion Intralipid® that is administered intravenously in patients that require nutrition and is used as a carrier medium for common pharmaceuticals such as the anesthetic Propofol.

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

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

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

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

NASH
Non-alcoholic steatohepatitis, fatty liver.

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

Pharmaceuticals that protect the mitochondria
Pharmaceuticals that protect mitochondrial function and thus promote cell survival.

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

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

R&D
Research & development.

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

Traumatic brain injury
(TBI) TBI is an injury to the brain where the nerve cells are subjected to immediate damage. The injury then continues to exacerbate several days after the incident, which often significantly impacts on the overall damage.

Milestones

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

1995
- Patent application filed and original discovery published.

1997
- Marcus Keep and Eskil Elmér start up Maas Biolab, LLC in the USA.

1999
- US Patent & Trademark Office grants the patent that forms the foundation of NeuroVive's first project portfolio.

2000
- NeuroVive formed (then called NeuroPharma i Sverige AB).

2004
- NeuroVive in-licenses formulation patent for CicloMulsion/NeuroSTAT from CicloMulsion AG of Germany.

2008
- IPO on Aktietorget.

2010
- *March* Results from the NeuroSTAT trial demonstrates bioequivalence and a superior safety profile to the comparative preparation Sandimmune® Injection.
- *June/December*
- NeuroSTAT was granted orphan drug designation in Europe and the US, implying market exclusivity for ten and seven years respectively, for moderate to severe traumatic brain injury from the date of marketing authorization.

2012
- *April* Agreement with Fresenius Kabi that enables expansion to full-scale production of NeuroSTAT and CicloMulsion.
- *November* Collaboration agreement with Sihuan Pharmaceutical for the development and commercialization of CicloMulsion and NeuroSTAT for the Chinese market.

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

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

2015
- *April* Start of phase II study (CiPRICS study) with ciclosporin (CicloMulsion) as a pre-treatment for acute kidney injury in patients undergoing major surgery.
- *August* The phase III study on CicloMulsion (CIRCUS study) did not reach its primary endpoint and NeuroVive discontinued the development of CicloMulsion for the myocardial infarction indication.

2016
- *January* Collaboration agreement with University of Pennsylvania (Penn) in traumatic brain injury (TBI).
- *March* Erik Kinnman was appointed new CEO of NeuroVive
- *June* The Company share was upgraded to the market place Markets Groups Best market OTCQX in the US.
- *August* The Company completed a 10 percent acquisition of Isomerase Therapeutics.
- *October* Results from the exploratory clinical Phase II trial CiPRICS (for the indication acute kidney injury) did not show the expected effect. As a consequence, the development of CicloMulsion was discontinued.
- *October* The licensing agreement with Arbutus Biopharma (former OnCore Biopharma Inc.) was terminated and all rights to the NV556 compound were returned to NeuroVive. November the Company presented positive preclinical results in an experimental model of NASH. At the same time a new business model was implemented which encompass proprietary development of orphan drugs and early out-licensing of projects directed towards widespread diseases.

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