ASARINA PHARMA

ASARINA PHARMA AB (PUBL)

ANNUAL REPORT 2020

AND CONSOLIDATED FINANCIAL STATEMENTS

1 January 2020 – 31 December 2020

ASARINA PHARMA AB (PUBL)
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CONTACTS

ASARINA PHARMA AB

Karolinska Institutet Science Park | Fogdevreten 2, SE 171 65 Solna, Sweden
Peter Nordkild | Phone +45 25 47 1646

YEAR IN BRIEF

FINANCIAL HIGHLIGHTS

- R&D expenses remained at 2019 level reflecting strict cost control
- Staff costs declined following headcount reduction
- Solid cash position at year-end

R&D HIGHLIGHTS

TOURETTE SYNDROME (TS)

- Additional positive preclinical data was released in February 2021.
- A preliminary, clean report from the juvenile tox study was received in mid-February 2021 confirming that we are able to dose children and men with Sepranolone for TS.
- We expect to submit a CTA to the Danish regulatory authorities for our upcoming Phase IIa Tourette syndrome study in the second half of March.
- We aim to initiate the study in June 2021.

MENSTRUAL MIGRAINE (MM)

- Our Phase IIa Menstrual Migraine study reached full recruitment in October 2020 with 164 patients recruited.
- The last patient was randomized on January 14, 2021.
- The last patient last visit is scheduled for April 20 2021.
- We are on schedule to publish topline results in June 2021.

PREMENSTRUAL DYSPHORIC DISORDER (PMDD)

- Additional data from a post hoc analysis of our 2020 Phase IIb PMDD study was presented by our CSO on February 12 2021 at the International Steroid and Nervous System Conference.
- The findings would be valuable to any larger pharma partner wishing to pursue future PMDD studies, and confirm our confidence in Sepranolone as an effective modulator of Allopregnanolone.
- The Phase IIb study results and post hoc analysis in its entirety will be submitted for publication before the end of March 2021.

CEO STATEMENT

DEAR ASARINA PHARMA SHAREHOLDER

2020 and early 2021 have seen new research and additional data confirming and consolidating the efficacy and potential of our flagship compound Sepranolone. As we continue forward into an eventful 2021, we remain confident of the significant clinical relevance of Allopregnanolone, and the ability of our flagship compound Sepranolone to suppress Allopregnanolone's negative, often devastating effects.

TOURETTE SYNDROME (TS): ADDITIONAL POSITIVE PRECLINICAL DATA RELEASED

In February 2021, two sets of new preclinical Tourette syndrome data were presented by Associate Professor Marco Bortolato, University of Utah:

- The first demonstrated that Tourette-like manifestations in mice are mediated by Allopregnanolone, and significantly suppressed by Sepranolone.
- The second data set was drawn from further mouse and rat models and measured the effect of the over production of Allopregnanolone on PPI (Prepulse inhibition). PPI is a reliable index commonly used in preclinical tests in a range of impulse and stress-related psychiatric disorders from Tourette to OCD, mania and schizophrenia. The study found that increased production of Allopregnanolone interrupted the PPI response during acute stress situations, and that Sepranolone prevented this interruption when injected into the prefrontal cortex.

Furthermore, Asarina received a preliminary but clean report from the juvenile tox study in mid-February without any tox findings and confirming that we are able to dose children and men with Sepranolone for TS.

We expect to submit a CTA to the Danish regulatory authorities for our upcoming Phase IIa Tourette syndrome study in the second half of March. We aim to initiate the study in June 2021.

MENSTRUAL MIGRAINE: LAST PATIENT RANDOMIZED

Despite tough Covid-19 restrictions our Phase IIa Menstrual Migraine study reached full recruitment in October 2020 with 164 patients recruited. The last patient was randomized on January 14, 2021. The last patient last visit is scheduled for April 20 2021. Compliance in the study is high and we are on schedule to publish topline results in June 2021.

PMDD: ADDITIONAL ANALYSIS DELIVERS VALUABLE INSIGHTS AND LESSONS TO BE LEARNED

On February 12, 2021 additional data were presented from a post hoc analysis of Asarina Pharma's 2020 Phase IIb study into Sepranolone at the International Steroid and Nervous System Conference's special session on Allopregnanolone. The additional data in the post hoc analysis demonstrate that when an extended 9-day analysis of symptom reduction was applied, the 10 mg Sepranolone dose showed a statistically significant reduction of total symptom score (p=0.011), impairment score (p=0.007) and distress score (p=0.004).

The positive findings offer useful lessons into this highly complex condition that would be valuable to any larger pharma partner wishing to pursue future PMDD studies. They have given us helpful insights that we have now, where possible and relevant, implemented into our other clinical programs in Sepranolone.

Whilst we still do not intend to continue clinical development of Sepranolone for PMDD by ourselves, as previously stated, these results would be of great interest to any larger pharma partner wishing to continue the development of Sepranolone in PMDD. They confirm our confidence in Sepranolone as an important and effective modulator of Allopregnanolone. The phase IIb study results as well as the post hoc analysis in its entirety will be submitted for publication before the end of March 2021.

FINANCIALS AND ORGANISATION: SIGNIFICANT COST REDUCTION

Due to the termination of the PMDD program, we have reduced costs significantly by postponing several CMC development projects and by reducing headcount as well as some of the G&A costs. We still expect to complete both Phase IIa studies in Menstrual Migraine and Tourette with the current cash available.

With so many ongoing initiatives, both in the clinic and the lab, we sincerely hope that 2021 and 2022 will be positive, turnaround years for Asarina, our shareholders and other stakeholders, and ultimately future patients in our target indications.

On behalf of the Asarina team we would like to thank you for your continued support, we look forward to letting you know about our ongoing research and results throughout the coming year.

WARM WISHES FOR 2021 AND 2022,

Peter Nordkild,
CEO Asarina Pharma

OUTLOOK

Both 2021 and 2022 promise to be full of milestones and achievements:

2021

- ✔ New Tourette data were presented by Professor Marco Bortolato at the International Meeting 'Steroids and Nervous systems' conference on February 11-12 2021
- ✔ We should be able to submit a CTA to DKMA in early March 2021
- ✔ The complete PMDD Phase IIb results and post-hoc analysis will be submitted for publication before the end of March 2021
- ✔ We expect to publish topline results in Menstrual Migraine in June 2021
- ✔ We aim to initiate the Phase IIa clinical study in Tourette at the Herlev and Bispebjerg University Hospitals in Copenhagen in June 2021 with the first patient to receive first injection by August 2021

2022

- ✔ We aim to report topline data from our Phase IIa study in Tourette during the summer of 2022
- ✔ We aim to initiate a Phase IIb study in MM in Q2 2022 subject to positive results from the Phase IIA study and the necessary financial resources

MENSTRUAL MIGRAINE UPDATE

SECRECY AND SEVERITY

WHAT'S IT LIKE LIVING WITH MENSTRUAL MIGRAINE?

Asarina Pharma randomized its final patient in its Phase IIa Menstrual Migraine study in January 2021. What is it like living with the condition?

Josefine Sahlberg experienced her first Menstrual Migraine attack when she was 23 years old. A graduate in Political Science from Karlstad University, she is an administrator at Storsthlm, a non-profit organization driving development and cooperation across Greater Stockholm. She talks about living with the condition, and how increased knowledge of Menstrual Migraine can benefit employers, doctors, members of the public and ultimately patients.

Josefine Sahlberg

> *I sometimes get other migraine attacks outside my period, but Menstrual Migraine attacks are definitely clearly recognizable and more painful.*

At aged 26 Josefine Sahlberg was rushed to hospital with a suspected stroke. The symptoms were dramatic and acute, "I couldn't speak, I couldn't read, my whole arm was paralyzed and numb" she says.

At the hospital it was confirmed that she had suffered a Menstrual Migraine attack and she received her first ever written confirmation of the diagnosis - over three years after her first attack, which occurred following a household accident ("I banged my head on a cupboard door") triggering migraine symptoms so serious that her family thought she may have a concussion.

The majority of women with migraine also suffers from Menstrual Migraine, which has more acute symptoms than those of 'regular' episodic migraine and is more resistant to treatment. Josefine believes most people fail to understand the severity of Menstrual Migraine symptoms. "I sometimes get other migraine attacks outside my period, but Menstrual Migraine attacks are definitely clearly recognizable and more painful. There are more symptoms and they're more acute. I feel sick, nauseous, my hands are numb and paralyzed and I become noise- and light-sensitive."

THE LONG PATH TO DIAGNOSIS

Awareness of Menstrual Migraine amongst doctors can be poor she says. Getting diagnosed and treated isn't straightforward. "Many doctors still tell you 'you should eat better' or 'train more', which is frustrating. Even when I was hospitalized a big reason why I finally received a diagnosis was because I'd seen the same symptoms in members of my family so I was able to tell the staff what I thought it could be. When patients say they're experiencing extreme pain just before their periods, doctors should listen, take it seriously, not just write it off as 'period pain' that has to be put up with. This condition really, really affects people's lives."

STRESS AND SYMPTOMS

Stress is known to severely affect the frequency and severity of symptoms. At Josefine's current job her employers understand her condition, which helps reduce stress and has a positive effect. "In my previous job my boss was skeptical. She didn't really understand the condition and sometimes thought I was faking it. That intensified the stress and led to attacks occurring once or twice a month, sometimes more. Now I probably only have to take off one day every other month."

Josefine reduces stress and manages her symptoms by using a migraine diary to track her cycle and attacks. Even with this though, stress remains an insoluble part of the condition.

"Before an attack I get a pain behind my eye which is like a warning sign that a full attack might be on its way, but sometimes the full attack doesn't materialize. The full-blown attack normally arrives 10 - 15 minutes after the sign. If I'm at work I have a few minutes to decide whether to call a taxi and try to get home before it begins, or whether to risk staying at work. That in itself is really stressful, and the attacks I get outside the first two days of my period are too normally brought on by stress."

TREATMENTS EXIST, BUT NONE ARE FULLY EFFECTIVE

Whilst triptans can have limited success with Menstrual Migraine, the condition is widely known as being highly resistant to standard migraine medication. "I'm prescribed Zomig Nasal Spray, a triptan which works sometimes, but not always and is the only treatment I have found with some effect. I also take an antiemetic that helps me stop vomiting but makes me feel strange and doesn't stop the nausea."

WHAT WOULD IT MEAN TO JOSEFINE TO HAVE A FULLY EFFECTIVE TREATMENT THAT PREVENTED SYMPTOMS?

It would completely change my life. It would be so nice not to have these attacks at all. They are so painful. I think that this area is neglected in terms of medicine and research. I was very pleased when I first saw notices of the Asarina Pharma Menstrual Migraine Study online. Knowing people are researching this and taking the condition seriously affirms you. You think 'ok this definitely isn't just me!'. I'd really like to see more studies and more research.

TOURETTE SYNDROME UPDATE

THE OTHER SIDE OF ALLO

STRESS-REDUCTION AND SEPRANOLONE

New preclinical findings reconfirm Allopregnanolone's role in the negative symptoms of Tourette, Sepranolone's efficacy in suppressing these symptoms pointing towards its possible potential as an adjunctive treatment in a wide range of stress-related psychiatric conditions.

New research presented in February 2021 reconfirms the key role of Allopregnanolone in triggering Tourette symptoms. It joins a growing body of preclinical evidence that suggests that the overproduction of Allopregnanolone in acute stress situations could play an important part in the negative symptoms of conditions from TS to OCD, mania and schizophrenia. PROFESSOR MARCO BORTOLATO (University of Utah) discusses new data on how stress disrupts information processing, and Sepranolone's potential as an adjunctive treatment to psychotherapy in some neuropsychiatric conditions.

It's potent, pervasive and positive in, for example, its therapeutic use in postpartum depression. However, in his conference lecture '*THE OTHER SIDE OF THE COIN: THE NEUROPSYCHIATRIC SIDE EFFECTS OF ALLOPREGNANOLONE*' on February 11, in Torino, Italy [1] Professor Marco Bortolato presented two sets of new preclinical findings which confirm that ALLO plays a key role in triggering negative symptoms in situations of acute stress.

"Our data consistently confirm that acute stress increases Allopregnanolone production in the prefrontal cortex, the major area for decision making that also controls impulse and impulsivity", Bortolato says. "We've now used multiple complementary experimental models to confront this to get an idea of how generalizable this phenomenon might be, and it actually appears to be highly generalizable."

NEW DATA CONFIRMS ALLO'S ROLE IN TOURETTE

One set of findings presented in Torino reconfirms Allopregnanolone 's role in mediating Tourette-like symptoms using a new mouse model. "The new model reproduced one of the abnormalities discovered in postmortem brain samples of individuals with Tourette syndrome," says Bortolato. "This abnormality is the loss of cholinergic interneurons, a category of neurons that serve a very important regulatory function, in the striatum. Reproducing this loss of striatal interneurons in juvenile mice led to an increased propensity to engage in repetitive behavior in response to stress. These behaviors were observed after treatment with allopregnanolone and were suppressed by Sepranolone. These studies confirm our initial findings that allopregnanolone causes the susceptibility to tic and Sepranolone blocks it, using a different but complimentary preclinical model."

ALLOPREGNANOLONE'S NEGATIVE IMPACT ON INFORMATION PROCESSING

In the second set of data on mouse and rat models, Bortolato demonstrated that:

- ✔ **Increased production of allopregnanolone damaged the prepulse inhibition of the startle response** during acute stress situations and
- ✔ **Sepranolone prevented this damage** when injected into the prefrontal cortex

Prepulse inhibition (PPI) is a key index to measure the ability to filter out redundant information. It is based on the modulation of the startle reflex, a universal response that is identical in all normally functioning animals and humans. "When we hear a sudden loud noise, we have a startle reflex" Bortolato says. "However, if we hear a quiet pre-pulse directly before that, our startle reflex is reduced."

The PPI response is reduced in many psychiatric disorders, such as schizophrenia, mania, TS and OCD. In these conditions, even when they hear the pre-pulse, patients still startle with the same intensity, indicating they are not able to filter out irrelevant stimuli. "This is important for two reasons" says Bortolato. "The first is that we believe this is probably the mechanism by which acute stress impairs the ability of Tourette syndrome patients to suppress their tics. The second is that this seems to be a generalized problem in a lot of conditions that share this type of information processing problems, such as OCD, mania, and schizophrenia."

Whether it is the impulse to tic in Tourette's, to become absorbed by obsessive thoughts in OCD, or to process environmental information in schizophrenia, in all these situations Bortolato suspects, acute stress worsens symptoms by increasing allopregnanolone: "All these situations are characterized by problems with information processing, which are generally exacerbated in acutely stressful situations. We've seen now how, in mice and rats, allopregnanolone (either administered or increased by stress) impairs PPI, and this reduction is blocked by Sepranolone. PPI is a highly reliable metric, so there may be a pretty good possibility that the same mechanism might apply to humans. These findings suggest that at least a part of the information processing we see across all these diverse disorders could be exacerbated by Allopregnanolone - and reduced by Sepranolone."

SEPRANOLONE AS AN ADJUNCTIVE THERAPY

Although Tourette syndrome, OCD, schizophrenia, and mania are very different conditions, they are all highly sensitive to stress. "For this reason", says Bortolato, "researching core questions like What does environmental stress do to your brain? has multiple implications in psychiatry and produces insights into many disorders. Even though many of the mechanisms underlying these disorders are different, there are overlaps."

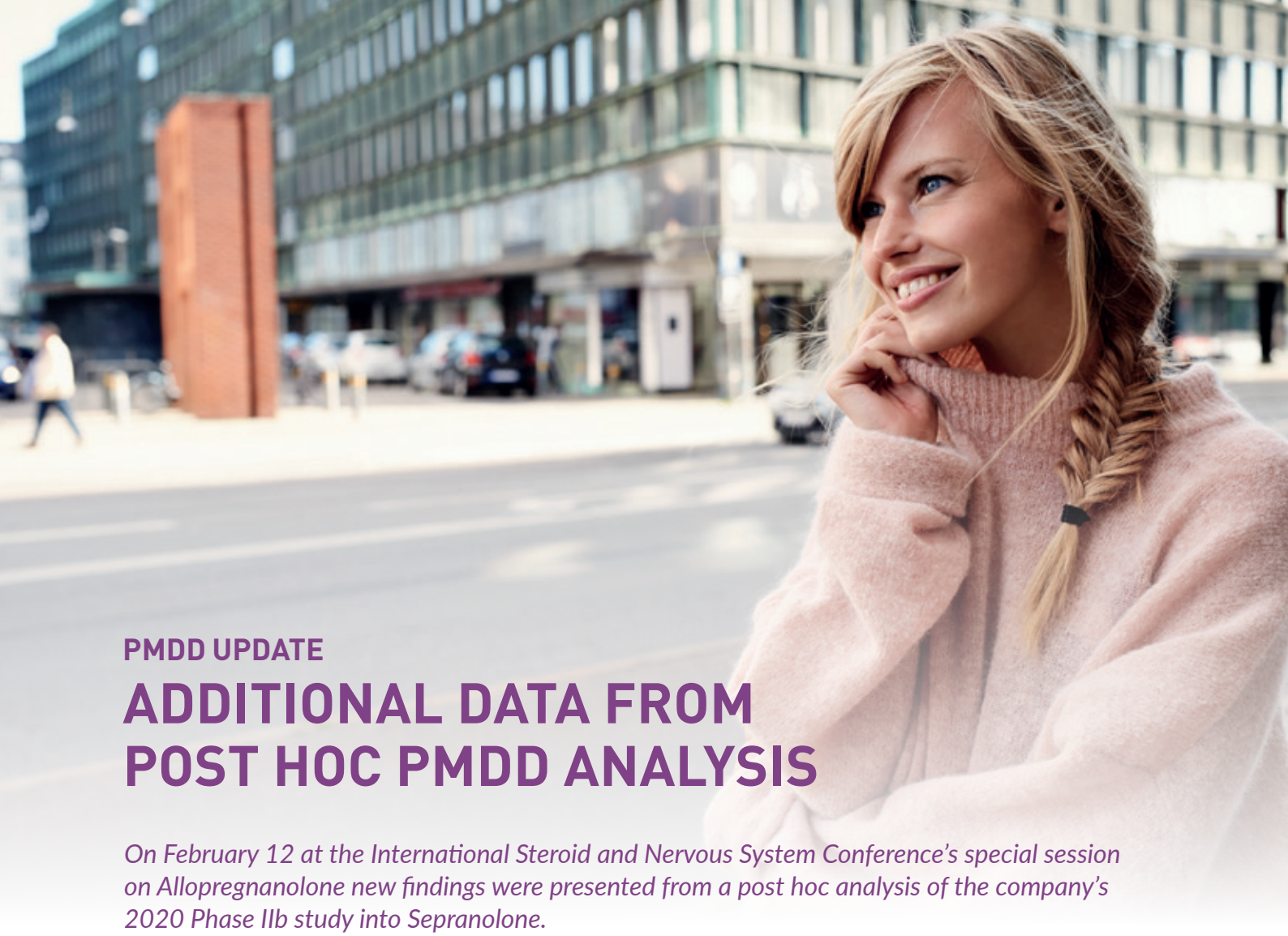
Does Bortolato envisage Sepranolone as a potential treatment for all these conditions? "Psychological, social, and behavioral therapies have a higher likelihood of success if the patients are under low levels of stress, because stress exacerbates symptoms and reduces the effectiveness of these treatments. From this perspective, we are interested in therapies like Sepranolone, which could ultimately give practitioners a valuable new tool in the arsenal of adjunctive treatments to reduce stress and improve compliance to psychotherapy."

WHAT NEXT: RESEARCH DIRECTIONS

Bortolato sees his team's upcoming projects as being two-pronged. "Obviously the key priority right now is to verify how much of what we have found in animal models will occur in clinical trials too, so the outcome of the upcoming Tourette trials will be important in supporting and strengthening our research into other disorders.

"We definitely plan to use animal models of OCD and mania to verify whether the same discoveries in animal models of Tourette syndrome apply to these conditions as well. All our data so far seem to converge on the idea that Sepranolone might well reduce the ability of stress to produce externalizing behaviors. Ultimately, we'd like to explore this hypothesis in new preclinical models, based on either genetic or environmental manipulations."

(1) Allopregnanolone and its synthetic analogues: from bench to clinical strategies for neuropathology, conference



PMDD UPDATE

ADDITIONAL DATA FROM POST HOC PMDD ANALYSIS

On February 12 at the International Steroid and Nervous System Conference's special session on Allopregnanolone new findings were presented from a post hoc analysis of the company's 2020 Phase IIb study into Sepranolone.

In April 2020 Asarina Pharma's Phase IIb randomized, double-blind, placebo-controlled study of 206 patients from 14 study centers in Sweden, the UK, Poland and Germany, reported inconclusive results. Whilst Sepranolone confirmed the positive safety and tolerability profile, results were ultimately inconclusive due to an unexpectedly high placebo effect. In a post hoc analysis presented by Asarina Pharma CSO Professor Torbjörn Bäckström on February 12 however, further data and findings contributed important lessons in key areas:

FOUR KEY LESSONS

- THE PLACEBO EFFCT
- THE DRSP SCALE
- DOSING
- FUTURE PMDD STUDIES

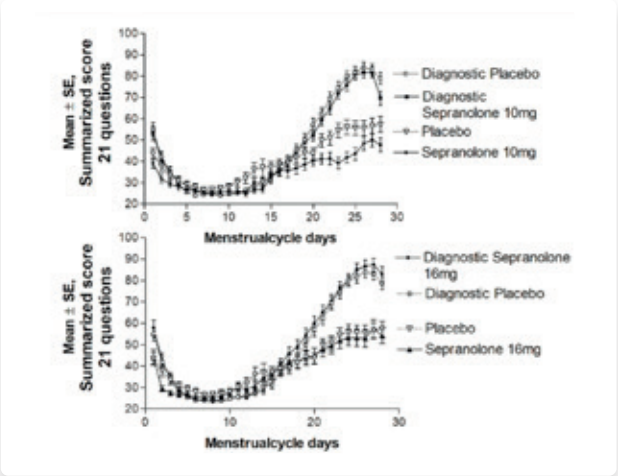
These new findings are positive and important, they confirm our continued confidence in the efficacy and development of Sepranolone. They offer valuable lessons that would be useful to any larger pharma partner wishing to pursue future studies in PMDD, and have given us some valuable insights that we have now applied to our other clinical programs in Sepranolone.

CEO Peter Nordkild

LESSON 1 THE PLACEBO EFFECT

The placebo effect in the study was almost 50% higher than in Asarina Pharma's previous Phase IIa PMDD study, and higher than the placebo effect observed in large-scale Phase II and III studies of a decade ago. However, although the placebo effect was almost constant in the first two treatment cycles, it clearly subsided in the third treatment cycle. A future PMDD study therefore would ideally need to involve more than 3 months, and possibly even a 6-month, treatment schedule.

CEO PETER NORDKILD: "Observing a decreasing placebo effect during the treatment cycles is a useful lesson. Following the post hoc analysis we have now amended our clinical protocol for the ongoing Menstrual Migraine Phase II study, so that it allows for analysis of the individual treatment cycles."

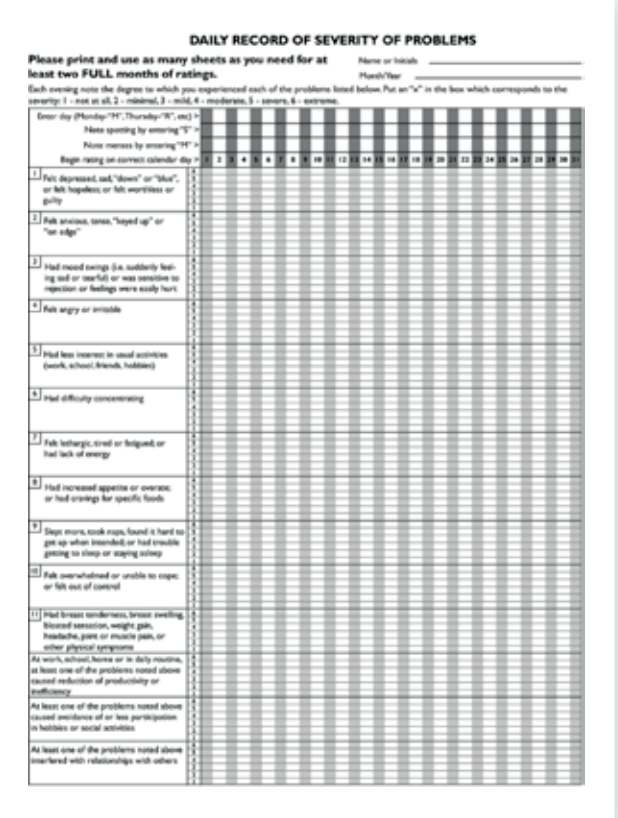


Effect in mean ± SE summarized 21 DRSP scores during diagnostic cycles and treatment cycles with placebo, Sepranolone 10 mg or 16 mg.

LESSON 2 THE DRSP SCALE

The Daily Record of Severity of Problems, or DRSP scale, which was agreed with the regulatory authorities for the study, is the standard scale used in PMDD trials. Asarina Pharma's CSO and Scientific Advisory board accordingly decided to focus on an analysis of the 5 days with the most pronounced symptoms during the last week of the luteal phase. However, many women obviously have a longer duration of severe symptoms than the final week only. In a 1989 publication on PMS/PMDD diagnosis Hammerbäck et al argued for an analysis to be carried out over a 9-day period of the luteal phase. In the post hoc analysis of the Phase IIb data, when a 9-day analysis of symptom reduction was applied, the 10 mg Sepranolone dose did show a statistically significant reduction not only of total symptom score (p=0.011), but especially of the impairment (p=0.007) and distress scores (p=0.004).

CEO PETER NORDKILD: "The logical lesson is clear: A future study in PMDD could certainly consider carrying out an analysis of a longer period of the luteal phase, for example over a 9-day period, provided of course an agreement with the regulatory authorities can be achieved"


DAILY RECORD OF SEVERITY OF PROBLEMS

Please print and use as many sheets as you need for at least two FULL months of ratings.

Name or Initials _____

Month/Year _____

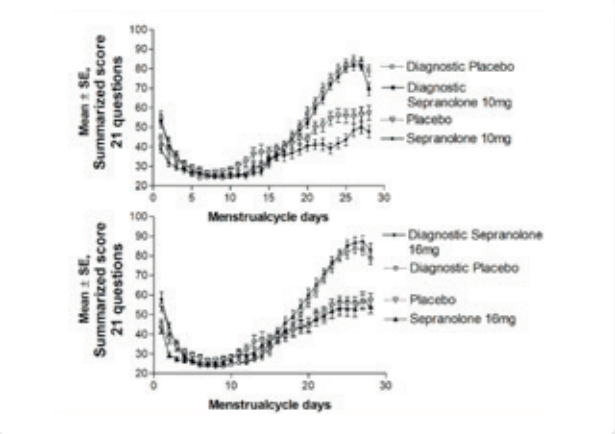
Each evening note the degree to which you experienced each of the problems listed below. Put an "x" in the box which corresponds to the severity: 1 - not at all, 2 - minimal, 3 - mild, 4 - moderate, 5 - severe, 6 - extreme.

Enter day (Monday="M", Thursday="R", etc.) >
Note spotting by entering "S" >
Note menses by entering "M" >
Begin rating on correct calendar day > 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

1 Felt depressed, sad, "down" or "blue", or felt hopeless or felt worthless or guilty
2 Felt anxious, tense, "keyed up" or "on edge"
3 Had mood swings (i.e. suddenly feeling sad or tearful) or was sensitive to rejection or feelings were easily hurt
4 Felt angry or irritable
5 Had less interest in usual activities (work, school, friends, hobbies)
6 Had difficulty concentrating
7 Felt lethargic, tired or fatigued, or had lack of energy
8 Had increased appetite or overate; or had cravings for specific foods
9 Slept more, took naps, found it hard to get up when intended, or had trouble getting to sleep or staying asleep
10 Felt overwhelmed or unable to cope; or felt out of control
11 Had breast tenderness, breast swelling, bloated sensation, weight gain, headache, joint or muscle pain, or other physical symptoms
At work, school, home or in daily routine, at least one of the problems noted above caused reduction of productivity or efficiency
At least one of the problems noted above caused avoidance of or less participation in hobbies or social activities
At least one of the problems noted above interfered with relationships with others

LESSON 3 DOSING

Whilst the 10 mg Sepranolone dose in the new findings was statistically significantly different from placebo when analyzed separately over a 9-day period in the third treatment cycle, this was not the case for the 16 mg dose. When analyzing the Sepranolone plasma concentrations during the study the variation was somewhat larger for the 16 mg than for the 10 mg dose. The cause for this is as yet unknown.



CSO PROFESSOR TORBJÖRN BÄCKSTRÖM: "There are a number of theories. One thing that is well-known with many GABA agonists and with Allopregnanolone is that it has a biphasic mode of action. So Allopregnanolone causes anxiety in low concentrations, but inhibits anxiety in high concentrations. This produces a bell-shaped dose-response curve, rather than a straight line. That might also apply to Sepranolone."

CEO PETER NORDKILD: "If the efficacy curve for Sepranolone in PMDD is narrow and/or has an inverted U-shape that would explain why 16 mg with large variations in plasma concentrations was inseparable from the placebo. Of course, the efficacy curve for Sepranolone in menstrual migraine is unknown – it could prove that the 16 mg dose may prove superior to the 10 mg dose in this clinical setting. Nevertheless, this is useful intelligence and we've accordingly amended the clinical protocol on our ongoing Menstrual Migraine study to allow for an individual analysis of both of the two doses against placebo."

We do not intend to continue clinical development of Sepranolone for PMDD by ourselves, nevertheless these results would be of great interest to a number of larger pharma partners. They confirm our confidence in Sepranolone as an important modulator of Allopregnanolone, and underline that it continues to have potential as a breakthrough PMDD treatment.

CEO Peter Nordkild

These findings show that we should not consider Sepranolone an ineffective drug for PMDD. They show clear evidence that Sepranolone modulates the effects of Allopregnanolone and based on this evidence I don't think we can discount Sepranolone as a possible treatment for PMDD.

CSO Prof Torbjörn Bäckström

LESSON 4 FUTURE PMDD STUDIES

The post hoc findings demonstrate that Sepranolone shows an effect in the treatment of PMDD, in line with Asarina Pharma's Phase IIa study in PMDD, and earlier smaller studies showing that the α-reductase inhibitor Finasteride (an Allopregnanolone blocking agent) can also decrease symptoms in PMDD. So what does it mean for future PMDD studies?

"These are broadly positive and interesting findings for Sepranolone in PMDD" says Peter Nordkild, "but for us they also clearly confirm that PMDD is a very complex indication and that any future Phase III study for Sepranolone in PMDD would be beyond our capabilities. Such a study would ideally need to include 500+ patients, likely running for 6 treatment cycles. The clinical potential of the treatment is obviously still strong, but a study of that scale would require financial muscle and a large clinical organization, it would obviously only be realistic with a far larger pharma partner."

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS OF ASARINA PHARMA AB

The Board of Directors and the Chief Executive Officer of Asarina Pharma AB (publ) ("the Company") hereby present the annual report and consolidated financial statements for fiscal year 1 January 2020 to 31 December 2020.

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DIRECTORS' REPORT

BUSINESS DESCRIPTION

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

SHARES

The Company's shares have traded on NASDAQ First North since 24 September 2018. As of 31 December 2020, the Company has a total of 18,744,524 issued shares.

ASARINA PHARMA AB – MAIN SHAREHOLDERS ON 31 DECEMBER 2020*

SHAREHOLDER	COUNTRY	NO. OF SHARES	OWNERSHIP (%)
Kurma Biofund	France	3,145,132	16.8
Östersjöstiftelsen (Baltic Foundation)	Sweden	2,667,092	14.2
Idinvest Patrimoine	France	1,639,824	8.7
AP4	Sweden	1,585,000	8.5
Handelsbanken Läkemedelsfond	Sweden	855,952	4.6
Torbjörn Persson	Sweden	513,939	2.7
Avanza Pension	Sweden	400,861	2.1
Nordnet Pension	Sweden	322,565	1.7
Peter Nordkild (CEO)	Denmark	263,124	1.4
Other shareholders		7,026,046	37.5
TOTAL		**18,744,524**	**100.0**

** Sources: Euroclear, company estimates*

Asarina Pharma has an incentive warrant program for independent directors and management members. As of 31 December 2020, the warrant holders are entitled to subscribe for a total of 860,822 new shares at fixed prices between SEK 25.20 and SEK 28.73.

GROUP STRUCTURE

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

Asarina Pharma ApS holds the intellectual property rights to Asarina's lead compound, Sepranolone and is the operating entity for the phase IIa studies in menstrual migraine and Tourette Syndrome, respectively.

Asarina Pharma Finans AB ("Finans AB") is a non-operating subsidiary founded in connection with the incentive warrant program for the Board of Directors and management.

KEY FINANCIALS - GROUP

SEK '000	2020	2019	2018	2017
Net sales	0	0	0	0
Operating profit/loss	-81,406	-81,034	-51,596	-32,531
Income after net financial items	-82,994	-78,877	-51,594	-32,305
Total assets (year-end)	68,285	139,894	149,580	12,875
Cash and cash equivalents (year-end)	58,501	129,505	141,543	8,384
Equity ratio [1] (year-end)	78.2%	85.4%	93.5%	76.6%
Return on shareholders' equity [2]	-86.2%	-54.8%	-58.8%	-286.7%
Return on total assets [3]	-77.5%	-54.3%	-61.3%	-250.7%
Average number of employees	4	4	4	2

KEY FINANCIALS - PARENT COMPANY

SEK '000	2020	2019	2018	2017
Income after net financial items	-8,329	-2,410	-6,446	-11,143
Total assets	248,404	247,491	197,947	28,276
Equity ratio [2]	98.7%	98.8%	98.9%	97.1%

(1) Adjusted shareholders' equity/total assets. Adjusted shareholders equity' equals shareholders equity' plus non-taxed reserves reduced by deferred tax liability
(2) Income/average adjusted shareholders' equity
(3) (Income after financial income and costs + interest costs)/Average total assets

SIGNIFICANT RISKS AND UNCERTAINTIES

RISK MANAGEMENT

On an ongoing basis, the Board of Directors systematically assesses the Company's material risks, particularly in the clinical, commercial and financial area, in order to determine if, when and how to mitigate such risks. Mitigating actions are prepared for each identified material risk.

CLINICAL TRIALS

At its current stage of development, Asarina's main operations consist of clinical and pre-clinical studies aiming to demonstrate safety and clinical efficacy of its pharmaceutical product candidates. There is no guarantee that a specific (pre-)clinical trial will generate the required data to enable Asarina to progress to the subsequent phase of the pharmaceutical development. Asarina's goal is to pursue a portfolio of several pharmaceutical candidates for different indications, thereby diversifying the clinical development risk.

Clinical trials may be significantly delayed and/or costs for an individual trial may exceed the original clinical study budget. Prior to initiating a clinical trial, Asarina conducts a detailed assessment of the duration of the trial and the study budget to ensure that it has sufficient funding to conclude the study, taking into account potential delays and cost overruns.

REGULATORY RISK

Like other biopharmaceutical companies, Asarina is highly dependent on approval by regulatory authorities such as the European Medicines Agency (EMA) and the FDA for its clinical trials and for the launch of a final product. Asarina cannot guarantee that it will obtain all regulatory approvals required to continue its clinical studies and to obtain market approval. In order to mitigate regulatory risks, the Company retains highly qualified experts to support its regulatory activities and preparation of clinical protocols.

COMPETITION

Asarina focuses on therapeutic areas in which few other companies are active. The Company conducts extensive monitoring of potential competitive activity, in particular in clinical trials, in the IP-area and in R&D and commercial publications.

FINANCING RISK

Until now, Asarina has not generated any revenues from product sales or licensing of its R&D assets and is therefore dependent upon raising capital from investors. The Company aims to have liquidity for its planned activities for the next 1-2 years. Asarina has regular discussions with current and potential new investors, who may want to participate in future share issues by the Company.

CURRENCY RISK

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

FINANCIAL HIGHLIGHTS DURING THE FISCAL YEAR

RESEARCH AND DEVELOPMENT (R&D)

In 2020, external R&D costs amounted to SEK 63.0 million, compared with SEK 63.4 million in 2019. A major part of the R&D costs was related to the clinical studies in PMDD and menstrual migraine and comprised fees to the two Contract Research Organisations (Ergomed and Scandinavian CRO) and to the clinical investigators. In February 2020, a part of a milestone fee to Ergomed was paid with 301,724 new Asarina shares. The Company also incurred major CMC costs related to manufacturing of clinical material and development of an autoinjector. In April 2020, Asarina announced that its phase IIb study in PMDD did not show a statistically significant effect of Sepranolone compared with placebo. As a consequence, the Company decided to suspend further activities in PMDD and to reduce certain other R&D activities.

GENERAL AND ADMINISTRATION (G&A)

The total G&A costs increased to SEK 7.4 million from SEK 5.9 million in 2019. The G&A costs include in particular expenses related to the board of directors, investor relations, market research, legal and financial advisors and insurance.

STAFF COSTS

The staff costs declined from SEK 11.9 million in 2019 to SEK 10.1 million in 2020 due to the reduction in headcount in the second half of 2020. As of 31 December 2020, the core Asarina team comprises 3 employees and 4 consultants on long-term contracts.

FINANCIAL ITEMS AND TAX

The Group incurred a net loss of SEK 1.6 million from currency losses, primarily related to the strengthening of the SEK during 2020. The Danish subsidiary received SEK 7.8 million in tax credit linked to the R&D costs in 2019.

CASH-FLOW

The Group had a net cash outflow of SEK 70.8 million in 2020 compared with SEK 12.1 million in 2019 in which year the company conducted an equity financing of approx SEK 50 million. At the end of 2020, the Group had total cash of SEK 58.5 million.

EXPECTED FUTURE DEVELOPMENT

The Company expects to announce results of the phase IIa study in menstrual migraine in June 2021. Furthermore, it expects to initiate a phase IIa study with Sepranolone in Tourette Syndrome in June 2021.

PROPOSED APPROPRIATION OF PROFITS (SEK)

AT THE DISPOSAL OF THE ANNUAL GENERAL MEETING ARE THE FOLLOWING AMOUNTS:

Surplus reserve	272,812,724
Income carried forward	-24,014,059
Result for the period	-9,646,037
	239,152,628
The board of directors recommend that to be carried forward	239,152,628
	239,152,628

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

CONSOLIDATED INCOME STATEMENT

SEK '000	NOTE	2020 JAN-DEC	2019 JAN-DEC
Operating income			
Net sales		0	0
Other operating income	4	0	0
Operating costs			
Research and development costs		-63,749	-63,447
Other external costs	5	-7,444	-5,896
Staff costs	6	-10,124	-11,891
Depreciation and write-downs of tangible and intangible non-current assets		-89	0
Operating profit/loss		**-81,406**	**-81,034**
Result from financial items			
Currency gains and interest income	7	6	2,496
Currency losses and interest expenses	8	-1,594	- 339
Profit/loss before tax		**-82,994**	**-78,877**
Income taxes			
Tax on profit/loss	9	7,738	7,801
PROFIT/LOSS FOR THE PERIOD		**-75,256**	**-71,076**

CONSOLIDATED BALANCE SHEET STATEMENT

SEK '000	NOTE	31 DEC 2020	31 DEC 2019
ASSETS			
Non-current assets			
Property, plant and equipment	10	1,832	1,768
Financial non-current assets	12	1	1
Total non-current assets		**1,833**	**1,769**
Currrent assets			
Current receivables			
Current tax asset		7,532	7,698
Other receivables		247	547
Prepaid expenses and accrued income	13	172	375
Total current receivables		**7,951**	**8,620**
Cash and cash equivalents		**58,501**	**129,505**
Total current assets		**66,452**	**138,125**
TOTAL ASSETS		**68,285**	**139,894**
EQUITY AND LIABILITIES			
Restricted equity			
Share capital		4,686	4,611
Total restricted equity		4,686	4,611
Unrestricted equity			
Share premium reserve		272,813	264 500
Retained earnings		- 149,731	-78,565
Profit/loss for the period		- 75,170	- 71,076
Total unrestricted equity		**47,912**	**114,859**
TOTAL EQUITY		**52,598**	**119,470**
Current liabilties			
Accounts payable		11,308	16,608
Other current liabilities		107	147
Accrued expenses and prepaid income	14	4,272	3,669
Total current liabilities		**15,687**	**20,424**
TOTAL EQUITY AND LIABILITIES		**68,285**	**139,894**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Shareholders' equity attributable to parent company shareholders

SEK '000	SHARE CAPITAL	OTHER CAPITAL CONTRIBUTIONS	OTHER SHAREHOLDERS' EQUITY INCLUDING CURRENT PERIOD INCOME	TOTAL EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS
Opening equity on 1 January, 2019	**4,009**	**213,890**	**-77,989**	**139,910**
Current period income			-71,082	-71,082
Changes in reported values of assets and liabilities:				
Restating variance			-576	-576
Total change in values	**0**		**-576**	**-576**
Shareholder transactions				
New share issue	602	53,679		54,281
Share issue costs		-3,069		-3,069
Total shareholder transactions	**602**	**50,610**	**0**	**51,212**
Closing equity on 31 December, 2019	**4,611**	**264,500**	**-149,640**	**119,470**

SEK '000	SHARE CAPITAL	OTHER CAPITAL CONTRIBUTIONS	OTHER SHAREHOLDERS' EQUITY INCLUDING CURRENT PERIOD INCOME	TOTAL EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS
Opening equity on 1 January, 2020	**4,611**	**264,500**	**-149,641**	**119,470**
Current period income			-75,256	-75,256
Changes in reported values of assets and liabilities:				
Restating variance			-508	-508
Total change in values	**0**	**0**	**-508**	**-508**
Shareholder transactions				
New share issue	75	8,313		8,388
Issue of warrants			504	504
Equity related compensation				
Total shareholder transactions	**75**	**8,313**	**504**	**8,892**
Closing equity on 31 December, 2020	**4,686**	**272,813**	**-224,901**	**52,598**

As of 31 December, 2020, Asarina Pharma had 18,744,524 issued shares.

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK '000	2020 JAN-DEC	2019 JAN-DEC
Operating activities		
Operating profit/loss	-81,406	-81,034
Adjustment for non-cash flow affecting items:		
Depreciation	89	0
Write-downs	0	0
Equity related compensation	0	0
Received interest	6	1,914
Paid interest	-1,580	-339
Income taxes paid	7,641	7,835
Cash flow for operating activities before changes in working capital	**-75,250**	**-71,624**
Cash flow from changes in working capital		
Decrease (+)/increase (-) in inventory	0	0
Decrease (+)/increase (-) in receivables	496	-629
Decrease (+)/increase (-) in liabilities	-4 ,314	10,754
Cash flow from operating activities	**-79,068**	**-61,499**
Investing activities		
Acquisition of equipment, tools and installations	-218	-1 768
Cash flow from investing activities	**-218**	**-1 768**
Financing activities		
Share issue	8,388	51,212
Share issue costs	0	0
Issue of warrants	0	0
Cash flow from financing activities	**8,388**	**51,212**
Cash flow for the period	**-70,898**	**-12,055**
Cash and cash equivalents at the beginning of the year	129,505	141,543
Exchange rate differences in cash	-106	17
Cash and cash equivalents at the end of the year	**58,501**	**129,505**

PARENT COMPANY INCOME STATEMENT

SEK '000	NOTE	2020 JAN-DEC	2019 JAN-DEC
Operating income			
Net sales		0	0
Other operating income	4	1,454	2,280
		1,454	**2,280**
Operating costs			
Research and development costs		-1,822	-1,684
Other external costs	5	-4,766	-3,753
Staff costs	6	-2,712	-4,624
Depreciation and write-downs of tangible and intangible non-current assets		0	0
Operating profit/loss		**-7,846**	**-7,781**
Result from financial items			
Currency gains, interest income	7	338	5,623
Currency losses, interest expenses	8	-821	-252
Profit/loss before tax		**-8,329**	**-2,410**
Tax on profit/loss for the period	9	0	0
PROFIT/LOSS FOR THE PERIOD		**-8,329**	**-2,410**

PARENT COMPANY BALANCE SHEET STATEMENT

SEK '000	NOTE	31 DEC 2020	31 DEC 2019
ASSETS			
Non-current assets			
Financial non-current assets			
Participation in group companies	11	191,715	128,460
Other financial non-current assets	12	1	1
Total financial non-current assets		**191,716**	**128,461**
Currrent assets			
Current receivables			
Receivable from group companies		13,994	2,231
Current tax asset		112	16
Other current receivables		107	89
Prepaid expenses and accrued income	13	172	375
Total receivables		14,385	**2,711**
Cash and cash equivalents		42,303	116,319
Total current assets		**56,688**	**119,030**
TOTAL ASSETS		**248,404**	**247 491**
Equity and liabilities			
Restricted equity			
Share capital		4,686	4,611
		4,686	**4,611**
Unrestricted equity			
Share premium reserve		272,813	264,500
Retained earnings		-24,518	-22,108
Profit/loss for the period		-7,825	-2,410
Total unrestricted equity		**240,740**	**239,982**
Total equity		**245,156**	**244,593**
Current liabilities			
Current liabilities			
Accounts payable		372	280
Liablities to group companies		0	248
Other current liabilities		107	147
Accrued expenses and prepaid income	14	2,769	2,223
		3,248	**2,898**
TOTAL EQUITY AND LIABILITIES		**248,404**	**247,491**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	RESTRICTED EQUITY		UNRESTRICTED EQUITY		
SEK '000	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULA-TED LOSSES	NET PROFIT/ LOSS FOR THE PERIOD	TOTAL EQUITY
Opening equity on 1 January, 2019	**4,009**	**213,891**	**-15,663**	**-6,446**	**195,791**
Appropriation of previous year results			-6,446	6 446	0
Current year results				-2,410	-2,410
Shareholder transactions					
New share issue	602	53,679			54,281
Share issue costs		-3,069			-3,069
Issue of warrants			2,225		2,225
Total shareholder transactions	**602**	**50,610**	**0**	**0**	**51,212**
Closing equity on December 31, 2019	**4,611**	**264,500**	**-22,108**	**-2,410**	**244,593**

	RESTRICTED EQUITY		UNRESTRICTED EQUITY		
SEK '000	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULA-TED LOSSES	NET PROFIT/ LOSS FOR THE PERIOD	TOTAL EQUITY
Opening equity on 1 January, 2020	**4,611**	**264,500**	**-22,108**	**-2,410**	**244,593**
Appropriation of previous year results			-2,410	2,410	0
Current year results				-8,329	-8,329
Shareholder transactions					
New share issue	75	8,313			8,388
Issue of warrants				504	504
Total shareholder transactions	**75**	**8,313**		**504**	**8,892**
Closing equity on 31 December, 2020	**4,686**	**272,813**	**-24,518**	**-7,825**	**245,156**

Total number of issued shares on 31 December 2020 amounted to 18,744,524.
All shares carry one vote and have a quota value of 0.25 SEK per share.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1
GENERAL INFORMATION

Asarina Pharma AB (publ), Reg. No. 556698-0750 ("the Company") is a public company registered in Sweden with its registered office at Fogdevreten 2, S-171 65 Solna. The Company and its subsidiaries ("the Group") conduct research, development, sales and licensing in the pharmaceutical field.

NOTE 2
ACCOUNTING PRINCIPLES AND VALUATION PRINCIPLES

The company applies the Swedish Annual Accounts Act (1995: 1554) and the Accounting Standards Board

BFNAR 2012: 1 Annual Report and consolidated financial statements ("K3").

CONSOLIDATED ACCOUNTS

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

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

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

INCOME

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

Dividend and interest income

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

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

LEASES

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

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

FOREIGN CURRENCY

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

Translation of items in foreign currency

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

Net investments in foreign operations

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

Translation of subsidiaries and foreign operations

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

EMPLOYEE BENEFITS

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

Defined contribution plans

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

SHARE-BASED COMPENSATION

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

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

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

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

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

INCOME TAXES

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

Current tax

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

Deferred tax

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

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

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

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

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

Current and deferred tax for the period

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

INTANGIBLE ASSETS

Acquisition through internal development

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

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

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

FINANCIAL NON-CURRENT ASSETS

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

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

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

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

Accumulated cost

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

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

Write-down of financial non-current assets

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

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

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

CASH

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

CONTINGENT LIABILITIES

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

CONTINGENT ASSETS

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

CASH FLOW ANALYSIS

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

ACCOUNTING PRINCIPLES FOR THE PARENT COMPANY

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

Subsidiary

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

Net investments in foreign operations

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

Tangible fixed assets

Tangible fixed assets that are of a lesser value or can be assumed to have a financial useful life of no more than three years are reported as cost at the first reporting date, provided that the company can make corresponding deductions under the Income Tax Act.

Estimated costs of dismantling, removal or restoration of space are not included in the acquisition cost of a tangible fixed asset. These are reported as a provision when the criteria for this are met.

Leasing

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

NOTE 3

IMPORTANT ESTIMATES AND ASSESSMENTS

Important sources of uncertainty in estimates

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

Important assessments when applying the group's accounting principles

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

ACCRUED LIABILITIES

Asarina conducts clinical trials with a duration of up to 2 years. The main trial costs comprise fees to CROs (Contract Research Organization), who manage the trials. CRO fees fall due in up to 9 months intervals based on pre-determined milestones, which reflect the work performed by the CRO's. At the balance sheet date, Asarina assesses the accrued costs for work performed since the previous milestone payment.

NOTE 4

OTHER OPERATIONAL INCOMES

Other operational income in the parent company refers to consulting fees related to work conducted for the Danish subsidiary.

NOTE 5

INFORMATION REGARDING AUDITOR COMPENSATION

	GROUP		PARENT COMPANY	
SEK '000	2020	2019	2020	2019
EY				
Auditing	**242**	**260**	**125**	**200**
Audit services in addition to audit	327	30	0	30
Other services	0	60	269	30
Total	**569**	**350**	**394**	**260**

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

NOTE 6

HEADCOUNT, SALARIES, OTHER COMPENSATION AND SOCIAL COSTS

AVERAGE NUMBER OF STAFF MEMBERS

	2020		2019	
	NUMBER OF STAFF MEMBERS	OF WHICH MALE	NUMBER OF STAFF MEMBERS	OF WHICH MALE
Parent company				
Asarina Pharma AB	1	0	1	0
Total	**1**	**0**	**1**	**0**
Subsidiaries				
Asarina Pharma ApS	6	5	6	5
Asarina Finans AB	0	0	0	0
Total subsidiaries	**6**	**5**	**6**	**5**
Total group	**7**	**5**	**7**	**5**

MANAGEMENT ALLOCATION ON THE BALANCE SHEET DATE

	GROUP		PARENT COMPANY	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Female:				
Board of Directors	2	1	2	1
Management	2	2	1	1
Male:				
Board of Directors	2	5	2	5
Management incl. CEO	4	4	0	0
Total	**10**	**12**	**5**	**7**

SALARIES AND OTHER STAFF COSTS

	2020		2019	
SEK '000	SALARIES AND OTHER COMPENSATION	SOCIAL COSTS (OF WHICH PENSION COSTS)	SALARIES AND OTHER COMPENSATION	SOCIAL COSTS (OF WHICH PENSION COSTS)
Parent company	3,349	680	3,793	831
		(382)		(394)
Subsidiaries	6,013	28	6,943	329
	(0)		(277)	(0)
Total group	**9,362**	**708**	**10,736**	**1,160**
		(382)		**(671)**

SALARIES AND OTHER STAFF COSTS

	2020		2019	
SEK '000	BOARD OF DIRECTORS AND CEO (OF WHICH BONUS ETC.)	OTHER STAFF MEMBERS	BOARD OF DIRECTORS AND CEO (OF WHICH BONUS ETC.)	OTHER STAFF MEMBERS
Parent company	1,515	1,574	498	1,472
Subsidiaries	3,157	2,892	2,508	835
Total group	**4,672**	**4,466**	**3,006**	**2,307**

BOARD AND MANAGEMENT COMPENSATION 2019

SEK '000	BASE SALARIES/ FEES	BONUS	PENSION COSTS	SHARE-BASED REMUNERATION	TOTAL
Board members					
Paul de Potocki, chairman	500				500
André Ulmann	200				200
Marianne Kock	200				200
CEO					
Peter Nordkild	2,648	516			3,164
Other management	3,744	260			4,004
Total	**7,292**	**776**			**8,068**

BOARD AND MANAGEMENT COMPENSATION 2020

SEK '000	BASE SALARIES/ FEES	BONUS	PENSION COSTS	SHARE-BASED REMUNERATION	TOTAL
Board members					
Paul de Potocki, chairman	506				506
André Ulmann	100				100
Marianne Kock	203				203
Vidar Wendel-Hansen	200				200
Mathieu Simon	303				303
Erin Gainer	203				203
CEO					
Peter Nordkild	2,552	560			3,112
Other management	6,320	425			6,745
Total	**10,387**	**985**	**0**		**11,372**

PENSIONS

Group costs for fee-based pension compensation amounted to 382 KSEK (671). Parent company costs for fee-based pension compensation amounted to 382 KSEK (394). The group carries no benefit-based pension plans.

Of the total pension costs, 0 KSEK (17) related to the Board of Directors and CEO.

The groups remaining pension commitment for them amounted to 0 KSEK (0).

SEVERANCE PAY AGREEMENT

Neither the parent company nor its affiliates has entered into any severance pay agreements.

EQUITY BASED COMPENSATION

In September 2018, the Company launched a warrant program as incentive for independent board members and management.

The warrant program entitles participants to subscribe for 758,822 new shares at a fixed price of SEK 25.20 per share in November 2021. In February 2020, the Company allocated additional warrants to two board members and one member of management. The 2020 warrants entitle the holders to subscribe for 102,000 new shares at a share price of SEK 28.73 in the first quarter of 2023.

All warrants have been acquired at market value.

NOTE 7
OTHER INTEREST INCOME AND SIMILAR ITEMS

	GROUP		PARENT COMPANY	
SEK '000	2020	2019	2020	2019
Interest income	6	7	338	3,599
Exchange rate differences	0	2,489	0	2,024
Total	**6**	**2,496**	**338**	**5,623**

NOTE 8
INTEREST COSTS AND SIMILAR ITEMS

	GROUP		PARENT COMPANY	
SEK '000	2020	2019	2020	2019
Interest cost	-201	-252	-143	-252
Exchange rate differences	-1,393	-87	-678	0
Total	**-1,594**	**-393**	**-821**	**-252**

NOTE 9
INCOME TAXES ON CURRENT YEAR INCOME

	GROUP		PARENT COMPANY	
SEK '000	2020	2019	2020	2019
Current tax	7,738	7,801	0	0
Total tax on current year income	**7,738**	**7,801**	**0**	**0**

RECONCILIATION OF CURRENT YEAR TAX COSTS

	GROUP		PARENT COMPANY	
SEK '000	2020	2019	2020	2019
Reported income before taxes	-82,994	-78,877	-8,329	-2,410
Tax computed at Swedish tax rate (21,4% and 22%)	17,761	16,880	1,782	530
Tax effect from				
Non-deductible costs	10	56	24	56
Non-activated taxable losses	-10,033	-9,135	-1,806	-586
Total tax on current year income	**7,738**	**7,801**	**0**	**0**
Current year reported tax	**7,738**	**7,801**	**0**	**0**

In November 2020, the Danish subsidiary received DKK 5.5 million (SEK 7.8 million) from the Danish tax credit scheme. The scheme entitles biotech companies to collect 22% of R&D costs incurred during the previous year (up to a maximum credit of DKK 5.5 million).

The parent company has non-activated taxable losses amounting to 165 301 KSEK (150 356 KSEK).

NOTE 10

EQUIPMENT, TOOLS AND INSTALLATIONS

	GROUP		PARENT COMPANY	
SEK '000	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Acquisition price at the beginning of period	1,768	0	0	0
FX adjustment on opening balance	-60	0		
Purchase	209	1,768	0	0
Acquisition price at the end of period	1,917	1,768	0	0
Depreciation at the beginning of period	0	0	0	0
FX adjustment on opening balance	0	0		
Depreciation for the year	-85	0	0	0
Depreciation at the end of the period	-85	0	0	0
Closing balance	**1,832**	**1,768**	**0**	**0**

NOTE 11

SHARES IN SUBSIDIARIES

						PARENT COMPANY	
NAME	CORP. NO.	DOMICILE	OWNER-SHIP	VOTES	NO. SHARES	BOOK VALUE 2020-12-31	BOOK VALUE 2019-12-31
Asarina Pharma ApS	38 49 57 12	Copenhagen, Denmark	100%	100%	50 000	191,665	128,410
Asarina Pharma Finans AB	559169-2032	Solna, Sweden	100%	100%	50	50	50
Reported accumulated cost					191,715	128,460	128,460
Carrying amount at end of the period					**191,715**	**128,460**	**128,460**

NOTE 12

OTHER LONG-TERM EQUITIES

	GROUP		PARENT COMPANY	
SEK '000	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Opening cost	1	1	1	1
Reported accumulated cost	1	1	1	1
Reported accumulated cost	**1**	**1**	**1**	**1**

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

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

NOTE 13

PREPAID COSTS AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
SEK '000	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Rental costs	79		79	
Other items	93	375	93	375
Total	**186**	**375**	**186**	**375**

NOTE 14

ACCRUED COSTS AND PREPAID INCOME

	GROUP		PARENT COMPANY	
SEK '000	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Accrued personnel costs	3,334	2,173	2,403	1,335
Accrued holiday pay	451	658	0	253
Accrued social costs	0	161	147	161
Other items	487	677	219	474
Total	**4,272**	**3,669**	**2,769**	**2,223**

NOTE 15

PLEDGED ASSETS AND COMMITMENTS

The group and parent company have no pledged assets or commitments.

NOTE 16

RELATED PARTY TRANSACTIONS

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

NOTE 17

EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occured arfter the balance sheet date.

Nb: This is a translation of the annual report in Swedish (Årsredovisning). In case of discrepancies, the Swedish version shall prevail.

SIGNATURES

Asarina Pharma AB
Fogdevreten 2, SE171 65, Solna, Sweden
15 March 2021

PAUL DE POTOCKI
Chairman

PETER NORDKILD
Chief Executive officer

MATHIEU SIMON
Board member

MARIANNE KOCK
Board member

ERIN GAINER
Board member

The audit report was prepared by
Ernst & Young AB

OLA LARSMON
Authorized Public accountant
Auditor in charge

ASARINA
PHARMA

www.asarinapharma.com

ASARINA PHARMA AB

Karolinska Institutet Science Park
Fogdevreten 2
SE 171 65 Solna, Sweden

ASARINA PHARMA ApS

Copenhagen Bio Science Park
Ole Maaløes Vej 3
2200, Kobenhavn N, Denmark