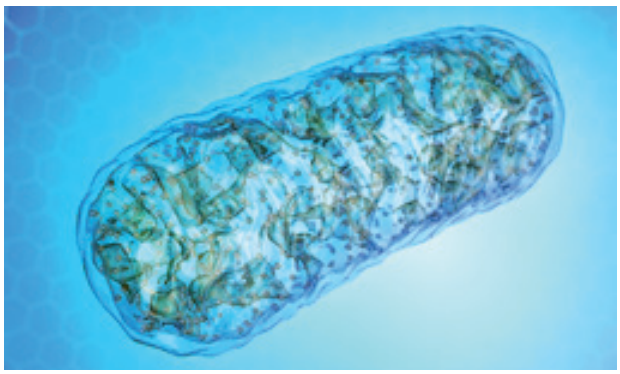
NeuroVive
PHARMACEUTICAL

NeuroVive – A leader in mitochondrial medicine

ANNUAL REPORT
2017

About NeuroVive



NeuroVive Pharmaceutical AB has two orphan drug projects in clinical development, and several research projects in the pipeline. The company is a leader in mitochondrial medicine and focused on the research and development of drug candidates that maintain mitochondrial integrity and function for indications with a major unmet medical need.

The company's strategy is to take drugs for rare diseases through clinical development and to the market. For the company's projects focused on common indications with high commercial potential, the strategy is to out-license at preclinical stage.

What is mitochondrial medicine?

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

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

Reading instructions. The figures in brackets, unless otherwise specified, refer to 2016 operations. Swedish kronor (SEK) are used throughout.

Swedish version prevails. This Annual Report is published in Swedish and English. In the event of any difference between the English version and the Swedish original, the Swedish version shall prevail.

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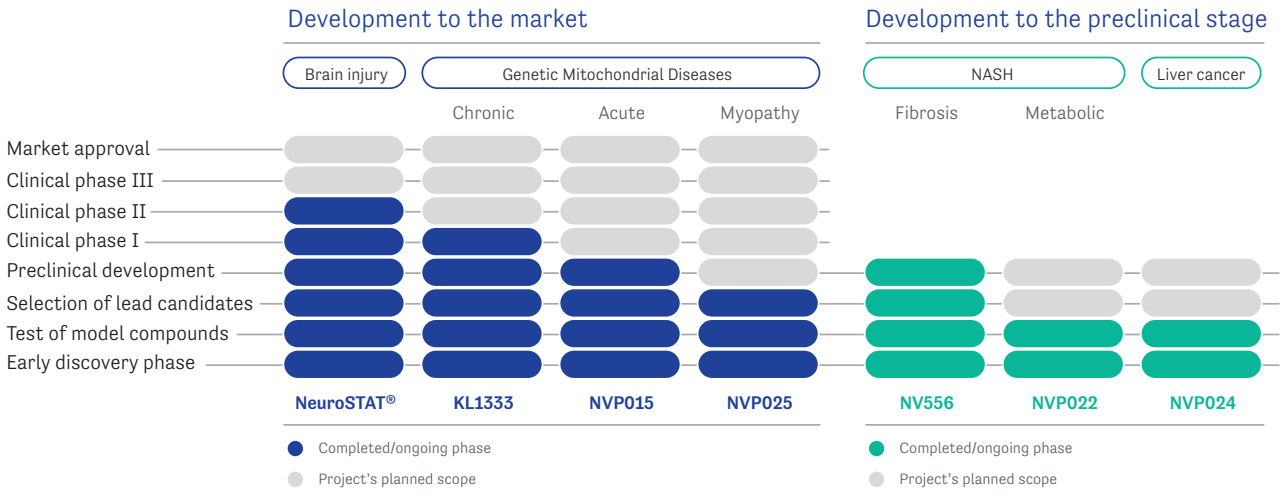
9. Organization
Mark Farmery appointed to the new position of Vice President Business Development, and Daniel Schale as the new Director of Communications.



Comments from NeuroVive's CEO, Erik Kinnman

Aiming for a successful 2018

2017 was an exciting and eventful year for NeuroVive, with positive developments in all of the company's important projects, particularly TBI, mitochondrial disorders and NASH. We have now entered 2018, with high ambitions and a continued fast pace.

Successes in the project portfolio

2017 was a year of considerable success for NeuroVive's clinical and preclinical research projects. The agreement we signed with Yungjin Pharm to in-license the KL1333 project significantly strengthened our prospects for the development of therapies for a variety of genetic mitochondrial disorders. The KL1333 project is already in clinical development in South Korea, and NeuroVive will initiate further clinical studies in 2018. The KL1333 project is also well complemented by the NVP015 project, which is NeuroVive's other project in genetic mitochondrial disorders. KL1333 is being developed as a maintenance therapy for mitochondrial disorders, while NVP015 is mainly focused on the treatment of acute energy crises in these patients. In the NVP015 project, a compound has been selected and is now in preclinical development.

In the NeuroSTAT project, which focuses on treatment for traumatic brain injury (TBI), significant steps have been taken during the year. Preclinical results in the preceding year show that treatment with NeuroSTAT can reduce the severity and extent of a TBI injury by 35 percent. A corresponding effect in TBI patients would reduce the impact of brain injury and the related cognitive impairments for the affected patients. The successful advancement of NeuroSTAT to regulatory approval could be highly significant for the approximately 450,000 patients who suffer from moderate to severe TBI every year in the US and Europe. Based on these positive results, NeuroVive is planning to initiate a Phase II efficacy study with NeuroSTAT this year.

Our projects for fatty liver (NASH), NV556 and NVP022, and our project for liver cancer, NVP024, have also delivered exciting and positive results.

Business model with orphan drug focus

The company is focused on bringing orphan drugs for rare diseases with a major unmet medical need to market. Orphan drug development is supported by special orphan drug policies and is usually faster, less costly and less risky than drug development for common diseases. Orphan drug designation in the US and Europe therefore enables even smaller pharmaceutical companies to bring drug candidates through all stages of the drug development process to market. To date, orphan drug designation has been granted to NeuroVive's TBI project, NeuroSTAT, in both the US and Europe, and to the KL1333 project for genetic mitochondrial disorders in Europe. It is also possible that more of the drug candidates in our project portfolio will qualify for orphan drug status.

NeuroVive's business model also contains projects for larger patient groups. These are advanced to preclinical stage for out-licensing to a large pharmaceutical company for clinical development and commercialization of the drug. This enables the company to benefit from further research discoveries, and creates opportunities for both short and medium-term revenues. NeuroVive is therefore able to enter major pharmaceutical markets, such as the NASH therapeutics market, which is estimated to exceed USD 25 billion by 2026.

Cutting-edge research

NeuroVive's research and development is focused on the mitochondria, the powerhouses of the body, and the role they play in genetic mitochondrial disorders, TBI, fatty liver and liver cancer. The objective is to use our excellence in mitochondrial medicine to develop novel treatment options in these disease areas, for which there is a major unmet medical need for effective treatment but few or no therapeutic options.

Collaboration is paving the way for new discoveries

A key success factor for NeuroVive is our ability to find collaborations and partnerships. Our close and multi-year collaboration with Lund University in mitochondrial medicine, and with Isomerase in innovative medicinal chemistry, plays a key role in our early-stage projects. Today, we also collaborate with world-leading researchers in mitochondrial medicine at the Children's Hospital of Philadelphia (CHOP), and in TBI at the University of Pennsylvania (Penn) and University of Florida. In addition, completely new therapeutic areas for our NVP015 compounds are being studied at CHOP with funding from the US National Institutes of Health (NIH) and in 2018, our liver cancer collaboration with Lund University will be expanded with research funding from the Swedish Foundation for Strategic Research.

Outlook for 2018

2018 promises to be a very exciting and eventful year for NeuroVive. Our ambition is to initiate a Phase II clinical efficacy study with NeuroSTAT in TBI patients. We are expecting to present results from the ongoing Phase I clinical study with KL1333 in South Korea, and initiate an additional Phase I clinical study with KL1333 in Europe and/or the US. We will also be able to present results from the ongoing preclinical development of the NVP015 project. To continue the positive clinical development of the NeuroSTAT and KL1333 projects as well as the preclinical projects, the company will in April conduct a preferential rights issue of approximately SEK 78.5 million. Finally, we have also accelerated our out-licensing activities with the hope of having agreements in place during 2018.

Erik Kinnman
Chief Executive Officer

March 2018

Strategy

Cutting-edge research for novel mitochondrial treatment options

Based on NeuroVive's frontline research in mitochondrial medicine, new and innovative treatment options are developed for patients in disease areas for which there are currently few or no drugs available.

Cutting-edge research is leading to innovative drugs and benefits for patients

NeuroVive has been researching disease processes involving mitochondria in cells and their main functions of energy production and cell survival (mitochondrial medicine) for many years. Abnormal mitochondria function is responsible for many diseases. In disease areas with no effective treatment options at present, NeuroVive is developing drugs that protect and boost mitochondrial function.

Focus on orphan drugs

The company's disease area focus is congenital mitochondrial disorders and TBI. NeuroVive's objective is to bring these orphan drug projects through all stages of clinical development to market. This creates value for the company in the medium to long term and comprises one, and the main element, of the company's business model.

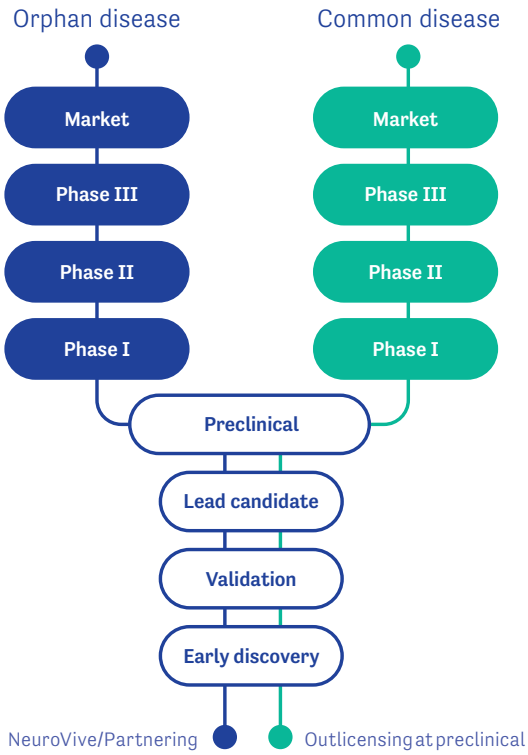
NeuroVive focuses on orphan drug projects because they are usually faster to develop, require considerably less investment, and are less risky compared with drug projects for common diseases.

Drug development for common diseases to preclinical stage

Deep knowledge and research in mitochondrial medicine has also led to the development of drug candidates that target common specialized diseases, such as NASH and liver cancer. These projects are advanced to preclinical stage for subsequent out-licensing to a large pharmaceutical company for further clinical development and commercialization. The second element of the business model creates opportunities for revenues in the short time, while building further value for the company in the medium to long term.

Flexible and cost-efficient project development

Despite its broad project portfolio, NeuroVive's costs are limited and flexible due to significant use of external expertise and strong collaboration agreements. A contributing factor to NeuroVive's cost-efficient research and development is the company's positive relationships with academia, hospitals and other drug discovery and development companies, both in Sweden and internationally. NeuroVive is thus able to effectively identify, evaluate and develop potential drug candidates and gain access to additional excellence.



Furthermore, NeuroVive does not rely solely on its own financing of the necessary development stages via the capital market, but also seeks non-dilutive financing for projects such as research grants. Out-licensing and partnerships with other pharmaceutical companies also injects financial resources and expertise, and further limits the risks associated with drug discovery and development.

Future customers

NeuroVive's products have as its main customers patients, specialist healthcare and institutions that pay for medicines. End-users are individuals suffering from severe diseases who currently lack effective treatment options, such as genetic mitochondrial diseases, NASH, liver cancer, and people suffering from acute brain damage stemming from, for example, traffic accidents. Primary prescribers and providers of NeuroVive's future drugs include highly specialized doctors at national and regional centers for trauma care and at centers of expertise for genetic metabolic diseases and cancer. An additional goal of NeuroVive's drug development project for TBI is that the drug may eventually also be administered by paramedics at the scene of the accident. Thus, for all NeuroVive's drug development projects, the future customers are a relatively concentrated group of specialists, decision makers and patients.

Active patenting strategy protects assets

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 a strong and broad patent portfolio with strategically defined patent families in the areas of cyclosporine formulation, sanglifehrin-based compounds, and other innovative compounds including succinate molecules and protonophores. Patents and patent applications are mainly concentrated in 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 2017 - 31 December 2017. The Company is registered in Sweden and has its registered office in Lund.

NeuroVive's project portfolio

Breadth and value-enhancing activities in the near future

NeuroVive's project portfolio consists of orphan drug projects for clinical development to the market, as well as specialty drug projects for outlicensing at the preclinical phase. During the year, the performance of the company's various projects remained favorable, with a positive trend in the two clinical projects NeuroSTAT for TBI, and KL1333 for genetic mitochondrial disorders. Progress was also made in the preclinical projects NVP015 for genetic mitochondrial disorders, NV556 and NVP022 for NASH and NVP024 for liver cancer. A continued positive trend and several key milestones are expected in 2018.

Orphan drug projects for clinical development to market

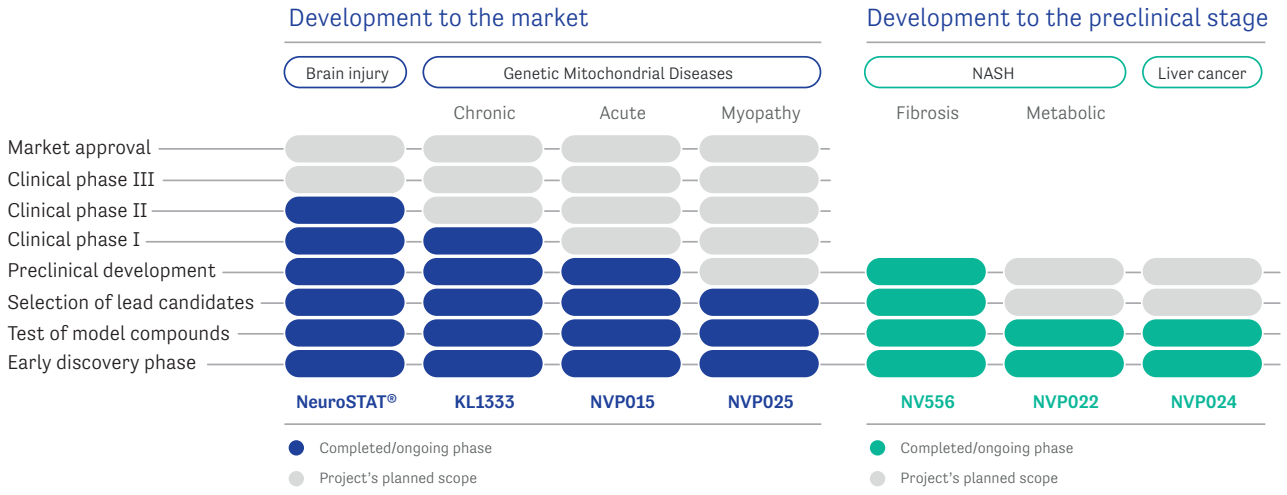
NeuroSTAT

An acute TBI causes immediate damage to some nerve cells. The damage then continues to worsen for several days or weeks after the trauma, which often affects the overall severity of the injury and therefore, the residual loss of brain function after the injury. TBI patients are at risk of suffering from cognitive disabilities such as disrupted thought, 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, often lifelong, and loss of productive life due to functional impairment.

NeuroSTAT (ciclosporin) protects the important energy-producing mitochondria in the cells, thus protecting the functional cells from the toxic substances released by other affected nerve cells, while preventing the stressed cells from dying after TBI. A large number of preclinical studies have clearly demonstrated the neuroprotective effects of ciclosporin after TBI, and initial clinical studies have shown that ciclosporin is safe to use in TBI patients.

KL1333, NVP015, NVP025

Genetic mitochondrial disorders are a group of diseases that are all attributable to mitochondrial dysfunction due to genetic abnormalities. The mitochondria amass naturally in our cells, are the powerhouse of the cells and closely related to their survival. When they do not function, a variety of symptoms can occur, such as 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.



One of the most common causes of genetic mitochondrial disorders is complex I dysfunction, i.e. when energy conversion in the first of the five protein complexes in the mitochondrion that are central to effective energy conversion does not function normally. This is apparent in such disorders as Leigh syndrome. Dysfunction in several of the mitochondrial protein complexes is also a common cause, and typical of MELAS. Both of these syndromes are very serious diseases. Mitochondrial myopathy is one of the most common symptoms of genetic mitochondrial disease. The hallmark symptoms of mitochondrial myopathy include muscle weakness, exercise intolerance and fatigue. 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 genetic mitochondrial diseases.

KL1333
In May 2017, NeuroVive signed an in-licensing agreement for the KL1333 compound with Korean pharmaceutical company Yungjin Pharm. Co., Ltd. The compound has been developed for the treatment of rare genetic mitochondrial disorders and corrects mitochondrial dysfunction. In preclinical studies, KL1333 has been shown to increase mitochondrial energy production, reduce lactate accumulation, prevent the formation of free radicals and have long-lasting positive effects on energy metabolism – by making new mitochondria, for example. The drug candidate has been developed for oral treatment of genetic mitochondrial disorders such as MELAS, KSS, CPEO, PEO, Pearson, MERRF and Alpers syndrome.

NVP015
NeuroVive is developing a therapy for mitochondrial genetic disorders dependent on complex I dysfunction, NVP015, intended to treat acute energy crises in patients with this type of mutation.

NVP025
Within the framework of the NVP025 project, NeuroVive is developing a molecule designed to protect affected cells in mitochondrial genetic disorders, and the primary goal is to protect the muscle cells of patients suffering from mitochondrial myopathies.

Specialty drug projects for outlicensing in preclinical phase

NV556 and NVP022
Inflammation and fibrosis combined with excess fat in the liver are symptoms of non-alcoholic steatohepatitis (NASH), a condition that causes scarring of the liver and can lead to cirrhosis of the liver and liver cancer (hepatocellular carcinoma). There is a strong link between NASH and several other metabolic disorders, such as diabetes and obesity. The number of NASH patients is growing rapidly, in line with the increasing prevalence of obesity and diabetes. The disease is common all over the world and about 3-5 percent of all Americans (about 15 million people) suffer from NASH. The disease is slightly less common in Europe, but even more common in Asia and the Arab countries. There are no approved drugs at present.

NV556
NV556 is a directly antifibrotic drug candidate targeting NASH patients who have progressed from the initial metabolic stage characterized by fat storage and inflammation.

NVP022
NVP022 targets the metabolic components of NASH by partly uncoupling energy-linked functions and thereby removing excess fat stored in the liver.

NVP024
There are two major types of liver cancer: hepatocellular carcinoma (HCC) and intrahepatic bile duct cancer. NASH, hepatitis virus infections (B and C), fatty liver and alcohol-induced liver cirrhosis are risk factors for liver cancer. Although liver cancer is more common in Asia than in northern Europe and the US, HCC is the sixth most-common type of cancer and the third most-common cause of cancer death worldwide.[1,2)]

NeuroVive's drug development for liver cancer will be conducted in the NVP024 project. The aim is to develop a well-tolerated treatment that can be effectively combined with other therapies to increase liver cancer survival rates.

Background to NeuroVive's focus on orphan drugs

By focusing on rare diagnoses, NeuroVive's drugs can be classified as orphan drugs while still under development. The possibility of obtaining orphan drug designation for drugs in development as well as drugs with marketing authorization is extremely valuable. Orphan drug designation facilitates development and commercialization of the drug due to the scientific support and lower fees charged by the European Medicines Agency (EMA). Since the documentation requirements are less extensive than for non-orphan drugs, the development process is faster and less costly, and there is a far greater chance of reaching the market. Orphan drug status can be obtained after the drug has received marketing authorization and provides 7-10 years of market exclusivity in both the US and Europe. NeuroVive has been granted orphan drug designation for NeuroSTAT in the US and Europe, and for KL1333 in Europe.

Patents

A key aspect of NeuroVive's strategy is to protect its expertise with strong patents. Patent protection covers discoveries of chemical compounds, methods and production processes related to the company's operations in core markets. NeuroVive has built a strong patent portfolio in mitochondrial medicine with strategically defined patent families, mainly in the fields of ciclosporin formulation, sanglifehrin-based compounds and other novel, and completely independent, compounds in the NVP015 and NVP022 projects in the portfolio. Patents and patent applications are mainly concentrated in the key commercial markets of Europe, the US and Asia.

1) Altekruse SF, McGlynn KA, Reichman ME: Hepatocellular carcinoma incidence, mortality, and survival trends in the United States from 1975 to 2005. J Clin Oncol 27 (9): 1485-91, 2009.
2) Forner A, Llovet JM, Bruix J: Hepatocellular carcinoma. Lancet 379 (9822): 1245-55, 2012.

NeuroVive's program for traumatic brain injury (TBI)

Medical condition

TBI is caused by an external physical force to the head. A part of the brain and its nerve cells suffer immediate damage and die, and toxic substances are released. The damage continues to worsen for several days, sometimes up to weeks, after the trauma during which time additional nerve cells are damaged and die due to the toxic substances released by the acute injury. In many cases, this secondary injury has a significantly negative and severe effect on the overall brain injury and therefore the clinical consequences and loss of function. At present, there are no approved drugs for TBI, or the prevention of secondary injuries. A large number of patients suffering from moderate or severe TBI require intensive care admission in the acute injury stage, long-term hospitalization, and subsequent disabilities that require various forms of aftercare and social support. The direct and indirect health care costs of TBI globally are estimated to be USD 400 billion annually.[1)]

Treatment objective

Researchers at Lund University, including NeuroVive's CSO, have shown that NeuroSTAT's active compound, ciclosporin, has neuroprotective properties. By inhibiting the cyclophilin D protein and thus stabilizing the mitochondria, NeuroSTAT is expected to limit secondary brain injury, and therefore the overall extent of brain damage. The treatment may therefore lead to higher survival rates and improved quality of life and function after injury.

Market potential

Every year, TBI is estimated to affect more than 50 million people worldwide. In the US, TBI is a leading cause of morbidity or disability, and responsible for about 30 percent of all injury-related deaths. [1)] Traumatic brain injury therefore poses an enormous health and socioeconomic burden, with a major unmet need for effective therapies. There is no drug currently available that can prevent the progression of neurological and functional deficits after TBI. NeuroSTAT targets moderate to severe TBI, where the number of patients is estimated to be about 450,000 annually in the US and Europe, and consulting firm Monocl Strategy Services predicts that revenues for NeuroSTAT could amount to USD 1.6 billion per year.

Drug candidate: NeuroSTAT

NeuroSTAT has been evaluated in a Phase II clinical study CHIC at Copenhagen University Hospital in Denmark. The study, which ended in May 2017, studied safety, tolerability and pharmacokinetics, i.e. the effect of two different doses of the active ingredient ciclosporin on circulation in the body and passage to the brain in patients with severe TBI. NeuroSTAT's neuroprotective effects in TBI and the relationship between efficacy and drug concentrations in the brain, were also assessed in an experimental study at Penn. The NeuroSTAT drug candidate has orphan drug designation in both Europe and the US.

Project status

Phase II clinical safety study (CHIC)
The CHIC study was an open-label study in TBI patients, which means that all parties involved in the study knew which participants were assigned which intervention. In addition to evaluating NeuroSTAT's safety and blood and cerebrospinal fluid pharmacokinetics, exploratory measurements were carried out to study the efficacy of NeuroSTAT at mitochondrial level, and how NeuroSTAT affects various biochemical processes after a brain injury. Top-line results from the study were announced on May 23, 2017 and the findings were presented at the Nordic Neurotrauma Conference in Lund on November 15, 2017. The results show that adequate, dose-dependent concentration levels can be measured in blood and that NeuroSTAT reaches its target organ – the central nervous system (CNS) – and that NeuroSTAT is safe and well-tolerated in this patient population.

Experimental study at Penn
The experimental TBI studies conducted jointly with Penn showed a significantly decreased (-35%) extent of brain injury in MRI measurements following treatment with NeuroSTAT. The studies also showed that NeuroSTAT crosses the blood-brain barrier and that satisfactory blood and the brain concentrations are achieved. In addition, these studies demonstrated positive changes in levels of brain energy metabolism, improved mitochondrial respiration and reduced production of free radicals.

Positive opinion from the EMA and collaboration with the University of Florida

NeuroVive received a positive opinion from the EMA regarding the design of the company's upcoming Phase II efficacy study. The EMA expressed its support for the innovative study design proposed by NeuroVive to evaluate clinical efficacy, including the use of advanced MRI techniques to assess NeuroSTAT's neuroprotective effects on brain cells. A subset of the patient population with similar types of brain injuries will also be identified, which will facilitate the evaluation. This will enable a much more focused and restrictive Phase II clinical efficacy study.

NeuroVive has initiated a collaboration with researchers at the University of Florida's McKnight Brain Institute to study TBI biomarkers that could potentially be used to further optimize the study design and verify efficacy in future clinical studies.

Project costs for the continued clinical development of NeuroSTAT will be financed by a combination of funding from the capital market and non-dilutive funding granted by major international institutions.

Milestones and objectives

Milestones 2017

- The CHIC study ended and the results showed that adequate, dose-dependent concentration levels can be measured in blood and that NeuroSTAT reaches its target organ – the central nervous system (CNS). The study also demonstrated the expected safety profile in TBI patients.
- In collaboration with Penn, studies in an experimental model showed that treatment with NeuroSTAT can reduce the extent of a TBI injury by 35 percent.
- Positive feedback from the EMA regarding the design of the development program and design of the upcoming clinical study.
- Agreement with the University of Florida's McKnight Brain Institute for TBI biomarker development.

Objectives for 2018

- Publication of results from the CHIC study and from the collaboration with Penn.
- Results from evaluation of biomarkers prior to the upcoming NeuroSTAT development program.
- Secure financing for upcoming Phase II efficacy study.
- Meeting with the FDA prior to development programs in the US.
- Start-up of Phase II efficacy study.

1) Maas A et al. Traumatic brain injury: integrated approaches to improve prevention, clinical care, and research. The Lancet Neurology. 2017 Nov; 16(12):987.

NeuroVive's program for genetic mitochondrial disorders

Medical condition

Genetic 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 hallmark symptom of mitochondrial diseases is lack of function in one or more of the five protein complexes in the mitochondrial respiratory chain, which plays a central role in the body's energy generation. Isolated complex I deficiency is the most common respiratory chain defect, and typical of Leigh syndrome. Dysfunction in several protein complexes, such as complex I, III and IV, is typical of MELAS (mitochondrial encephalomyopathy, lactic acidosis, and stroke-like episodes). Both are very serious diseases with symptoms including muscle weakness, epileptic fits and other severe neurological manifestations. Mitochondrial disorders usually present at an early age and progressively worsen. Many different organs and types of tissue can be affected, which may eventually lead to impaired organ function.

Mitochondrial disorders can also lead to decreased energy production when the body needs more energy, such as during infections and fever. Impaired energy production can 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.

The hallmark symptoms of mitochondrial myopathy (neuromuscular disorders due to defects in mitochondrial function) are muscle weakness, exercise intolerance and fatigue. Mitochondrial myopathy is also associated with other symptoms of mitochondrial genetic disorders, such as 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 general, progressive weakness to a serious life-threatening disease and death.

Treatment objective

The KL1333 project was in-licensed from the Korean pharmaceutical company Yungjin Pharm on May 1, 2017 and is now being developed jointly by NeuroVive and Yungjin Pharm. Under the agreement, NeuroVive owns rights to the global development and commercialization of KL1333, except in South Korea and Japan for which Yungjin Pharm has retained all rights. KL1333 regulates levels of NAD+, a cellular coenzyme central to cellular energy metabolism. In preclinical studies, KL1333 has been shown to increase mitochondrial energy production, reduce lactate accumulation, prevent the formation of free radicals, and have long-lasting positive effects on energy metabolism by making new mitochondria. The drug candidate has been developed for oral treatment of genetic mitochondrial disorders such as MELAS, KSS, CPEO, PEO, Pearson, MERRF and Alpers syndrome.

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 are designed to circumvent the most prevalent defects in mitochondrial metabolism. By relieving flare-ups and thereby limiting the organ damage caused by fatigue, complications associated with the disorders can be prevented.

The NVP025 project focuses on mitochondrial myopathy (muscle weakness) by utilizing a potent cyclophilin inhibitor from NeuroVive's Sangamide class of compounds.

Some of the most common mitochondrial myopathies are the Kearns-Sayre, MERRF and MELAS syndromes. The objective is to develop a therapy with protective effects on mitochondria 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. Successful drug candidates in genetic mitochondrial disorders may be eligible for orphan drug designation in the US and Europe while under clinical development, enabling a faster and less costly route to market, and a higher price if the drug is approved and receives orphan drug designation. In 2016, the total orphan drug market amounted to USD 124 billion and the average annual cost for the treatment of a single patient was an estimated USD 140,443 (approx. SEK 1.1 million)[1)]

Project status

KL1333

In 2017, a Phase I clinical study commenced in South Korea, led by NeuroVive's partner Yungjin Pharm. The study is a double-blind, placebo-controlled, single-dose Phase I dose-escalation study to evaluate the pharmacokinetics, safety and tolerability of KL1333 in healthy volunteers. The first stage of the study was successful. The study's pharmacokinetics met expectations and no negative safety signals were observed. The remaining higher dose subsets of the study have now been approved by the South Korean Ministry of Food and Drug Safety (MFDS). NeuroVive is planning to commence an additional Phase Ib study in the US and/or Europe in 2018. In 2017, NeuroVive was granted orphan drug designation (ODD) in Europe for KL1333, which will facilitate development and commercialization of the project.

NVP015

In January 2017, a preclinical collaboration agreement was signed with CHOP and Marni J. Falk, M.D, a well-established researcher in the field of mitochondrial medicine. In 2017, Dr. Falk's research team at CHOP evaluated compounds from NeuroVive's NVP015 research program in various experimental disease models. The research team at CHOP is studying energy metabolism and disease progression in mitochondrial complex I dysfunction models. In June, NeuroVive was awarded research funding of about SEK 1 million from Vinnova for the continued development of NVP015. NVP015 is also being studied by NeuroVive's partner, Todd Kilbaugh, M.D., at CHOP. In October, CHOP received a grant of about USD 400,000 from the US National Institutes of Health (NIH) to evaluate NeuroVive's NVP015 compounds as a novel therapeutic option for chemical threats. In November, the data reported from Marni Falk's studies showed that NVP015 compounds have demonstrated positive effects in C. elegans experimental mitochondrial complex I deficiency models. In November, a compound was also selected for continued development on the basis of its tolerability, plasma stability and organ delivery, specifically to the brain. The compound will undergo further experimental in vivo efficacy studies and advance to preclinical development.

NVP025

In January 2017, a collaboration agreement was signed with the Karolinska Institute in Stockholm. In 2017, a research team at The Karolinska Institute initiated studies of NeuroVive's cyclophilin inhibitor and its efficacy in experimental mitochondrial myopathy models. NV556, initially used as a model compound in the NVP025 project, is a potent cyclophilin inhibitor in NeuroVive's Sangamide class of compounds. The research team has previously published results showing that another cyclophilin inhibitor, cyclosporine, exhibits mitochondrial protective effects by inhibiting cyclophilin D and thus preventing muscle fiber weakness in an experimental mitochondrial myopathy model. They have also demonstrated that patients with mitochondrial myopathies have elevated levels of cyclophilin D, the target molecule for NeuroVive's Sangamides. Sangamides are expected to exhibit higher specificity and tolerability than cyclosporine, which is advantageous when treating patients with a myopathy.

Milestones and objectives

Milestones 2017

KL1333

- In-licensing agreement was signed with Yungjin Pharm regarding global rights to KL1333.
- Phase I clinical study of KL1333 commenced in South Korea.
- KL1333 granted orphan drug designation in the EU.
- Positive results were reported from the first stage of the Phase I KL1333 study and a continuation of the study was approved by the South Korean Ministry of Food and Drug Safety (MFDS).

NVP015

- Preclinical collaboration agreement signed with (CHOP) and Dr. Marni J. Falk, M.D. for the evaluation of NVP015 compounds in various experimental disease models of mitochondrial complex I dysfunction.
- Research funding from Vinnova granted or the continued development of NVP015.
- Research funding granted to partner CHOP for studies of NVP015 compounds for chemical threats.
- NVP015 compounds demonstrate positive effects in experimental C. elegans models of mitochondrial complex I deficiency.
- Selection of candidate compound in the NVP015 project for further studies and preclinical development.

NVP025

- Collaboration agreement signed with the Karolinska Institute in Stockholm for studies of cyclophilin inhibitors in experimental mitochondrial myopathy models.

Objectives for 2018

KL1333

- Results from clinical single-dose Phase Ia study of KL1333 in South Korea, sponsored by Yungjin Pharm.
- Start-up of NeuroVive's Phase Ib clinical study of KL1333 in Europe and/or the US.

NVP015

- Final results from the collaborative project with Dr. Marni Falk at CHOP for studies of NVP015 compounds in experimental disease models.
- Initial results from CHOP studies of NeuroVive's NVP015 compounds as a therapeutic option for chemical threats.
- Continued experimental in vivo efficacy studies of the selected NVP015 compound.

NVP025

- Results from experimental studies of mitochondrial myopathies, carried out at the Karolinska Institute.
- Selection of candidate compound.

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

NeuroVive's program for non-alcoholic steatohepatitis (NASH)

Medical condition

The presence of fatty liver is considered to exist when fat exceeds 5 percent 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 and signs of fibrosis – 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

Hepatic fat storage, inflammation and fibrosis are symptoms of NASH – a condition that can lead to cirrhosis of the liver or liver cancer (hepatocellular carcinoma). Current data shows that one of NeuroVive's cyclophilin inhibitors has an effect on fibrosis development in two well-documented experimental NASH models.

Market potential

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

NV556 and NVP022

NV556

NV556 is a potent cyclophilin inhibitor in NeuroVive's Sangamide class of compounds. NV556 has undergone extensive preclinical development. Positive preclinical effects on fibrosis development were obtained for NV556 in two experimental NASH models. NV556 has also shown a good safety profile.

NVP022

NVP022 is NeuroVive's other NASH project, developed to affect the early stage of NASH, with the build-up of fat in the liver cells accompanied by inflammation. NVP022's novel class of compounds targets the metabolic components of NASH by using mild, liver-targeted protonophores that uncouple the energy-linked functions of liver mitochondria, which increases energy expenditure and inhibits the NASH progression. 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

NV556 has previously demonstrated antifibrotic effects in the experimental STAM™ NASH model. New data shows that NV556 also demonstrates antifibrotic effects in the experimental MCD NASH model. In addition, new results from the STAM model show that liver cancer, as well as NASH, develop gradually – demonstrating that long-term treatment with NV556 was well-tolerated and significantly suppressed a liver weight gain, which is an indicator of reduced tumor burden. There was also a noticeable trend that NV556 reduced the number and size of surface liver tumors. The results were presented at the International Liver Congress in Amsterdam on April 19-23, which is the annual meeting of the European Association for the Study of the Liver. In 2017, NeuroVive also initiated a collaboration with Professor Massimo Pinzani at University College London (UCL) and Engitix Ltd. Business development activities were intensified in 2017, with the aim of out-licensing NV556 for NASH mid 2018.

NVP022

NVP022 is a project developed to influence the previous stage of NASH with fat storage and inflammation of the liver. In October 2017, NeuroVive presented a paper on preclinical data ("Preclinical analysis of liver-targeted, mild mitochondrial protonophores for the treatment of non-alcoholic fatty liver disease and steatohepatitis") at the Annual Meeting of the American Association for the Study of Liver Diseases (AASLD) in Washington DC in the US. Continued preclinical studies of the NVP022 compounds are ongoing and the company is planning to select a candidate compound in 2018.

Milestones and objectives

Milestones 2017

- NV556: Antifibrotic effects were shown in the preclinical experimental MCD NASH model, confirming results from the previous STAM NASH model.
- NV556: Commenced collaboration with Professor Massimo Pinzani's team at University College London and Engitix to study antifibrotic effects in an advanced 3D cell culture model of liver fibrosis.
- NVP022: Presentation of preclinical data at The Liver Meeting.
- NeuroVive appointed Dr. Philippe Gallay, PhD, from the Department of Immunology and Microbial Science at the Scripps Research Institute in California, US, and Massimo Pinzani, Professor of Medicine, clinical hepatologist, Director of the UCL Institute for Liver and Digestive Health and the Sheila Sherlock Chair of Hepatology at University College London, UK, as Scientific Advisers in liver diseases.

Objectives for 2018

- Out-licensing deal for NV556
- Proven effect of an NVP022 compound in a preclinical NASH model
- Selection of candidate compound for NVP022
- Initiation of out-licensing activities for the NVP022 project

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

NeuroVive's program for liver cancer (HCC)

Medical condition

Liver cancer is often diagnosed at a late stage of the disease and mortality rates are high. There are two different types of liver cancer: HCC and intrahepatic bile duct cancer. The most common risk factors associated with HCC are NASH, hepatitis B or C virus infections, alcohol-induced cirrhosis or chronic liver damage. Although liver cancer is more common in Asia than in northern Europe and the US, HCC is the sixth most-common type of cancer and the third most-common cause of death worldwide.[1,2)]

Treatment objective

In recent years, the number of HCC cases has risen all over the world. Early diagnosis and novel therapies may considerably improve the outlook for HCC patients, who otherwise have a very poor outlook with current treatment options.[3)] Based on its expertise in mitochondrial medicine, NeuroVive has studied the unique anticancer effects of the company's sanglifehrin compounds – and is developing such compounds for the treatment of HCC in the NVP024 project.

Market potential

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

NVP024

In NeuroVive's NVP024 project, the anticancer activity identified in a specific class of the novel sanglifehrin-based compounds is being developed for treatment of liver cancer.

Project status

In partnership with Isomerase, NeuroVive's research team has developed molecules suitable for the treatment of HCC. These have demonstrated anticancer effects in preclinical HCC models. The results to date have shown that a novel model compound, in which the anticancer effect is optimized, exhibits an inhibitory effect at a 500-fold lower concentration in liver cancer cell lines (in vitro) than the established cancer drug Sorafenib (approved for the treatment of advanced HCC). In addition, this class of compounds demonstrates anticancer activity in a preclinical experimental (in vivo) HCC model, after both oral and systemic administration. The compounds show minimal toxicity in healthy cells and are well-tolerated in vivo. NeuroVive presented the preclinical results at the EASL Hepatocellular Carcinoma (HCC) Summit from February 2-5, 2017 in Geneva, Switzerland. Continued preclinical development is ongoing with the aim of selecting a candidate for continued preclinical development during 2018.

NeuroVive and Lund University were granted research funding by the Swedish Foundation for Strategic Research (SSF) to study the role of cyclophilins in HCC. The funding will be used to finance an industrial PhD student position and the research will be conducted within the framework of NVP024.

Milestones and objectives

Milestones 2017

- NeuroVive demonstrated in preclinical HCC models that compounds in the NVP024 project have anticancer effects in cell lines and an experimental model.
- NeuroVive presented preclinical results at the EASL Hepatocellular Carcinoma (HCC) Summit in Geneva, Switzerland, on February 2-5.
- NeuroVive and Lund University were granted research funding of SEK 2.5 million from SSF.

Objectives for 2018

- Confirmatory tests in complementary preclinical experimental HCC models.
- Initial results from the industrial PhD student collaboration with Lund University.

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

Organization and expertise

Cutting-edge expertise and collaboration world leaders in academia and industry

Extensive research and development

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

Well-educated personnel

The company's in-house resources comprise 15 full and part-time employees. All have university or college-level education and eight have a Doctor of Medical Science degree. Nine employees are engaged in preclinical work, and two in the company's clinical activities. NeuroVive also collaborates with several external companies and institutions. In 2017, the company invested SEK 17 (16) million in preclinical phase research and just over SEK 16 (12) million in clinical phase research, including personnel expenses. During the year, the company's employees were based in Sweden, although some are periodically based in the US to ensure the efficiency of various collaborative projects by working on site.

Chemistry and compound development

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

Pre-clinical and clinical development

In pre-clinical and clinical development, NeuroVive collaborates with several partners. Penn in the US contributes its expertise and studies to the development of NeuroSTAT, a drug candidate in the field of TBI. CHOP in the US collaborates with NeuroVive within the framework of the NVP015 project for genetic mitochondrial disorders. NeuroVive also collaborates with various contract research organizations (CRO) on preclinical evaluations of early-stage development projects, and other players specialized in regulatory issues and considerations in preclinical testing and clinical studies. NeuroVive collaborates with the Korean pharmaceutical company Yungjin Pharm around the clinical development of the KL1333 project for genetic mitochondrial disorders, and with the Karolinska Institute in Stockholm in studies of NeuroVive's NV556 compound in experimental mitochondrial myopathy models.

Other partnerships

Through the NeuroVive Asia Ltd. subsidiary in Hong Kong, partnership with the Chinese pharmaceutical company Sihuan, and with Sanofi in South Korea. In addition to these partners, NeuroVive collaborates with a range of academic institutions all over the world.

The NeuroVive share

The NeuroVive share was listed on Nasdaq Stockholm in April 2013. The share is included in the Small Cap segment and the Health Care index. Before its Nasdaq listing, NeuroVive was quoted on the Aktietorget marketplace. On 29 December 2017 NeuroVive had 7,474 shareholders. Shares are also traded on the US marketplace OTCQX.

Share price development and turnover

Since year-end, 79,764,887 shares were traded with a value of SEK 395,680,941. NeuroVive's share price was SEK 2.98 at the end of the year, representing a decrease of ten (10) percent compared to previous year-end. The highest price paid for the year was SEK 7.90 on 29 June 2017 and the lowest price paid was SEK 2.91 on December 29 2017. Market capitalization was SEK 155,932,067 at year-end, compared to SEK 164,697,288 at the previous year-end.

Share capital

NeuroVive had 52,326,197 shares on 29 December 2017 and the share capital amounted to SEK 2,616,309.85 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 of warrants program TO2 and TO3 completed in March and July 2017 increased the number of shares to 49,485,942 and the share capital to SEK 2,474,297.10. The rights issue completed in July 2017 increased the number of shares to 50,566,197 and the share capital to SEK 2,528,309.85. The rights issue completed in November 2017 increased the number of shares to 52,326,197 and the share capital to SEK 2,616,309.85. The table on page 25 shows the development of the number of shares.

Ownership

NeuroVive had 7,474 shareholders registered on 29 December 2017.

Dividend

The Board of Directors proposes that no dividend be paid for 2017.

Shareholder value

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

Shareholder information on NeuroVive's website

NeuroVive's website, www.neurovive.com, continuously publishes information on NeuroVive, progress of the NeuroVive share, financial reports and contact information. A new rights issue was completed in July 2017 and a new rights issue was completed in November 2017. More information on the issues can be found on NeuroVive's website.

Share price and volume, 2017 and share data

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 2017	7.9
Lowest price paid 2017	2.91
Closing price 2017	2.98
Market Capitalization 31 December 2016 (MSEK)	155.9
Number of Shares	52,326,197

Largest shareholders as of 31 December 2017

Name	No of shares (pcs.)	Votes and capital (%)
Avanza Pension Försäkrings AB**	5,459,198	10.43
EuroClear Bank S.A/N.V, W8-IMY (registered holding on behalf of Maas Biolab, LLC and Marcus Keep and others with US domicile)*	4,440,189	8.49
Baulos Capital Belgium SA (fd Private Placement SPRL)	3,000,000	5.73
Danske Bank International S.A.	2,100,000	4.01
Nordnet Pensionförsäkring AB**	1,390,908	2.66
Handelsbanken Liv	1,326,110	2.53
Försäkrings AB Skandia	544,357	1.04
Rothesay Limited	500,000	0.96
Redmayne Nominees Ltd UK Clients	490,875	0.94
Eskil Elmer***	464,411	0.87
Other owners (approx. 7,500 shareholders)	32,610,149	62.32
In total	**52,326,197**	**100.00**

Source: EuroClear Sweden AB

Board Member Marcus Keep with its stake in Maas BioLab and private holdings is NeuroVive's largest shareholder with a holding of 8.22 percent in total. Fredrik Olsson with holdings in Baulos Capital Belgium SA and Baulos International AS and private holdings is the second largest shareholder with a total holding of 5.98 percent.

*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 29 December 2017 and Maas had at this point 45 shareholders. Maas was owned to 48,44 percent by board member Marcus Keep and 17,09 percent by CSO Eskil Elmér.

**Capital insurance

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

Largest shareholders as of 31 December 2016

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

Shareholdings, 31 December 2017

Shareholding	No. of Owners	No. of Shares	Holding, (%)	Votes, (%)
1-500	2,836	506,873	0,97	0,97
501-1000	1,191	974,683	1,86	1,86
1001-5000	2,211	5,625,586	10,75	10,75
5001-10000	558	4,219,954	8,06	8,06
10001-15000	211	2,616,347	5,00	5,00
15001-20000	138	2,475,554	4,73	4,73
20001-	329	35,907,200	68,62	68,62

Operations

NeuroVive's overall objective is to develop innovative drugs in disease areas associated with a major unmet medical need, creating value for both patients and the company's owners.

Two of the company's projects have advanced to clinical phase: one in Phase II for TBI (NeuroSTAT), and one in Phase I for genetic mitochondrial disorders (KL1333). NeuroVive is also working with two other development projects in genetic mitochondrial disorders (NVP015 and NVP025). In addition, NeuroVive is working with projects in fatty liver (NV556 and NVP022) and liver cancer (NVP024).

The company's projects are based on its own frontline research in mitochondrial medicine – a field spanning from cell protection in acute and chronic medical conditions to the regulation of energy production and cell division processes.

The company's strategy is to collaborate with international partners to take orphan drugs for rare diseases through to marketing authorization, and to take specialty drugs for common diseases to preclinical stage and subsequently out-license these projects.

Research in mitochondrial medicine is conducted in close collaboration with Lund University, and other academic institutions including the Karolinska Institute in Stockholm, Sweden, and Penn in Philadelphia, US. Several of NeuroVive's drug projects are developed in collaboration with its partner in the UK, Isomerase.

The Group

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

Significant events in 2017

January

NeuroVive entered into a research collaboration with the Karolinska Institute to study NeuroVive's model compound NVP025 in experimental models of mitochondrial myopathies caused by genetic defects.

NeuroVive signed a preclinical collaboration agreement with CHOP and Marni J. Falk, M.D., regarding the evaluation of compounds from NeuroVive's NVP015 research program for mitochondrial genetic disorders in various experimental mitochondrial complex I dysfunction models.

NeuroVive phased out its Asian subsidiary in Taiwan in January, 2017, and reallocated research resources and activities in the Taiwan-based subsidiary to the parent company, NeuroVive Pharmaceutical AB. The operations in Taiwan were sold to the Taiwanese shareholders. Under the agreement, NeuroVive Pharmaceutical AB received about SEK 5 million before administrative expenses. NeuroVive and its partner Foundation Asia Pacific Ltd. reacquired the Hong Kong-based the subsidiary, NeuroVive Pharmaceutical Asia Ltd.

February

NeuroVive presented preclinical data from a new generation of sanglifehrin-based compounds that display a strong inhibitory effect on HCC cells and anti-cancer activity in an experimental model of HCC at the HCC Summit in Geneva.

Professor Philippe Gallay, PhD, and professor Massimo Pinzani, MD, PhD, FRCP, were appointed as scientific advisers to the company, and two new collaboration agreements were signed for further study of NeuroVive's new molecular entities for the treatment of NASH and hepatocellular cancer.

April

NeuroVive presented preclinical results at the International Liver Congress confirming the anti-fibrotic effects of NV556 in NASH.

May

NeuroVive in-licensed the KL1333 project for genetic mitochondrial disorders from Yungjin Pharm, and obtained global rights for the development and commercialization of KL1333, with the exception of South Korea and Japan.

NeuroVive decided to continue the clinical development of its NeuroSTAT TBI project following positive results both in its own preclinical studies, and in clinical studies of TBI at Penn, US, and Copenhagen University Hospital in Denmark.

June

The company received a research grant of around SEK 1M from Vinnova for continued development of the NVP015 project for genetic mitochondrial disorders.

NeuroVive and Yungjin Pharm began clinical development of the KL1333 project for genetic mitochondrial disorders.

July

NeuroVive completed a private offering of approximately SEK 4.5 million to Esousa Holdings LLC.

September

NeuroVive received a positive opinion from the EMA regarding the development plan for NeuroSTAT for the treatment of moderate

to severe TBI, including the design of the company's planned Phase IIb study to demonstrate clinical efficacy.

October
The company presented preclinical data linked to its NVP022 project for NASH at the Liver Meeting in Washington, DC.

NeuroVive's partner, CHOP, received research funding from the US National Institutes of Health (NIH) to study NVP015 compounds as countermeasures against chemical threats.

Lund University and NeuroVive were granted research funding of SEK 2.5 million from the Swedish Foundation for Strategic Research (SSF) for HCC research collaboration.

NeuroVive signed a collaboration agreement with the University of Florida for the development of biomarkers for monitoring TBI dynamics.

November
The company completed a private offering of approximately SEK 5.3 million to Floyd Associates Europe Limited.

The Chairman of NeuroVive's Board, Greg Batcheller, resigned after 17 years as the company's Chairman. The Board elected David Laskow-Pooley as the new Chairman.

NeuroVive's KL1333 clinical development project received a positive opinion from the European Medicines Agency's Committee for Orphan Medicinal Products (COMP) regarding orphan designation.

NeuroVive presented results from the company's TBI clinical study (CHIC) at the Nordic Neurotrama Conference in Lund.

A compound in the company's project for genetic mitochondrial disorders, NVP015, was selected for continued testing and preclinical development.

December
NeuroVive reported that the first part of the Phase I clinical study of KL1333 had been successful. Following approval by the South Korean Ministry of Food and Drug Safety (MFDS), the study will continue with higher dose cohorts.

NeuroVive's KL1333 program was granted orphan designation by the European Commission.

Other
On September 1, NeuroVive strengthened its Management Team with Mark Farmery as Vice President, Business Development. In October, Daniel Schale was appointed new Director of Communications.

Organization

During the year, the average number of employees in the Group was 10 (17), of whom 4 (9) were women. The number of employees at year-end was 7 (8) part-time employees and 8 (15) full-time employees. Of the total of 15 (23) employees, 6 (11) were women and a total of 11 (13) were active in the company's research and development operations. The level of education among employees is high: three are Associate Professors, eight are Doctors of Medical Science, and the remaining seven have university/college education. Three employees are also medical specialists and another two are doctors undergoing specialist training. In addition to its employees, NeuroVive has a number of expert consultants linked to the operations.

Remuneration

The Annual General Meeting (AGM) resolves on the remuneration of the Chairman of the Board and other Board members. The AGM also resolves on remuneration policies for the CEO and other senior executives. For more information about remuneration paid during the year, refer to Note 11 and the Corporate Governance Report on pages 34-43. The Board proposes that remuneration for 2018 be paid as follows:

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

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

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

The maximum sum of the variable remuneration paid to senior executives and other key individuals is SEK 2,200,000. Should the number of employees in the company increase during the year, this amount could be higher.

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

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

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

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

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

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

The maximum amount of the LTI program is SEK 1,100,000. Should the number of employees in the company increase during the year, this amount could be higher.

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

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

Significant events after the end of the financial year

R&D projects
NeuroVive reported a breakthrough for the NVP025 project for mitochondrial myopathies.

Financing
The Board of Directors of NeuroVive has resolved, subject to approval by the Extraordinary General Meeting, to issue shares and warrants with preferential rights for existing shareholders. Upon full subscription to the rights issue, NeuroVive will receive approximately MSEK 78.5 before issuance costs. The issue is guaranteed to 70 percent through guarantee commitments. In full exercise of the warrants issued in the Rights issue, NeuroVive will receive an additional MSEK 37.3 before issuance costs.

Disputes

CicloMulsion AG
In 2004, NeuroVive entered into a License Agreement with CicloMulsion AG under which NeuroVive secured the rights to use and develop products based on a certain pharmaceutical technology. The technology is used in, for example, NeuroStat®.

In March 2013, CicloMulsion AG commenced arbitration seeking declaratory relief aimed at establishing the company's rights to royalties, which CicloMulsion AG claims that NeuroVive is obliged to pay under the terms of the License Agreement. CicloMulsion AG also made other claims in relation to NeuroVive's obligations under the License Agreement.

On May 25, 2016, the Court of Arbitration rendered a partial award stating, among other things, that NeuroVive has a payment obligation under the terms of the License Agreement, and that future royalty payments are to be based on sales in the countries where patents previously existed that were covered by the License Agreement (the US, the UK, Germany, France, Italy and, with certain restrictions, Japan). The obligation to pay applies for a period of 15 years following the initial launch in

the respective country of such products encompassed by the License Agreement. The Court of Arbitration reserved decision on CicloMulsion's request to establish the obligation to pay royalties based on sales in countries where patents never existed but where it is alleged that know-how had been transferred, with the intention to consider the issue in final arbitration. Other claims by CicloMulsion AG were rejected.

The arbitration award was contested by both parties to the Court of Appeal for Skåne and Blekinge, which announced its judgement on January 12, 2018. CicloMulsion AG's action against the arbitration award related to an assertion regarding a procedural error, which it claims led to CicloMulsion AG not been given the possibility to pursue its claim in a reasonable manner. NeuroVive's action against the arbitration award comprised firstly an assertion regarding a procedural error, secondly a claim that the Court of Arbitration had exceeded its mandate and thirdly a claim that the arbitration award is in breach of mandatory competition law. As regards the basis for the arbitration award being in breach of mandatory competition law, NeuroVive relies, inter alia, on a recent decision by the European Court of Justice regarding the impact of EU competition law on licensing agreements, including the obligation to pay royalties. The decision in this case was handed down after the arbitration award was issued, although the Advocate General's statement was available prior to this.

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

In its ruling, the Court of Appeal stated that because the case encompassed issues that are of such importance to the correct application of law, it would allow an appeal to be made to the Supreme Court. This means that it is not necessary to seek leave to appeal to have the case heard by the Supreme Court.

NeuroVive has appealed parts of the ruling to the Supreme Court.

After CicloMulsion submitted a request for the dismissal of the Court of Arbitration, and in response to this the Court of Arbitration requested its own dismissal, the Court of Arbitration was dissolved by a decision taken by the Arbitration Institute of the Stockholm Chamber of Commerce (SCC). The constitution of a new court of arbitration has commenced. The scope of the review that will be undertaken by the new court of arbitration is as yet unclear. The ongoing dispute with CicloMulsion AG may result in future payment obligations, which could have a negative impact on the company's earnings and financial position. The Company has not reserved for any future payment obligations regarding the legal costs incurred by the other party.

NeuroVive is not involved in any other disputes.

Prospects for 2018

Clinical development projects:

- KL1333 for genetic mitochondrial disorders Results from Phase I clinical study in South Korea. Start-up of Phase Ib clinical study in Europe and/or the US.
- NeuroSTAT for TBI: Publication of results from collaboration with Penn and the CHIC Phase IIa clinical study. Results from the evaluation of TBI biomarkers for use in forthcoming development programs. Start-up of Phase IIb study to demonstrate clinical efficacy.
- NVP015 for the treatment of acute energy crisis in genetic mitochondrial disorders: Continued studies of the candidate compound and results from preclinical development. Results from studies of energy metabolism and disease progression in mitochondrial complex I dysfunction models.
- NVP025 for mitochondrial myopathy: Selection of candidate compound following positive results from studies conducted jointly with the Karolinska Institute.

Out-licensing projects:

- NV556 for NASH, out-licensing agreement in 2018.
- NVP022 for NASH: Results from experimental NASH model and selection of candidate compound.
- NVP024 for hepatocellular cancer (HCC): Continued studies, including through an industrial PhD student position in collaboration with Lund University, and financed by the Swedish Foundation for Strategic Research (SSF).

Proposed allocation of the company's unappropriated retained earnings

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

Share premium reserv	8,887,430
Ackumulated profit/loss	157,282,871
Profit/loss for the year	-52,109,350
Total	**114,060,951**

The Board of Directors proposes that unappropriated retained earnings of SEK 114,060,951 be carried forward. Accordingly, no dividend is proposed.

Financial information

Revenue and results of operations

Consolidated sales 2017 amounts to SEK 27,000 (14,000). The majority of the group's other income of SEK 248,000 (104,000) mainly relates to exchange rate gains. Otherwise, the Company has not generated revenue. Operating expenses amounted to SEK 71,673,000 (72,228,000) thousand. Other external costs 46,415,000 (34,168,000) have increased compared with the previous year, mainly due to changed assessment and position regarding the date of capitalization of development costs. The new assessment is in line with the company's new strategy and the history of previously completed development projects. The new assessment means that all development costs are continuously expensed until the product has received market approval. Costs relating to pre-clinical and clinical phase development projects have affected earnings for the period by SEK 27,926,000 (12,001,000), excluding personell costs, of which 12,816,000 (0), relates to projects in clinical phase.

Personnel expenses 2017 amounts to SEK 12,417,000 (15,276,000) and is lower due to the number of employees is fewer compared with the previous year. Other operating expenses were SEK 10,936,000 (21,663,000), and relates to disposal of subsidiary. 2016 other operating expenses relates to impairment of development costs. The consolidated operating profit/loss was SEK -71,088,000 (-72,110,000). Net financial income/expense was SEK -515,000 (265,000). This amount mainly relates to unrealized value changes in current assets. The profit/loss for the period was SEK -71,603,000 (-71,845,000).

The company has in February 2017 restructured its business in the Asian subsidiary and, together with its collaboration partner Foundation Asia Pacific Ltd., reacquired the Hong Kong-based subsidiary, NeuroVive Pharmaceutical Asia Ltd., which holds the Asian territorial licensing rights for NeuroSTAT and the agreements with the Chinese pharmaceutical company Sihuan Pharmaceutical and Sanofi Korea. The Hong Kong company is owned by NeuroVive Pharmaceutical AB 82.47 percent and Foundation Asia Pacific Ltd. 17.5 percent. Other assets, previously licensed to NeuroVive's Asian company, were transferred to NeuroVive Pharmaceutical AB. In addition to license assets, the Company received approximately SEK 5,000,000 before administrative expenses.

Financial position

Consolidated total assets were SEK 120,106,000 (180,717,000) of which intangible assets were SEK 74,315,000 (71,151,000). Cash and cash equivalents at year-end were SEK 28,992,000 (93,251,000). Equity at year-end was SEK 105,846,000 (168,304,000), and share capital was SEK 2,616,000 (2,473,000). The equity ratio was 88 percent (93) at the end of the period. Equity per share with no non-controlling interest was SEK 1.92 (3.14). The group has no interest-bearing liabilities.

The Board of Directors continuously reviews the operations' need for financing.

Cash flow

Consolidated cash flow for the year was SEK -64,258,000 (-5,180,000), with cash flow negatively affected by operating activities of SEK 58,124,000 (57,377,000) and from investments, of SEK 15,279,000 (25,135,000). The disposal of shares in the Asian subsidiary has affected cash flow by SEK -11,035,000. Cash flow from financing activities was SEK 9,145,000 (77,332,000) and was wholly sourced from the warrants program TO2 in March 2017, the warrants program TO3 in July 2017, new issues consummated in July 2017 and November 2017.

Investments

Total fixed assets amounted to SEK 87,579,000 (84,645,000) as of 31 December 2017. The change, of SEK 2,934,000 (17,382,000) is mainly due to an expanding patent portfolio. Investments of SEK 40,000 (106,000) were made equipment.

Parent company

Most of the group's operations are conducted by parent company NeuroVive Pharmaceutical AB. During the year, the parent company had net sales of SEK 27,000 (30,000). Other operating income of 558,000 (104,000) mainly relates to exchange rate gains. Company's Operating expenses amounts 59,941,000 (66,683,000). About the sale of the Asian subsidiary and the reacquisition of the Hong Kong company, a positive result from shares in Group companies amounted to SEK 7,652,000. Interest income includes internally interest of SEK 0 (0). Cash and cash equivalents at year end were SEK 28,883,000 (75,954,000).

Five-year summary

(SEK 000) if nothing else is specified

Key ratios calculated in accordance with IFRS

INCOME STATEMENT	2017	2016	2015	2014	2013
Net sales	27	14	2,502	7,152	5,335
Other operating income	248	104	522	1,181	1,598
Operating expenses	-71,363	-72,228	-94,490	-53,587	-29,132
Depreciation and amortization	-1,595	-1,121	-1,200	-441	-147
Operating income	-71,088	-72,110	-91,466	-45,254	-22,346
Net financial income/expense	-515	265	665	580	220
Profit/loss before tax	-71,603	-71,845	-90,801	-44,673	-22,126
Net profit for the year	-71,603	-71,845	-90,801	-44,673	-22,126

BALANCE SHEET	2017	2016	2015	2014	2013
Intangible assets	74,315	71,151	74,904	79,601	47,119
Tangible assets	162	274	316	344	457
Other current assets	3,535	2,821	2,896	1,625	1,609
Cash and cash equivalents	28,992	93,251	96,662	49,698	39,992
Assets	120,106	180,717	174,927	131,268	89,177
Equity	105,846	168,304	154,779	107,841	74,643
Short-term liabilities	14,260	12,413	20,148	23,427	14,534
Equity and liabilities	120,106	180,717	174,927	131,268	89,177

CASH FLOW STATEMENT	2017	2016	2015	2014	2013
Cash flow from operating activities before changes in working capital	-58,575	-49,543	-61,313	-44,552	-21,966
Changes in working capital	451	-7,843	-5,907	920	2,876
Cash flow from investing activities	-25,136	-25,135	-23,445	-23,429	-11,684
Cash flow from financing activities	9,145	77,332	138,406	76,599	33,595
Cash flow for the period	-64,258	-5,180	47,741	9,537	2,821
Change in cash and cash equivalents	-64,259	-3,411	46,964	9,706	2,815
Cash and cash equivalents at beginning of year	93,251	96,662	49,698	39,992	37,177
Cash and cash equivalents at end of year	28,992	93,251	96,662	49,698	39,992

Key ratios not calculated in accordance with IFRS

KEY RATIOS	2017	2016	2015	2014	2013
Liquidity ratio (%)	228	774	494	219	286
Equity ratio (%)	88	93	88	82	84
Adjusted equity (SEK)	105,846	168,304	154,779	107,841	74,643
Dividend (SEK)	-	-	-	-	-
No. Employees at year-end	15	23	18	13	11

Financial definitions:

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

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

Risk factors

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

Clinical studies

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

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

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.

At the statutory meeting of April 27, 2017, the Board decided that remuneration issues should be handled by the Board in its entirety and the Company has no separate remuneration committee.

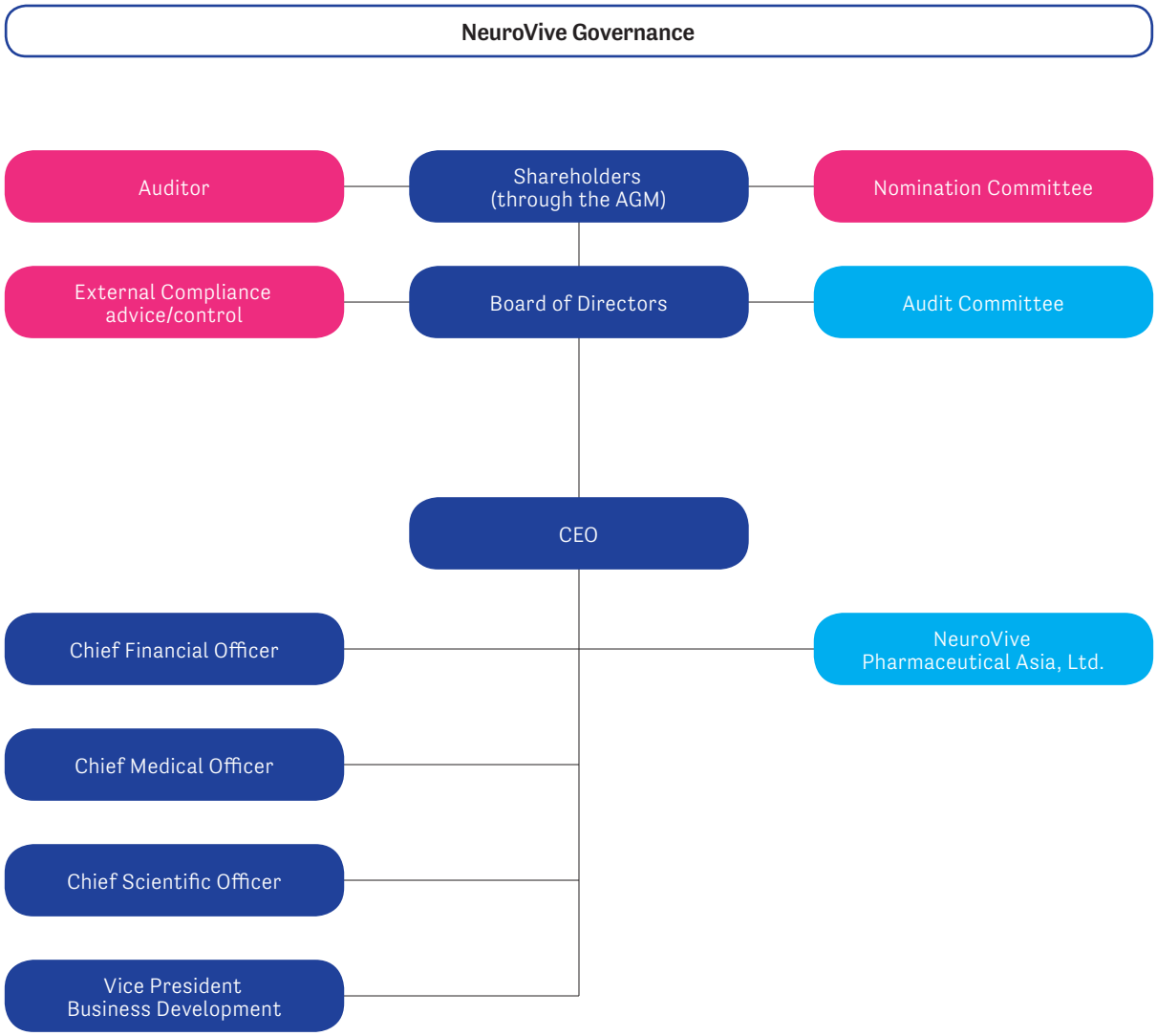
Audit Committee.

The members of the Audit Committee are appointed by the Company's Board of Directors at the Board meeting following election and shall consist of a minimum of two Board members. The Audit Committee shall contribute to sound financial reporting that maintains market confidence in the Company by specifically monitoring and controlling the Company's accounting principles, financial administration, risk management and the structure of internal control, resources, ongoing work and annual reporting. The Audit Committee also reviews the Auditor's non-affiliation to the Company.

CEO

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

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


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

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. NeuroVive has deviated from the Code only as regards the prescence of a representative of the Nomination Committee at the Annual General Meeting according to the Code 2.7. The Nomination Committee were not present at the Annual General Meeting 2017.

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 7,474 registered shareholders as of 29 December 2017. Avanza Pension Försäkring AB was the largest owner with a holding of 5,459,198 shares, corresponding to some 10.43 percent of the shares and votes. Euroclear Bank S.A/N.V, W8-IMY (registers holdings for Maas Biolab, LCC and Marcus Keep and others domiciled in the US) was the second largest shareholder with 4,440,189 shares, corresponding to some 8.49 percent of the shares and votes. Baulos Capital Belgium SA was the third biggest shareholder with 3,000,000 shares, corresponding to some 5.73 percent of the shares and votes.

Marcus Keep, with its stake in Maas BioLab and private holdings is the largest shareholder with a total holding of 8.22 percent. Fredrik Olsson with holdings in Baulos Capital Belgium SA, Baulos International AS and private holdings, is NeuroVive's second largest shareholder with a holding of 5.98 percent in total.

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 2,616,309.85 divided between 52,326,197 shares as of 29 December 2017. There is only a single share class. All shares have a quotient value of SEK 0.05 and one vote, and confer equal entitlement to the Company's assets and profits. NeuroVive's Articles of Association have no limitations regarding the number of votes each shareholder may cast at the AGM.

Annual General Meeting

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

been convened is published in Swedish daily newspaper Svenska Dagbladet.

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

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

Shareholders' meetings

The AGM was held on 27 April 2017, at Scheelevägen 2 in Lund, Sweden. Twelve shareholders attended the AGM, in person or through representatives. These shareholders represented 10.59 percent of the shares and votes of NeuroVive. The CEO, Gregory Batcheller (Chair), Anna Malm Bernsten, Arne Ferstad, Marcus Keep, David Laskow-Pooley and the company's Auditor in Charge attended the AGM.

The AGM 2017 adopted the following resolutions:

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

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

Annual General Meeting 2018

NeuroVive's AGM 2018 will be held on 27 April 2018, at 10 a.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 2017.

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 2018 was announced at the company's website on 26 October 2017. On 23 March 2018, the Company published a change in the Nomination Committee. Tomas Hagström, representing Greg Batcheller, has left the Nomination Committee since Greg Batcheller has significantly reduced his holdings in NeuroVive and hence no longer representing the largest shareholders. The Nomination Committee thus comprise:

- Michael Vickers (Chair of the Nomination Committee), Board member representing Maas Biolab LLC and, and
- Andreas Inghammar, Board member representing Eskil Elmér.

The Board of Directors

Composition of the Board of Directors

NeuroVive's AGM on 27 April 2017 re-elected Gregory Batcheller, Marcus Keep, And David Laskow-Pooley. David Bejker and Jan Törnell were elected new Board member. Gregory Batcheller was re-elected Chair of the Board. On November 7, the company announced that the Chair of the Board, Gregory Batcheller, had resigned. Sitting member David Laskow-Pooley was appointed by the Board of Directors to the Chair of the Board until the end of the Annual General Meeting on April 27, 2018. None of the Board members are members of the Company's management, although Gregory Batcheller, through Stanbridge Corporation BVBA worked 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.

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, chair until November 7 undertook permanent assignments on behalf of the Company in addition to his role as Chair, the division of responsibilities between the Chair and CEO had been clarified in the Board of Directors' rules of procedure and the CEO's instructions.

Present Chair, David Laskow-Pooley has no assignments on behalf of the Company in addition to his role as Chair.

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

Board work in 2017

January
- Resolution to sale the Taiwanese subsidiary NeuroVive Pharmaceutical Asia, Inc..

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.

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

April
- 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
- Review and authorization of Q1 Interim Report

July
- Resolution relating to new issue of shares and options

August
- Review and authorization of Q2 Interim Report.

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

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

December
- Financing matters

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 17 meetings during the year. Regular Board meetings covered matters such as reviewing and adopting financial reports, the business plan, budget and funding as well as strategic issues. The Board of Directors also monitors the progress of the Company's current pharmaceutical projects and financial situation continuously. The final ordinary Board meeting of the year included an appraisal of the Board of Directors and the work of the Board. Additional meetings during the year dealt with matters such as decision on new share issues, financing strategyand allocation of shares under the new issues.

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

The Board of Directors 2017

Board member	Elected in	Board of Directors (attendence)	Audit committee (attendence)	Remunerations committee (attendence)	Non affiliated[1]
Gregory Batcheller, Chair*	2000	13/13			▲
David Laskow-Pooley, Chair*	2016	16/17			Yes
Marcus Keep	2000	17/17			Yes
Arne Ferstad**	2010	3/3	Member (2/2)		Yes
Helena Levander**	2012	3/3	Chair (2/2)	Member (2/2)	Yes
Boel Flodgren**	2013	3/3		Member (2/2)	Yes
Anna Malm Bernsten**	2013	3/3	Member (2/2)	Chair (2/2)	Yes
David Bejker***	2017	14/14	Chair (3/3)		Yes
Jan Törnell***	2017	14/14	Member (3/3)		Yes

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

▲ Affiliated to the Company or management

* Gregory Batcheller resigned at his own request on November 6th 2017. David Laskow-Pooley was elected as Chair from November 7th 2017.

** Arne Ferstad, Helena Levander, Boel Flodgren and Anna Malm Bernsten resigned at own request on the AGM on April 27 2017.

*** David Bejker and Jan Törnell were elcted to the Board of Directors on April 27th 2017.

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.

However, the Board has deviated from the resolved guidelines and handled remuneration issues without a separate remuneration committee.

Audit Committee

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

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

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

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

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

CEO and other senior executives

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

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

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

In the period January - July, the members of management were CEO Erik Kinnman, Catharina Jz Johansson, Eskil Elmér, Magnus Hansson and Cecilia Hofvander. Cecilia Hofvander IR Director resigned on July 31. In the period of August the members of management were the company's CEO Erik Kinnman, Catharina Jz Johansson, Eskil Elmér and Magnus Hansson. Mark Farmery started his position as VP Business Developer September 1st. In the period September – December management consisted of the company's CEO Erik Kinnman, Catharina Jz Johansson, Eskil Elmér, Magnus Hansson and Mark Farmery. Management meets every two weeks and minutes are taken at all meetings.

Remuneration to the Board of Directors and senior executives

Remuneration to Board members

The AGM 2017 resolved that fees of SEK 300,000 should be paid to the Chair and SEK 150,000 to each of the remaining Board members. Former Chair of the Board Gregory Batcheller has waived his Director's fee for the period April 28 to November 6, 2017. Current Chair David Laksow-Pooley receives Board fees as Chair of the Board for the period November 2017 through April 2018.

The AGM 2017 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. At the board meeting following election, the board decided that remuneration errands be handled directly by the board.

Remuneration to senior executives

Following a proposal from the Board of Directors, the AGM 2017 reached a resolution regarding guidelines for remuneration to senior executives.

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

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

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

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

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

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

The participants 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 sharehold-

ing or prematurely disposing of their shareholding they will be subject to contractual sanctions including a penalty equal to the full amount of the LTI Bonus (including income tax, but excluding social security contributions thereon).

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

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

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

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

Senior executives are entitled to pension solutions on market terms in accordance with collective agreements and/or with NeuroVive. All pension commitments shall be premium-based. Salary differentials can be utilized to increase pension provisions through lump-sum pension premiums, provided that the total cost to NeuroVive remains neutral.

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

The Board of Directors is entitled to depart from the above guidelines if the Board considers there are special reasons to justify such departure in individual cases. No variable remuneration has been paid to senior executives in 2017.

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 2017 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 60. 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 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 2017.

NeuroVive's Board and Management

1 David Laskow-Pooley
Chairman

2 David Bejker
Director

3 Marcus Keep
Director

4 Jan Törnell
Director

5 Erik Kinnmann
CEO

6 Eskil Elmér
Chief Scientific Officer

7 Mark Farmery
VP Business Development

8 Magnus Hansson
Chief Medical Officer

9 Catharina Jz Johansson
Chief Financial Officer

Board of Directors

1. David Laskow-Pooley
Chairman (2017)
Born: 1954
Education: BSc Pharmacy (1st), Pharmaceutical/ Chemical engineering specialty and QP., Sunderland School of Pharmacy.
Other assignments: Director of the board of TapImmune Inc, USA, LREsystem Ltd, England and Pharmafor Ltd, England.
Previous assignments the past five years: Chairman of OBN Ltd (United Kingdom) and Director of the board of Venturefest Oxford Ltd (United Kingdom).
No. of shares in NeuroVive: -.
Other: Non-affiliated to the Company, the management and to major owners.

2. David Bejker
Director (2013)
Born: 1975
Education: M.Sc. (Econ.), Stockholm School of Economics.
Other assignments: CEO of Affibody Medical AB
Previous assignments the past five years: Deputy director of the board of Nexstim OY.
No. of shares in NeuroVive: -.
Other: Non-affiliated to the Company, the management and to major owners.

3. 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.
Other assignments: CEO and chair of Maas Biolab LLC (USA) and CEO of Keep Enterprises, LLC (USA) and Restorative Neurosurgery Foundation (USA).
Concluded assignments 2016:
Previous assignments the past five years: 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.
Other: Non-affiliated to the Company, the management and to major owners.

4. Jan Törnell
Director (2016)
Born: 1960
Education: MD and PhD in physiology, University of Gothenburg.
Other assignments: Adjunct Professor at the Institute of Neuroscience and Physiology, Sahlgrenska Academy, University of Gothenburg. Jan is also chairman of the Board at LIDDS AB, Glactone Pharma AB and Glactone Pharma Development AB and Director of the Board at Stayble AB and Diaprost AB, CEO at Innoext AB and partner of P.U.L.S. AB.
Previous assignments the past five years: -.
No. of shares in NeuroVive: -.
Other: Non-affiliated to the Company, the management and to major owners.

Management

5. Erik Kinnman
CEO
Born: 1958
Education: Medical doctor, Ph.D., and Associate Professor at Karolinska Institutet. Board certified in Neurology and Pain Management. Executive MBA Stockholm School of Economics.
Previous experience: More than 20 years of experience from leading positions in pharmaceutical companies including AstraZeneca and Sobi. Specialist in Neurology and Pain Management at Karolinska Hospital.
Employed since: 2016
No. of shares in NeuroVive: 47 000 shares.

6. Eskil Elmér
Chief Scientific Officer, Vice President Discovery
Born: 1970
Education: Associated professor of experimental neurology at Lunds University, Doctors degree.
Previous experience: Researcher, Associate Professor at the Department of Clinical Neurophysiology at Lund University. Specialist physician at the neurophysiological clinic at Skåne University Hospital.
Employed since: 2000
No. of shares in NeuroVive: 464 411 Privately owned shares (including family) and 17,09 percent of Maas Biolab, LLC.

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

8. Magnus Hansson
Chief Medical Officer, Vice President Preclinical and Clincal Development
Born: 1976
Education: PhD in Experimental brain research from Lund University, Doctors degree.
Previous experience: Consultant physician and associate professor in medical imaging and physiology at Skåne University Hospital, Sweden.
Employed since: 2008
No. of shares in NeuroVive: 117 590 shares (including family).

9. Catharina Jz Johansson
Chief Financial Officer, Vice President Investor Relations and Communications
Born: 1967
Education: M.Sc. in Business and Economics.
Previous experience: Interim CFO for medical device company Cellavision, and Accounting Manager for Bong and Alfa Laval Europe.
Employed since: 2013
No. of shares in NeuroVive: 10 000 shares.

Information regarding individuals' own and related parties' shareholdings pertains to the situation on December 31, 2017.

Consolidated Statement of Comprehensive Income, Group

(SEK 000)	Note	2017	2016
Net sales	6	27	14
Other operating income	7	248	104
Operating expenses	9,10	-46,415	-34,168
Personnel cost	11	-12,417	-15,276
Depreciation and write-down of tangible and intangible assets		-1,595	-1,121
Other operating expenses	8	-10,936	-21,663
		-71,363	**-72,228**
Operating income	5	**-71,088**	**-72,110**
Profit/loss from financial items			
Result from other securities and receivables related to non current assets		56	28
Financial income	12	65	432
Financial costs	13	-636	-195
			265
Profit/loss before tax		**-71,603**	**-71,845**
Income tax	14	-	-
Profit/loss for the period		**-71,603**	**-71,845**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Translation differences on foreign subsidiaries		1	1,782
Total other comprehensive income, net after tax		**1**	**1,782**
Total comprehensive income for the period		**-71,602**	**-70,063**
Loss for the period attributable to:			
Parent company shareholders		-66,728	-70,241
Non-controlling interests		-4,875	-1,604
		-71,603	**-71,845**
Total comprehensive income for the period			
Parent company shareholders		-66,895	-69,271
Non-controlling interests		-4,707	-792
		-71,602	**-70,063**
Earnings per share before and after dilution (SEK) based on average number of shares	15	-1.33	-1.67

Consolidated Statement of Financial Position, Group

(SEK 000)	Note	31.12.2017	31.12.2016
ASSETS			
Non-current assets			
Intangible assets			
Development costs	16	51,941	51,255
Patents	17	20,627	17,979
Other intangible assets	18	1,747	1,917
		74,315	**71,151**
Tangible assets			
Equipment	19	162	274
		162	**274**
Financial Assets			
Other long-term securities	21	13,102	13,102
Other non-current receivables		-	118
		13,102	**13,220**
Total non-current assets		**87,579**	**84,645**
Current assets			
Other receivables		1,568	1,650
Prepaid expenses and accrued income	22	1,967	1,171
Cash and cash equivalents	23	28,992	93,251
		32,527	**96,072**
TOTAL ASSETS		**120,106**	**180,717**
EQUITY AND LIABILITIES			
Equity attributable to the shareholders of the parent company			
Share capital	24	2,616	2,473
Additional paid in capital	25	427,226	418,339
Translation reserve	26	613	780
Retained earnings	27	-329,740	-266,146
Total equity attributable to the shareholders of the parent		**100,716**	**155,446**
Non-controlling interests		**5,131**	**12,858**
Total equity		**105,846**	**168,304**
Short-term liabilities			
Accounts payable		7,525	6,000
Other liabilities		863	483
Accrued expenses and deferred income	28	5,871	5,930
		14,260	**12,413**
Total liabilities		**14,260**	**12,413**
TOTAL EQUITY AND LIABILITIES		**120,106**	**180,717**

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 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	-	-		-70,241	-70,241	-1,604	-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	-70,241	-69,271	-792	-70,063
Transactions with shareholders:							
New share issue	936	82,652	-	-	83,588	-	83,588
Change of ownership in new issue	-	-	-	-	-	-	-
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
Opening balance, 1 January 2017	**2,473**	**418,339**	**780**	**-266,146**	**155,446**	**12,858**	**168,304**
Comprehensive profit/loss for the period							
Profit/loss for the period	-	-		-66,728	-66,728	-4,875	-71,603
Other comprehensive income:						-	-
Translation differences	-	-	-167	-	-167	168	1
Other comprehensive profit/loss for the period, net after tax	-	-	-167	-	-167	168	1
Total comprehensive profit/loss	**-**	**-**	**-167**	**-66,728**	**-66,895**	**-4,707**	**-71,602**
Transactions with shareholders:							
New share issue**	143	8,887	-	-	9,030	-	9,030
Shareholder contribution	-	-	-	-	-	114	114
Change of ownership in share issue			-	3,134	3,134	-3,134	-
Total transactions with shareholders	**143**	**8,887**	**-**	**3,134**	**12,164**	**-3,020**	**9,144**
Closing balance, 31 December 2017	**2,616**	**427,226**	**613**	**-329,740**	**100,716**	**5,131**	**105,846**

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

** Total equity includes funds from the in March completed option program TO2 with SEK 152,000 and the in July completed option program TO3 with SEK 32,000. In addition funds from the in July completed private placement with SEK 4,500,000 less expenses SEK 360,000 and funds from the in November completed private placement with SEK 5,300,000 less expenses SEK 560,000 are included.

Consolidated Statement of Cash Flows, Group

(SEK 000)	Note	2017	2016
Cash flow from operating activities			
Operating income		-71,088	-72,110
Adjustments for non-cash items:			
Depreciation		1,595	1,121
Currency differences on intercompany items		-35	48
Impaired value			21,035
Disposal of Business		10,936	7
Result from shares in associated company		56	28
Interest received		65	363
Interest paid		-149	-126
Net cash from operating activities before changes in working capital		**-58,620**	**-49,634**
Changes in working capital			
Increase/decrease of other current assets		-1,273	-19
Increase/decrease of other short-term liabilities		1,769	-7,824
		496	**-7,843**
Cash flow from operating activities		**-58,124**	**-57,477**
Investing activities			
Acquisition of intangible assets	16,17	-4,204	-18,052
Acquisition of tangible assets		-40	-139
Disposal business	20	-11,035	-
Increase in other financial assets	21	-	-6,844
Cash flow from investing activities		**-15,279**	**-25,036**
Financing activities			
New share issue	24	9,031	77,332
Shareholder contribution		114	-
Cash flow from financing activities		**9,145**	**77,332**
Cash flow for the period		-64,258	-5,180
Cash and cash equivalents at the beginning of the period		93,251	96,662
Effect of exchange rate changes on cash		-1	1,769
Cash and cash equivalents at end of period	23	**28,992**	**93,251**

Income Statement, Parent Company

(SEK 000)	Note	2017	2016
Net sales	5	27	30
Other operating income	7	248	104
		275	**134**
Operating expenses			
Other external expenses	9,10	-45,857	-31,521
Personnel cost	11	-12,190	-12,495
Depreciation and write-down of tangible and intangible assets		-1,584	-1,006
Other operating expenses	8	-	-21,660
		-59,631	**-66,683**
Operating income	5	**-59,357**	**-66,548**
Profit/loss from financial items			
Result from shares in group company		7,652	-20,880
Result from shares in associated company		56	29
Interest income and other similar profit items	12	29	288
Interest expenses and other similar loss items	13	-490	-7
		7,247	**-20,570**
Profit/loss before tax		**-52,109**	**-87,118**
Income tax	14	-	-
Profit/loss for the period		**-52,109**	**-87,118**

Statement of Comprehensive Income, Parent Company

(SEK 000)	Note	2017	2016
Profit/loss for the period		-52,109	-87,118
Other comprehensive income		-	-
Total comprehensive profit/loss for the period		**-52,109**	**-87,118**

Company Balance Sheet, Parent Company

(SEK 000)	Note	31.12.2017	31.12.2016
ASSETS			
Non-current assets			
Intangible assets			
Development costs	16	51,706	51,020
Patents	17	20,627	17,979
Other intangible assets	18	1,747	1,881
		74,080	**70,881**
Tangible assets			
Equipment	19	162	221
		162	**221**
Financial assets			
Other non-current receivables	20	23,625	20,870
Shares in subsidiaries	21	13,102	13,102
		36,727	**33,972**
Total non-current assets		**110,969**	**105,074**
Current assets			
Short term receivables			
Receivables from group companies		-	7
Other receivables		1,566	1,643
Prepaid expenses and accrued income	22	1,967	515
		3,533	**2,165**
Cash and bank balances	23	**28,883**	**75,954**
Total current assets		**32,416**	**78,119**
TOTAL ASSETS		**143,385**	**183,193**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	24	2,616	2,473
Statutory reserve		1,856	1,856
Development expenditure reserve		10,610	9,924
		15,082	**14,253**
Unrestricted equity			
Share premium reserve		8,887	82,653
Retained earnings		157,283	162,434
Profit/loss for the period		-52,109	-87,118
		114,061	**157,969**
Total equity		**129,143**	**172,222**
Short-term liabilities			
Accounts payable		7,525	5,582
Other liabilities		863	473
Accrued expenses and deferred income	28	5,854	4,916
		14,242	**10,971**
TOTAL EQUITY AND LIABILITIES	29	**143,386**	**183,193**

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 2016	**1,537**	**1,856**	**-**	**119,427**	**52,932**	**175,751**
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
	37	-	-	6,220	-	6,257
Total transactions with shareholders	**936**	**-**	**-**	**82,653**	**-**	**83,589**
	-	-	9,924	-	-9,924	-
Closing balance, 31 December 2016	**2,473**	**1,856**	**9,924**	**82,653**	**75,316**	**172,222**
Opening balance 1 January 2017	**2,473**	**1,856**	**9,924**	**82,653**	**75,316**	**172,222**
Comprehensive profit/loss for the period						
Disposition according to AGM	-	-	-	-82,653	82,653	-
Profit/loss for the period	-	-	-	-	-52,109	-52,109
Total comprehensive profit/loss	**-**	**-**	**-**	**-82,653**	**30,544**	**-52,109**
Transactions with shareholders						
New share issue	143	-	-	8,887	-	9,030
Total transactions with shareholders	**143**	**-**	**-**	**8,887**	**-**	**9,030**
Development expenditure reserve	-	-	686	-	-686	-
Closing balance, 31 December 2017	**2,616**	**1,856**	**10,610**	**8,887**	**105,173**	**129,143**

Statement of Cash Flows, Parent company

(SEK 000)	Note	2017	2016
Cash flow from operating activities			
Operating income		-59,357	-66,548
Adjustments for non-cash items:			
Depreciation		1,584	1,006
Impaired value		-	21,135
Disposal of Business		-	7
Result from shares in associated company		56	29
Interest received		29	288
Interest paid		-3	-7
Net cash from operating activities before changes in working capital		**-57,690**	**-44,090**
		-	-
Changes in working capital		-	-
Increase/decrease of other current assets		-1,368	-23
Increase/decrease of other short-term liabilities		2,346	-8,123
		978	**-8,145**
		-	-
Cash flow from operating activities		**-56,711**	**-52,235**
		-	-
Investing activities		-	-
Acquisition of intangible assets		-4,247	-18,148
Acquisition of tangible assets		-40	-88
Shares in group company		5,423	-
Shareholder contribution		-526	-
Change in other financial assets		-	-6,843
Cash flow from investing activities		**610**	**-25,079**
		-	-
Financing activities		-	-
New share issue		9,030	77,332
Cash flow from financing activities		**9,030**	**77,332**
		-	-
Cash flow for the period		**-47,071**	**18**
Cash and cash equivalents at the beginning of the period		75,954	75,936
Cash and cash equivalents at end of period	23	**28,883**	**75,954**

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, except from some financial assets and liabilities, which are valued at fair value.

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

The group's accounting policies described below 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 2017 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 2017 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. 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 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.

Till now obtained up-front payments has in accordance with the above been recognized as revenue at the time for receipt of the payment.

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.

NeuroVive has not, till now, obtained this kind of revenue.

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 market approval.

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. All of the above criteria can normally be considered satisfied for NeuroVive's projects relating to pharmaceuticals when development projects enter market approval.

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

Directly related expenditure that is capitalized mainly consists of expenditure from subcontractors and expenses for employees.

After first-time reporting, capitalized development expenditure is recognized at cost after deducting for accumulated amortization and potential accumulated impairment. Amortization of capitalized expenditure for product development has not yet commenced.

Disposal and sale. An intangible asset is de-recognized from the Statement of Financial Position on disposal or sale, or when no future economic benefits are expected from the use or disposal/sale of the asset. The gain or loss arising when an intangible asset is de-recognized from the Statement of

Financial Position consists of the difference between the amount received on sale and the asset's carrying amount, and is recognized in profit or loss when the asset is de-recognized from the Statement of Financial Position.

Impairment of tangible fixed assets and intangible assets

The group analyses the carrying amounts of tangible and intangible assets at each reporting date to determine whether there is any indication that the value of these assets has decreased. If so, the asset's recoverable amount is computed to be able to determine the value of potential impairment. When it is not possible to compute the recoverable amount of an individual asset, the group computes the recoverable amount of the cash-generating unit that the asset belongs to.

Intangible assets with indefinite useful lives and intangible assets that are not yet ready for use should be tested for impairment yearly, or when there is an indication of impairment. Accordingly, capitalized expenditure for product development is subject to impairment tests at least yearly.

The recoverable amount is the greater of the fair value less selling expenses and value in use. When computing value in use, estimated future cash flow is discounted to present value using a discount rate before tax that reflects the current market estimate of the time value of money and the risks associated with the asset.

If the recoverable amount of an asset (or cash generating unit) is set at a lower value than the carrying amount, the carrying amount of the asset (or the cash-generating unit) is impaired to the recoverable amount. Impairment should be immediately expensed in profit or loss.

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

Financial instruments

A financial asset or 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.

NeuroVive has the following categories of financial assets and financial liabilities.

Loans and receivables

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

Financial assets that can be sold

These are reported non-derivative assets and have not been categorized into any other category. Assets are valued at fair value with accounting for other comprehensive income. Here Neurovive classifies ownership interests in other companies.

Given that these shareholdings relate to unlisted holdings and that fair value is difficult to determine, these items have been reported at acquisition value.

Other financial liabilities

In this category there are all liabilities in Neurovive. Liabilities in this category are reported 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 2017 or 31 December 2016.

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 74,315,000 (71,151,000), of which capitalized expenditure for product development represents SEK 51,941,000 (51,255,000). Changes to the assumptions made by management for impairment tests would have a significant impact on the Company's results of operations and financial position. Management does not consider that there was any impairment of the group's intangible assets as of 31 December 2017.

Changed assessment and position
During the period, the Company's Board of Directors has chosen to change its assessment and position regarding the timing of capitalization of development costs. The new assessment is in line with the company's new strategy and the history of earlier completed development projects. The new assessment means that the criteria for capitalization of development costs can normally be considered only when the product has reached market approval. Consequently, development costs will be expensed until this date. The effect of the new assessment amounts 2017 to SEK 12,816,000. Future effects related to the new assessment cannot be determined since the extent of the development activities is influenced by several factors.

Capitalized development costs relate to the development of the NeuroSTAT / TBI project. This project is proceeding according to plan, and is under preparation for transition to FAS IIb. The assessment is that there is no impairment need for historically capitalized development costs for this project. Book value amounts to SEK 51,941,000 thousand.

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 and GBP. Currently, the group does not generate any inflows in foreign currency. Accordingly, the group's exposure to currency risk is limited. The group does not hedge its transaction exposure.

Foreign entities represent an insignificant share of the group's total assets, and accordingly, translation exposure resulting from the translation of foreign entities is limited.

A 5% change in the exchange rate of the EUR and USD against the Swedish krona could affect profit or loss and equity by SEK 1,057,000 (127,000).

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 670,000 (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 14,260,000 (12,413,000) and mature within one year. The group's current receivables that become due within one year amount to SEK 3,535,000 (2,821,000). The group has cash and cash equivalents of SEK 28,992,000 (93,251,000).

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.

	Group		Parent company	
	31 Dec. 17	31 Dec. 16	31 Dec. 17	31 Dec. 16
Financial assets				
Financial assets held for sale				
Other long-term securities	13,102	13,102	13,102	13,102
Loans receivable and accounts receivable				
Other receivables	3,535	2,896	3,533	1,815
Cash and cash equivalents	28,992	96,662	2,883	75,936
Total financial assets	**45,629**	**109,174**	**19,518**	**91,214**
Financial liabilities				
Other financial liabilities				
Accounts payable	7,525	5,207	7,525	4,192
Other current liabilities	6,735	14,941	6,717	14,739
Total financial liabilities	**14,260**	**12,413**	**14,242**	**10,971**

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

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

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 105,846,000 (168,304,000). 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 0,000 (0,000) and sales within the same group amount to SEK 0,000 (16,000), which are a management fee. The parent company reports interest income of SEK 0,000 (0,000) relating to loans to the subsidiary.

Note 6 – Segment information

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

Revenues from products and services and information on major customers
The group's net sales consist of no larger products or services during 2017 and 2016.

Revenues and non-current assets divided by geographical region
The group's sales relatea to the parent company in 2017 and 2016.

The group conducts its operations in two main geographical regions—Sweden (the Company's domicile), and Hong Kong. Property, plant and equipment in the parent company in Sweden totals SEK 110,969,000 (105,074,000), and SEK 29,176,000 (28,402,000) in the subsidiary in Hong Kong.

Note 7 – Other operating income

	Group		Parent company	
	2017	2016	2017	2016
Research grants from Vinnova	68	-	68	-
Exchange rate gains relating to operations	180	104	180	104
Total	**248**	**104**	**248**	**104**

Note 8 – Other operating expenses

	Group		Parent company	
	2017	2016	2017	2016
Exchange rate losses relating to operations	-	509	-	509
Impaired value	-	21,135	-	21,135
Övriga rörelsekostnader	10,936	19	-	16
Total	**10,936**	**21,663**	**-**	**21,660**

Note 9 – Disclosure on audit fees and reimbursement

	Group		Parent company	
	2017	2016	2017	2016
Mazars SET Revisionsbyrå AB				
auditing	400	450	400	450
audit work in addition to statutory audit	70	90	70	90
tax consulting	5	10	5	10
other	-	-	-	-
Mazars France				
auditing	-	100	-	100
audit work in addition to statutory audit	-	-	-	-
tax consulting	-	-	-	-
other	-	-	-	-
DeloitteTaiwan				
auditing	-	153	-	-
audit work in addition to statutory audit	-	-	-	-
tax consulting	-	-	-	-
other	-	-	-	-
Kaizen Certified Public Accountants Limited				
auditing	12	-	-	-
audit work in addition to statutory audit	-	-	-	-
tax consulting	-	-	-	-
other	-	-	-	-
Total	**487**	**803**	**475**	**650**

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

Note 10 – Leasing

Operating leases. The expense for the year for operating leases amounts to SEK 554,000 (692,000) for the group and parent company. Significant operating leases consist of lease agreements. On the reporting date, the parent company and group had outstanding commitments in the form of minimum lease payments in irrevocable operating leases with the following maturities:

	Group		Parent company	
	2017	2016	2017	2016
Within one year	199	485	199	191
Between one and five years	-	133	-	-
After more than five years	-	-	-	-
Total	**199**	**618**	**199**	**191**

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

	2017		2016	
Average number of employees	No. of employees	Of which no. of men	No. of employees	Of which no. of men
Parent company, Sweden	10	5	9	5
Subsidiary, Taiwan	-	-	8	4
Total, group	**10**	**5**	**17**	**9**

	Group		Parent company	
Division of senior executives on reporting date	31 Dec. '17	31 Dec. '16	31 Dec. '17	31 Dec. '16
Board members	4	12	4	7
of which men:	4	9	4	4
Other employees in management, incl. CEO	5	9	5	5
of which men:	4	5	4	3
Total	**9**	**21**	**9**	**12**

Pensions
The group's and parent company's expense for defined contribution pension plans is SEK 1,499,000 (1,381,000).

Remuneration to senior executives and employees
Guidelines for remuneration for senior executives
The AGM 2017 resolved on the following guidelines for remuneration for senior executives:

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

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

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.

Apart from the former Chair of the board, Greg Batcheller, all Directors' fees resolved by the AGM on 27 April 2017were charged to profit or loss for 2017. Greg Batcheller has waived his fee for 2017.

		2016		2016
Salaries and benefits for the year – group and parent company	**Board & CEO**	**Other**	**Board & CEO**	**Other**
Parent company	3,571	6,167	4,315	7,326
Subsidiary	-	-	783	1,238
Total	**3,571**	**6,167**	**5,098**	**8,564**

Social security costs and pension costs	**Board & CEO**	**Other**	**Board & CEO**	**Other**
Parent company				
Pension cost	455	1,045	299	1,082
Other socieal security costs	1,020	2,164	961	2,196
Subsidiary				
Pension cost	-	-	-	99
Other socieal security costs	-	-	18	82
Total	**1,475**	**3,209**	**1,278**	**3,459**

Salaries and benefits for the year Group and parent company 2017	**Directors' fee**	**Basic salary**	**Variable remuneration**	**Pension expense**	**Other benefits**	**Social Security contributions**	**Total**
David Laskow Pooley, Chair November-December	175	-	-	-	-	55	230
Gregory Batcheller, Chair January-November	0	-	-	-	628	0	628
Arne Ferstad, Board member, January-April	67	-	-	-	-	21	88
Marcus Keep, Board member, January-December	150	-	-	-	-	47	197
Helena Levander, Board member, January-April	90	-	-	-	-	28	118
Anna Malm Bernsten , Board member, January-April	80	-	-	-	-	25	105
Boel Flodgren, Board member, January-April	57	-	-	-	-	9	66
David Bejker, Board member, April-December	167	-	-	-	-	52	219
Jan Törnell, Board Member, April-December	133	-	-	-	-	42	175
Total, Board	**919**	**-**	**-**	**-**	**628**	**280**	**1,827**
Erik Kinnman, CEO		2,003	-	455	21	740	3,219
Other senior executives (CSO 40%, CFO 100%, CMO 100%, IR 7/12 months, VP Bussines Development 4/12 months)		3,064	-	533	33	1,092	4,722
Total CEO and other senior executives	**-**	**5,067**	**-**	**988**	**54**	**1,832**	**7,941**
Total	**919**	**5,067**	**-**	**988**	**682**	**2,112**	**9,768**

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, January-December	-	-	-	-	1,066		1,066
Arne Ferstad, Board member, January-December	133	-	-	-	119	42	294
Marcus Keep, Board member, January-December	100	-	-	-	-	31	131
Helena Levander, Board member, January-December	180	-	-	-	-	57	237
Anna Malm Bernsten , Board member, January-December	160	-	-	-	54	50	264
Boel Flodgren, Board member, January-December	113	-	-	-	-	18	131
David Laskow-Pooley, Board member, April-December	100	-	-	-	-	31	131
Total, Board	**786**	**-**	**-**	**-**	**1,239**	**230**	**2,255**
Jan Nilsson, acting CEO (4 months)		380	-	-	1	62	443
Erik Kinnman, CEO (9,5 months)		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**

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

Fees for board and committee work are payable to the Chair of the Board and Board members in accordance with AGM resolution. Greg Batcheller, Chair of the Board until November 6, 2017 has waived his fee for 2017.

In 2017 Gregory Batcheller served as Executive Chair during the period between the Annual Genera meeting 2017 and November 6, 2017. 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.

Other senior executives:
There are four other senior executives during the period of January to July 2017, three other senior executives during the period of July 2017 and four other executives during the period August to December with the amount stated in the basic salary column corresponding to 3.3 full-time equivalents for 2017 and 3.5 fulltime equivalents for 2016.

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. Cecilia Hofvander finished her employment at the Company on July 31 2017.

Mark Farmery, Vice President Business Development was employeed on September 1 2017. Mark Farmery, did not receive any other compensation apart from basic salary and other benefits stated in the amount for other senior executives.

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

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

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

Note 12 – Financial income

	Group		Parent company	
	2017	2016	2017	2016
Interest income	7	19	-	3
Exchange rate gains	58	413	29	285
Total financial income	**65**	**432**	**29**	**288**

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

Note 13 – Financial costs

	Group		Parent company	
	2017	2016	2017	2016
Interest costs	148	76	2	7
Exchange rate loss	487	119	487	-
Total financial costs	**636**	**195**	**490**	**7**

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

Note 14 – Tax

Tax for the year	Group		Parent company	
	2017	2016	2017	2016
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	2017	2016	2017	2016
Profit/loss before tax	**-71,603**	**-71,845**	**-52,109**	**-87,118**
Tax revenue for the year				
Tax computed at Swedish tax rate	15,753	15,806	11,464	19,166
Tax effect of non-deductible expenses	-44	-26	-44	-26
Tax effect of non-taxable revenues				
Tax effect operations/impairment shares in subsidary	-	-4,594	-	-4,594
Tax effect divest business/shares in subsidary	-2,416	-	1,683	-
Tax effect of deductible expenses and taxable revenues reported directly against equity	202	3,881	202	3,881
Difference in tax rates between Sweden and foreign subsidiary	439	168		
Tax effect of deficits for which no deferred tax receivable is reported	-13,934	-15,235	-13,305	-18,427
Total	**-**	**-**	**-**	**-**
Adjustments recognized in the current year for previous year's current tax				
Reported tax expense for the year	**-**	**-**	**-**	**-**

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

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

	Group		Parent company	
Loss carry-forwards	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Loss carry-forwards for which no deferred tax receivable has been recognized	361,158	299,817	334,980	274,499
Total loss carry-forwards	**361,158**	**299,817**	**334,980**	**274,499**

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	
	2017	2016
Profit/loss for the year attributable to equity holders of the parent (SEK)	-65,446,355	-70,240,601
Weighted average number of ordinary shares before dilution	50,247,686	41,986,149
Basic earnings per share, SEK	**-1.30**	**-1.67**

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	51,255	59,803	51,020	59,568
Capitalized expenditure for the year	686	12,587	686	12,587
Sales			-	
Impaired value	-	-21,135	-	-21,135
Closing accumulated cost	51,941	51,255	51,706	51,020
	-	-	-	-
Closing carrying amount	**51,941**	**51,255**	**51,706**	**51,020**

Of total capitalized expenditure for product development, 100% (99) relates to NeuroSTAT.

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 impairment test as of 31 December 2017 indicated that there was no impairment. The discount rate before tax applied was 24,6 % (24,5).

The total amount of expenditure for research and development expensed during the year was SEK 27,926,000 (12,001,000), exclusive personell cost. Illustration on p. 10.

Note 17 – Patents

	Group		Parent company	
	2017	2016	2017	2016
Opening cost	24,349	18,193	24,349	18,193
Purchases during the year	4,056	6,156	4,056	6,156
Reclassification				
Closing accumulated cost	**28,405**	**24,349**	**28,405**	**24,349**
	-	-	-	-
Opening amortization	-6,370	-5,170	-6,370	-5,170
Amortization for the year*	-1,408	-1,200	-1,408	-1,200
Closing accumulated amortization	-7,778	-6,370	-7,778	-6,370
	-	-	-	-
Closing carrying amount	**20,627**	**17,979**	**20,627**	**17,979**

* 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	
	2017	2016	2017	2016
Opening cost	2,899	2,899	2,820	2,820
Purchases during the year	-35			-
Closing accumulated cost	**2,864**	**2,899**	**2,820**	**2,820**
Opening amortization	-982	-821	-939	-797
Amortization for the year	-135	-161	-135	-142
Closing accumulated amortization	**-1,117**	**-982**	**-1,074**	**-939**
Closing carrying amount	**1,747**	**1,917**	**1,747**	**1,881**

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

Note 19 – Equipment

	Group		Parent company	
	2016	2015	2016	2015
Opening cost	1,471	1,444	1,318	1,291
Purchases during the year	40	106	40	106
Disposal	-30	-79	-30	-79
Closing accumulated cost	1,328	1,471	1,328	1,318
	-	-	-	-
Opening depreciation	-1,197	-1,128	-1,097	-1,059
Depreciation for the year	-99	-131	-99	-100
Disposal	30	62	30	62
Closing accumulated depreciation	-1,166	-1,197	-1,166	-1,097
	-	-	-	-
Closing carrying amount	**162**	**274**	**162**	**221**

Note 20 – Participations in subsidiaries

	Parent company	
	2017	2016
Opening cost	20,870	41,750
Shares NeuroVive Pharmaceutical Asia Ltd	-	-20,870
Shares NeuroVive Pharmaceutical Asia, Inc.	23,099	-
Purchase andelar NeuroVive Pharmaceutical Asia, Inc.	-20,870	-
Shareholder contribution NeuroVive Pharmaceutical Asia Ltd.	526	-
Impairment shares NeuroVive France SARL	-	-9
Closing cost	**23,625**	**20,870**

Subsidiaries

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

NeuroVive Pharmaceutical AB's subsidiary NeuroVive Pharmaceutical Asia, 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 5,131,000 (12,858,000). The company has sold its shares in the Asian subsidiary and, together with its collaboration partner Foundation Asia Pacific Ltd., reacquired the Hong Kong-based subsidiary, NeuroVive Pharmaceutical Asia Ltd., which holds the Asian territorial licensing rights for NeuroSTAT and the agreements with the Chinese pharmaceutical company Sihuan Pharmaceutical and Sanofi Korea. The Hong Kong company is owned by NeuroVive Pharmaceutical AB 82.47% and Foundation Asia Pacific Ltd. 17.53%.

Financial information in summary for subsidiaries with non-controlling holdings.
The following information relates for 2017 to the subsidary NeuroVive Pharmaceutical Asia Ltd. and for 2016 to the Group NeuroVive Pharmaceutical Asia, Inc. including the fully owned subsidiaries NeuroVive Pharmaceutical Taiwan Inc. and NeuroVive Pharmaceutical Asia Ltd. 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	2017	2016
Intangible assets	29,173	33,951
Current assets	111	17,959
Total assets	**29,284**	**51,910**
	-	-
Current liabilities	17	1,448
Total liabilities	**17**	**1,448**
Net assets	**29,267**	**50,462**

Summary, earnings and comprehensive income	2,016	2,016
Revenue	-	-
Net profit for the year	**491**	**-39,105**
Comprehensive income for the year	491	-37,323
Total comprehensive income attributable to non-controlling holdings	-87	-792

Note 20 – Participations in subsidiaries, cont'd

Summary Cash Flow Statement	2,016	2,016
Cash flow from operating activities		-
Cash flow from operating activities	-497	-6,117
Interest received	31	16
Interest paid	-12	-
Income tax paid	-	-
Internal group transactions	968	-
Cash flow from operating activities	**-542**	**-6,101**
Cash flow from investing activities	**640**	**860**
Cash flow from financing activities	**-**	**-**
Change in cash and cash equivalents	99	-5,241
Cash and cash equivalents at beginning of year	9	20,721
Exchange rate difference in cash and cash equivalents	-	1,817
Cash and cash equivalents at end of year	**108**	**17,297**

Note 21 – Owner-interest in other companies

	Group		Parent company	
	31 Dec. 17	31 Dec. 16	31 Dec. 17	31 Dec. 16
Swedish Läkemedelsförsäkringen AB	1	1	1	1
Isomerase Therapeutics	1,301	1,301	1,301	1,301
Total	**1,302**	**1,302**	**1,302**	**1,302**

Note 22 – Prepaid expenses and accrued income

	Group		Parent company	
	31 Dec. 17	31 Dec. 16	31 Dec. 17	31 Dec. 16
Other prepaid expenses	1,967	1,171	1,967	515
Total	**1,967**	**1,171**	**1,967**	**515**

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

	Group		Parent company	
	31 Dec. 17	31 Dec. 16	31 Dec. 17	31 Dec. 16
Cash and bank balances	28,992	93,251	28,883	75,954
Tota	**28,992**	**93,251**	**28,883**	**75,954**

Note 24 – Share capital

	Parent company and group		
	No. of shares	Quotient value, SEK	Share capital, SEK
Opening share capital, 1 Jan. 2016	30,735,152	0.05	1,536,758
Non Cash Consideration	738,533	0	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**
Opening share capital, 1 Jan. 2017	49,458,645	0.05	2,472,932
New share issue	2,867,552	0.05	143,378
Closing share capital, 31 Dec. 2017	**52,326,197**	**0.05**	**2,616,310**

Note 24 – Share capital, cont'd

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

A new issue of 23,328 shares was issued in March 2017. The new issue increased share capital by SEK 1,166.40, with the remaining amount of 150,465.50 recognized against other paid-up capital/share premium reserve. A new issue of 3,696 shares was issued in July 2017. The new issue increased share capital by SEK 198.45, with the remaining amount of SEK 31,553.55 recognized against other paid-up capital/share premium reserve. A new issue of 1,080,255 shares raising a total of SEK 4,140,115 (after issue expenses of SEK 359,881) was completed in July 2017. The new issue increased share capital by SEK 54,012.75 with the remaining amount of SEK 4,086,102 recognized against other paid-up capital/share premium reserve. A new issue of 1,760,000 shares raising a total of SEK 4 707,309 (after issue expenses of SEK 559,491) was completed in November 2017. The new issue increased share capital by SEK 88,000.00 with the remaining amount of SEK 4,619,309 recognized against other paid-up capital/share premium reserve.

Allocation Retained Earnings	
Share premium reserv	8,887,430
Ackumulated profit/loss	157,282,871
Profit/loss for the year	-52,109,350
Total	**114,060,951**

The Board of Directors proposes that unappropriated retained earnings of SEK 114,060,951.00 be carried forward. Accordingly, no dividend is proposed.

Note 25 – Other paid-up capital – group

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

The share issues completed in March 2017, July 2017 and November 2017 increased other paid-up capital by SEK 8,887,430 (82,652,330) after deducting issue expenses of SEK 919,373(17,641,810).

Note 26 – Reserver – Koncernen

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. 17	31 Dec. 16	31 Dec. 17	31 Dec. 16
Accrued salary including social security contributions	263	1,603	263	1,232
Accrued vacation pay liability including social security contributions	520	967	520	967
Accrued Directors' fees incl. social security contributions	239	271	239	271
Accrued pension expenses	22	103	22	103
Other accrued expenses	4,827	2,986	4,810	2,343
Total	**5,871**	**5,930**	**5,854**	**4,916**

Note 29 – Pledged assets and contingent liabilities

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

Note 30 – Transactions with related parties

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

Apart from the purchase of consulting services from senior executives, 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. 17	31 Dec. 16	31 Dec. 17	31 Dec. 16
Liabilities				
Stanbridge bvba (owned by Gregory Batcheller, Executive Chair up till November 6 2017)	-	95	-	95
Total liabilities	**-**	**95**	**-**	**95**

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

Note 31 – Dividend

No dividend was paid in 2017 or 2016. No dividend will be proposed to the AGM on 27 April 2018.

Note 32 – Adoption of financial statements

These consolidated accounts and annual accounts were adopted by the Board of Directors for issuance on 23 March 2018.

Note 33 – Post-balance sheet events

Discovery Project
NeuroVive reported a breakthrough for the NVP025 project for mitochondrial myopathies.

Other
The Board of Directors of NeuroVive has resolved, subject to approval by the Extraordinary General Meeting, to issue shares and warrants with preferential rights for existing shareholders. Upon full subscription to the rights issue, NeuroVive will receive approximately MSEK 78.5 before issuance costs. The issue is guaranteed to 70 percent through guarantee commitments. In full exercise of the warrants issued in the Rights issue, NeuroVive will receive an additional MSEK 37.3 before issuance costs.

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

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 2018 for adoption.

Lund 23 March 2018

David Laskow-Pooley
Chair of the Board

David Bejker
Board member

Marcus Keep
Board member

Jan Törnell
Board member

Erik Kinnman
CEO

Our Audit Report was presented on 23 March 2018

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 2017. The annual accounts and consolidated accounts of the company are included on pages 10 - 68 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 2017 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 2017, and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

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

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

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

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

Key Audit Matters
Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts 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. From 1st of March 2017, the Board has changed the assessment and position regarding the date of capitalization of development expenses. The new assessment means that the criteria for capitalization of development expenses normally is considered when the product has reached market approval. 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, 2017 is by the company essentially controlled by an externally conducted evaluation of the remaining portfolio for capitalized projects. The company annually makes an 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. The area includes assessments of the accuracy as well as the valuation of capitalized expenditure.

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

Restructuring of the Asia Group
See 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 was restructured in the beginning of 2017. The purpose of the group was primarily to prepare the projects Ciclomulsion (CIPRICS- study) and NeuroStat for the Asian market. As the CIPRICS- project was closed during 2016 the operations of the Group were 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 took place in the beginning of 2017 meant that the Company sold the business in Taiwan and as compensation received 82,47% 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% of booked value.

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.

Funding
The Company describes and informs about this area in the Directors' Report, page 28, in this annual report.

Description of key audit matter
The company's development activities require continuous funding. The Group's cash and cash equivalents amounted to SEK 29 million at December 31, 2017, which is not expected to finance operations for the next 12 months. In February 2018, the Board decided to initiate a process with a preferential rights issue, which is expected to provide an additional SEK 78.5 million before issue costs. Approval of a new share issue was taken at the Extraordinary General Meeting on March 22, 2018. Through guarantee commitments with external investors, 70%, approximately SEK 55 million before issue costs, of the preferential rights issue has been guaranteed.

How the area has been considered in the audit
We have reviewed and evaluated the actions taken by the Board and management to ensure the company's future funding through a rights issue. We have also taken part of the adopted proposal from the Extraordinary General Meeting and verified agreements confirming guarantee commitments for 70% of the issue.

Other information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-9. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of NeuroVive Pharmaceutical AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

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

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

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

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

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

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

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

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

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

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

Helsingborg, March 23, 2018
Mazars SET Revisionsbyrå AB

Bengt Ekenberg
Authorized Public Accountant

Glossary

Active compound
A pharmaceutical active ingredient in a pharmaceutical product.

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

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

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

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

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

CHOP
The Children's Hospital of Philadelphia.

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

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

COMP
EMA's Committee for Orphan Medicinal Products.

CRO
Contract research organization.

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

EMA
The European Medicines Agency.

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

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

FDA
The United States Federal Food and Drug Administration.

HCC
Hepatocellular carcinoma, liver cancer.

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

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

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

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

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

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

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

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

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

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

Mitochondrial myopathy
Genetic mitochondrial disease which affects the muscles.

NAFLD
Non-Alcoholic Fatty Liver Disease.

NASH
Non-alcoholic steatohepatitis, inflammatory fatty liver disease.

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

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

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

Penn
University of Pennsylvania.

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

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

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

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

Sangamides
Compound class of cyclophilin-D inhibitors.

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

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

Milestones

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

1995
- Patent application filed and original discovery published.

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

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

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

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

2008
- IPO on Aktietorget.

2010
- Results from the NeuroSTAT trial demonstrate bioequivalence and a superior safety profile to comparative preparation Sandimmune® Injection.
- NeuroSTAT 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
- Agreement with Fresenius Kabi enabling expansion to full-scale production of NeuroSTAT and CicloMulsion.
- Collaboration agreement with Sihuan Pharmaceutical for the development and commercialization of CicloMulsion and NeuroSTAT for theChinese market.

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

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

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

2016
- Collaboration agreement with the University of Pennsylvania (PENN) on studies in an experimental TBI model.
- Erik Kinnman took over as NeuroVive's new CEO.
- NeuroVive conducts a rights issue which is subscribed to 100.4 percent and adds approximately SEK 94.4 million before issuance costs.
- NeuroVive's share in the United States was upgraded to the OTC Market Group's Best Market, OTCQX.
- NeuroVive acquired a 10 percent stake in Isomerase Therapeutics.
- Results from the exploratory Phase II clinical CiPRICS trial (for the indication of acute kidney injury) did not show the expected effect. As a consequence, the development of CicloMulsion was discontinued.
- The licensing agreement with Arbutus Biopharma (formerly OnCore Biopharma Inc.) was terminated and all rights to the NV556 substance were returned to NeuroVive.
- The company presented positive preclinical NASH results in experimental NV556 models. A new two-sided business model was presented, focused on proprietary drug development for rare diseases, and timely out-licensing of projects targeting common diseases.

2017

January
- NeuroVive entered into a research collaboration with the Karolinska Institute (KI) to study NeuroVive's model compound NVP025 in experimental models of mitochondrial myopathies caused by genetic defects.
- NeuroVive signed a preclinical collaboration agreement with the Children's Hospital of Philadelphia (CHOP) and Marni J. Falk, M.D., regarding the evaluation of compounds from NeuroVive's NVP015 research program for mitochondrial genetic disorders in various experimental mitochondrial complex I dysfunction models.
- NeuroVive phased out its Asian subsidiary in Taiwan in January, 2017, and reallocated research resources and activities in the Taiwan-based subsidiary to the parent company, NeuroVive Pharmaceutical AB. The operations in Taiwan were sold to the Taiwanese shareholders. Under

the agreement, NeuroVive Pharmaceutical AB received about SEK 5 million before administrative expenses. NeuroVive and its partner Foundation Asia Pacific Ltd. reacquired the Hong Kong-based the subsidiary, NeuroVive Pharmaceutical Asia Ltd.
- February
- NeuroVive presented preclinical data from a new generation of sanglifehrin-based compounds that display a strong inhibitory effect on hepatocellular carcinoma (HCC) cells and anti-cancer activity in an experimental model of HCC at the HCC Summit in Geneva.
- Professor Philippe Gallay, PhD, and professor Massimo Pinzani, MD, PhD, FRCP, were appointed as scientific advisers to the company, and two new collaboration agreements were signed for further study of NeuroVive's new molecular entities for the treatment of NASH and hepatocellular cancer.

April
- NeuroVive presented preclinical results at the International Liver Congress confirming the anti-fibrotic effects of NV556 in NASH.

May
- NeuroVive in-licensed the KL1333 project for genetic mitochondrial disorders from Yungjin Pharm, and obtained global rights for the development and commercialization of KL1333, with the exception of South Korea and Japan.
- NeuroVive decided to continue the clinical development of its NeuroSTAT TBI project following positive results both in its own preclinical studies, and in clinical trials of TBI at the University of Pennsylvania, US, and Copenhagen University Hospital in Denmark.

June
- The company received a research grant of around SEK 1M from Vinnova for continued development of the NVP015 project for genetic mitochondrial disorders.
- NeuroVive and Yungjin Pharm began clinical development of the KL1333 project for genetic mitochondrial disorders.

July
- NeuroVive completed a private offering of approximately SEK 4.5 million to Esousa Holdings LLC.

September
- NeuroVive received a positive opinion from the EMA regarding the development plan for NeuroSTAT for the treatment of moderate to severe TBI, including the design of the company's planned Phase IIb trial to demonstrate clinical efficacy.

October
- The company presented preclinical data linked to its NVP022 project for non-alcoholic steatohepatitis (NASH) at the Liver Meeting in Washington, DC.
- NeuroVive's partner, the Children's Hospital of Philadelphia (CHOP), received research funding from the US National Institutes of Health (NIH) to study NVP015 compounds as countermeasures against chemical threats.
- Lund University and NeuroVive were granted research funding of SEK 2.5 million from the Swedish Foundation for Strategic Research (SSF) for hepatocellular carcinoma (HCC) research collaboration.
- NeuroVive signed a collaboration agreement with the University of Florida for the development of biomarkers for monitoring TBI dynamics.

November
- The company completed a private offering of approximately SEK 5.3 million to Floyd Associates Europe Limited.
- The Chairman of NeuroVive's Board, Greg Batcheller, resigned after 17 years as the company's Chairman. The Board elected David Laskow-Pooley as the new Chairman.
- NeuroVive's KL1333 clinical development project received a positive opinion from the European Medicines Agency's Committee for Orphan Medicinal Products (COMP) regarding orphan designation.
- NeuroVive presented results from the company's TBI clinical trial (CHIC) at the Nordic Neurotrama Conference in Lund.
- A compound in the company's project for genetic mitochondrial disorders, NVP015, was selected for continued testing and preclinical development.

December
- NeuroVive reported that the first part of the Phase I clinical trial of KL1333 had been successful. Following approval by the South Korean Ministry of Food and Drug Safety (MFDS), the trial will continue with higher dose cohorts.
- NeuroVive's KL1333 program was granted orphan designation by the European Commission.

Other
- On September 1, NeuroVive strengthened its Management Team with Mark Farmery as Vice President, Business Development. In October, Daniel Schale was appointed new Director of Communications.

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