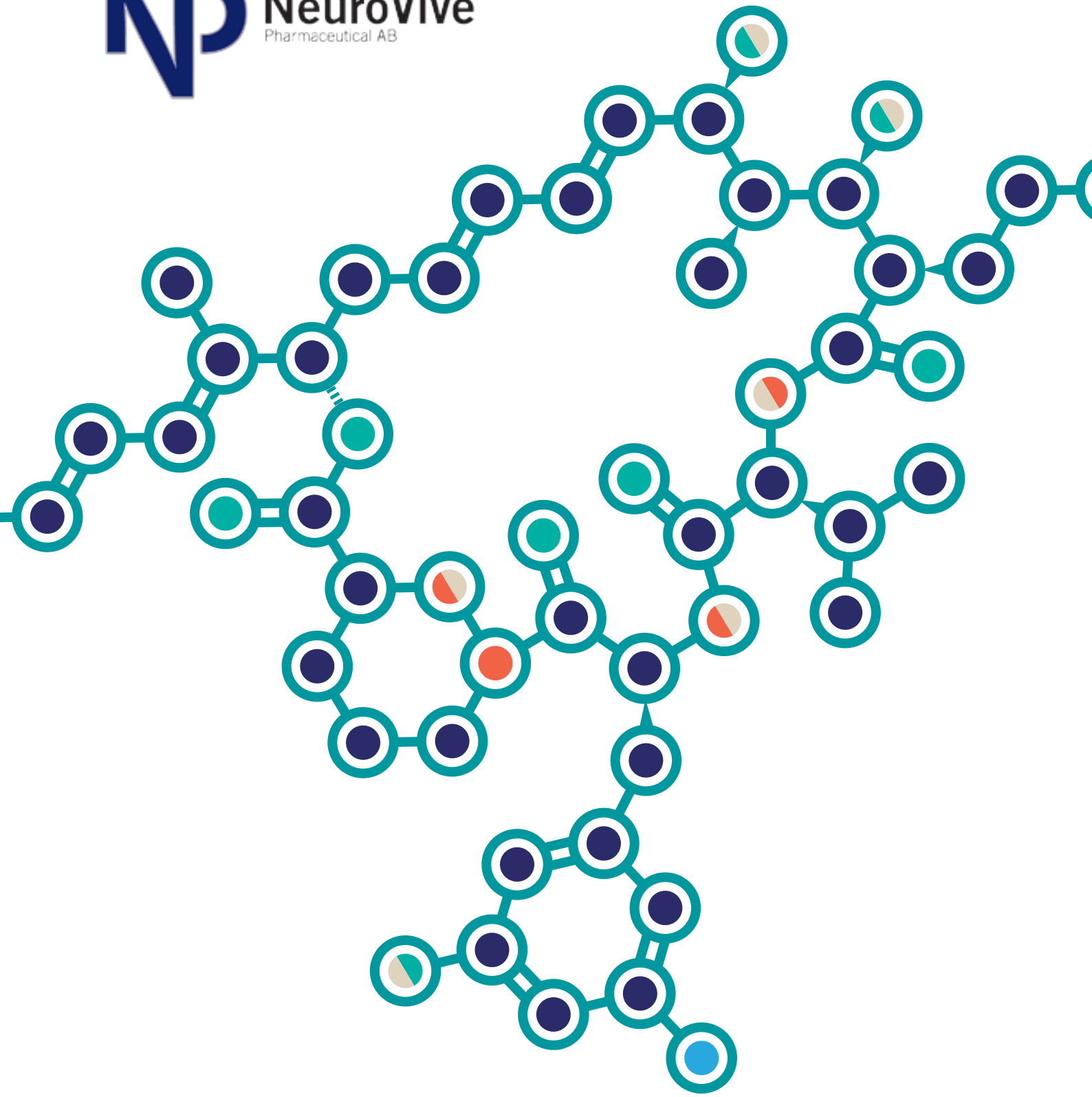
NeuroVive®
Pharmaceutical AB



Annual Report 2014

NEUROVIVE–THE MITOCHONDRIAL MEDICINE COMPANY

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Key figures

Amounts in SEK 000 unless otherwise indicated	2014	2013	2012	2011	2010
Net sales	7,152	5,335	–	–	–
Operating income	-45,254	-22,346	-16,499	-9,721	-4,172
Profit/loss before tax	-44,673	-22,126	-15,903	-9,280	-4,623
Cash flow	9,537	2,821	24,382	-14,958	25,037
Liquidity ratio, %	219	286	451	802	2880
Equity ratio, %	82	84	88	95	98
Adjusted equity	107,841	74,643	63,043	32,585	41,449
Dividend (SEK)	–	–	–	–	–
No. of employees	13	11	8	6	6

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.

2014 in brief

- The rights issue, which was 270% oversubscribed, raised SEK 85.8 m before issue expenses.
- The last patient in the phase III study was treated with CicloMulsion®.
- NeuroVive's research on energy regulators won an award at the international research symposium Mitochondrial Medicine 2014.
- NeuroVive signed an outlicensing agreement with US biotechnology company OnCore BioPharma for the development and commercialization of NeuroVive's drug candidate NVP018.
- NeuroVive establishes subsidiary in Taiwan to manage ongoing operations in the region locally.

Milestones 1993 – 2010

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

1995
Patent application filed and original discovery published.

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

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

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

2001-02
More patents granted on cyclosporine as a neuroprotective pharmaceutical compound.

2003
NeuroVive in-licenses patents and trademark rights for operations from Maas Biolab, LLC.

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

2006-07
NeuroVive executes two small-scale capital raisings to consolidate and develop its business.

2008
August Agreement with Fresenius Kabi on manufacturing and registration work for NeuroSTAT®.

September/October SEK 9.5 m new issue and IPO on Aktietorget.

November Scientific validation of NeuroSTAT's® mechanism of action in human brain tissue.

2009
June Ethical approval of a clinical trial on NeuroSTAT®.

November/December Clinical trial on NeuroSTAT's® safety and pharmacokinetics conducted.

2010
March NeuroVive exercises its option to purchase patent rights for CicloMulsion®/NeuroSTAT®.

March Results from the NeuroSTAT® trial demonstrates bioequivalence and a superior safety profile to comparative preparation Sandimmune® Injection.

May SEK 39 m new issue oversubscribed by SEK 41 m.

June NeuroSTAT® granted orphan drug designation in Europe, implying market exclusivity for ten years for moderate to severe traumatic brain injury from the date of marketing authorization.

December NeuroSTAT® granted orphan drug designation in the US, implying market exclusivity for seven years for moderate to severe traumatic brain injury from the date of marketing authorization.

December Agreement with Lyon University Hospital for a phase III cardiac trial (CIRCUS trial).

NeuroVive

NeuroVive is an international pharmaceutical company focusing on improving treatment for myocardial infarct, stroke and traumatic brain injury. NeuroVive's research and development is based on pharmaceuticals that protect the mitochondria, that is drugs that protect the cell's energy production and promote cell survival.

Mitochondria can be described as the cells' engine and energy supply. Mitochondria are also thought to play a critical role in protecting cells in different types of injury, such as myocardial infarct and traumatic brain injury. There are currently no approved drugs that protect mitochondrial function, and there is a pressing medical need for this kind of pharmaceutical. A large number of patients are affected by myocardial infarct and acute brain injury each year. This means that the drugs that NeuroVive is developing could prove critical to the care of patients suffering from myocardial infarct or traumatic brain injury.

The mitochondrial medicine company

NeuroVive's successful research in mitochondrial medicine has provided the company with a strong position in the academic world and the pharmaceutical industry. NeuroVive's research findings relating to its products and operations are regularly published in respected medical journals such as The Journal of Neurotrauma and The Journal of Neurochemistry.

Two of NeuroVive's drug candidates—CicloMulsion® (cardioprotection) and NeuroSTAT® (brain protection)—are currently in clinical trials, with CicloMulsion® closest to commercialization. Given a positive outcome in the phase III trial which is currently coming to an end, the product is scheduled for market launch in 2016-2017.

Provided the market launch is completed as planned, NeuroVive will be taking a crucial next step in its progress while improving patient care for myocardial infarct sufferers.

Milestones 2011 – 2014

2011

March Agreement on a phase II/III trial on traumatic brain injury (TBI) with the European Brain Injury Consortium (EBIC).

December Subsidiary incorporated in China to serve the Chinese market.

2012

January 200 patients treated in the phase III cardiac trial (CIRCUS trial).

April Agreement with Fresenius Kabi that enables expansion to full-scale production of NeuroSTAT® and CicloMulsion®.

April/May SEK 55 m new issue completed. CIRCUS trial passes 300 patients and continues as planned following safety checks.

October Alongside Selcia Holdings Ltd, NeuroVive develops three new substances for mitochondrial energy regulation that can potentially be used in conditions with impaired energy production.

November Collaboration agreement with Sihuan Pharmaceutical for the development and commercialization of CicloMulsion® and NeuroSTAT® for the Chinese market.

2013

March Acquisition of new potent cyclophilin inhibitors from Biotica Ltd.

April Listing on NASDAQ OMX Stockholm.

May 700 patients enrolled in the CIRCUS trial.

June First patient enrolled to clinical phase II trial at the Copenhagen University Hospital intended to evaluate NeuroSTAT®'s pharmacokinetics and safety in traumatic brain injury.

June Collaboration agreement with Isomerase Therapeutics on the product development and commercialization of the molecules acquired from Biotica Ltd.

June First milestone payment from Sihuan of SEK 5.3 m to NeuroVive's Asian subsidiary for development in China.

December More than 800 patients enrolled in the CIRCUS trial.

December Private placement targeted at high-profile institutional investors and one of the founders of NeuroVive's partner in China, Sihuan Pharmaceutical.

2014

January Rights issue oversubscribed by 270%. NeuroVive raises some SEK 85.8 m before issue expenses.

February NeuroVive treats the final patient in the European phase III study on CicloMulsion®.

June NeuroVive's research into energy regulators wins award at international research symposium.

September NeuroVive signs agreement with OnCore BioPharma on outlicensing of NVP018 for the treatment of chronic Hepatitis B infection.

December NeuroVive establishes subsidiary in Taiwan (NeuroVive Pharmaceutical Asia, Inc.) to manage ongoing operations locally in the region.

CEO's Statement

Continued research progress and increased interest in NeuroVive

NeuroVive is active in a sector that's made solid progress over the last year. The sector index Nasdaq biotechnology rose by as much as 34% in 2014, an increase analysts ascribe to successful research outcomes, increased acquisition activity and a number of successful market launches. Like NeuroVive, many other biotech companies also have potentially unique drug candidates in the pipeline, which has generated expectations of acquisitions and licensing deals.

NeuroVive shadowed this trend and made several important announcements during the year, such as the enrolment of the final patient in the Phase III study on CicloMulsion® (CIRCUS), an expanded collaboration with HCL in Lyon for new indications for CicloMulsion® and the licensing agreement with OnCore for using NVP018 in the treatment of Hepatitis B. NeuroVive's share price has also made extremely strong progress, climbing 177% in the year while the company has gained more than 3,000 new shareholders.

Extended collaborations

A strong organizational structure based on a solid research and development platform is critical to our successful drug development, and the ensuing commercialization of the products developed. Accordingly, NeuroVive has continued to extend its partnerships both nationally and internationally. Alongside our collaboration partners, we have the resources we need to run the company's innovation engine in Lund and the pre-clinical and clinical development of our drug candidates, as well as carrying out the preparatory work for drugs that are approaching the commercial phase. As a further step towards establishing NeuroVive as the leading mitochondrial medicine company, we've also enhanced our internal resources by recruiting a key member of staff for our clinical trials programs.

CIRCUS study close to completion

The Phase III study with CicloMulsion® for the treatment of reperfusion injury after cardiac infarction (CIRCUS study) is currently underway in Europe, and the last patient to be treated was followed up in February 2015. The work to verify patient data is in its final phase and the study is on schedule to analyze and present data from the one-year follow-up in the third quarter of 2015. These results will form the basis for potential market approval in France, and subsequently a number of other European countries. A three-year follow up of the study will also be completed.

In parallel with this, NeuroVive has also been in discussions with regulatory authorities such as the FDA regarding the CIRCUS study during October. An application to begin clinical trials under the Asian phase III study in CicloMulsion® (CIRCUS East Asia) was submitted in June, and preparations are underway to begin the study in China, South Korea and other Asian country.

Phase III study in NeuroSTAT®

The planning work is also continuing ahead of an international Phase III study on NeuroSTAT® in traumatic brain injury. This study will build on the current Phase II study in Copenhagen, which is evaluating the pharmacokinetics and safety of different dosages of NeuroSTAT®.

Improved communication pays off

I'm extremely grateful for the confidence NeuroVive's over 5,700 shareholders have shown us. The high customer satisfaction rating of 75 we received in the shareholder survey completed in August demonstrated our shareholders' confidence in the company, and confirms that our work to improve our market communication about the different parts of NeuroVive's operations have paid off. The outcome of the survey motivates us to continue to improve our external communication and the dialogue with all our shareholders.

When I look to the future I'm filled with confidence. However we also need a degree of humility and to be aware of the challenges NeuroVive is facing. As far as possible, we attempt to offset the risks associated with pharmaceutical development through our efficient research engine, broad project and product portfolios and collaboration partners that continuously deliver excellent results. The path NeuroVive has taken and our commercial strategies indicate that we'll be able to address pressing medical needs for patient groups where there is currently no effective treatment.

Mikael Brönnegård
CEO

Strategy, business model and objectives

NeuroVive's strategy creates a flexible and cost-efficient pharmaceutical company

Pressing unmet medical need

Myocardial infarct and traumatic brain injury hit patients harder than necessary.

NeuroVive develops pharmaceuticals in mitochondrial medicine where there is currently a pressing unmet medical need.

Examples include myocardial infarct and traumatic brain injury. Even if therapies for these conditions have improved significantly in recent decades, one area remains untreated: the cell death that can occur in the acute phase of these conditions and which, when left untreated, risks significantly worsening the original injury.

NeuroVive's pharmaceuticals aim to limit the extent of the original injury, thereby minimizing the impact of the myocardial infarct or brain injury on the patient's life.

Solid platform for new innovations

Proprietary research, collaborations and acquisitions build critical mass.

NeuroVive's strategy for developing new technology platforms for future pharmaceuticals takes three routes:

1. Proprietary research
2. Collaborations
3. Acquisitions

By complementing its proprietary research with collaborations with other pharmaceutical companies and academic institutions, NeuroVive is able to identify and evaluate potential drug candidates and minimize the risk for lengthy development cycles.

NeuroVive's strategy is designed to bring a drug candidate from the discovery phase to finished product. By collaborating with other biotechnology and pharmaceutical companies as well as academic institutions, NeuroVive is able to identify promising drug candidates early on.

Cost-effective development of new pharmaceuticals

Partnerships generate high flexibility and reduce costs.

Drug development is an extensive and carefully regulated process intended to ensure that the drugs that reach the market are safe and effective.

To make this process as cost-efficient as possible, NeuroVive seeks external financing wherever possible as well as funding its studies internally. The company is also open to the possibility of financing studies alongside its collaboration partners.

NeuroVive's strong relationships with academic institutions and hospitals around the world is a major contributor to the company's successful pharmaceutical development.

Aiming for global commercialization

Innovative collaborations reduce risk and maximize potential.

NeuroVive seeks out different collaboration forms with CCOs * and/or larger pharmaceutical companies to reduce risk and maximize potential in the commercialization of new drugs.

NeuroVive is also open to outlicensing drug candidates and pharmaceuticals to major pharmaceutical companies for registration, marketing and sales.

The route chosen, collaboration or outlicensing, is determined on the basis of the potential for maximizing NeuroVive's market success from case to case.

*Contract Commercial Organizations

Global need for pharmaceuticals for neuroprotection

There is a global need for NeuroVive's pharmaceuticals. CicloMulsion® is being developed to limit injury in connection with percutaneous coronary intervention (PCI) and stenting following myocardial infarct. In 2011, the number of myocardial infarct patients was estimated at three million globally. In some countries, such as China, patient numbers are currently growing by 15% annually.

PCI is currently used to varying extents in different countries, and the rate varies between 40-80%. NeuroVive estimates that there are 1.2-2.4 million potential patients in the markets of Europe and the US.

For NeuroSTAT®, which was developed to limit damage following traumatic brain injury, the number of potential patients is estimated at 1.2 million annually in the US, Europe, China, Japan and Australia.

As there are currently no approved drugs offering cardio or brain cell protection, NeuroVive assesses that there is substantial demand for this type of pharmaceutical.

Revolutionary discovery

Early on in his research career, NeuroVive's CSO Eskil Elmér and his colleagues discovered that the substance cyclosporine A has powerful neuroprotectant characteristics, a discovery that triggered a phase of intensive basic research.

Since incorporation, NeuroVive has complemented its proprietary research with the acquisition of patents and technology in the fields of cardioprotection, neuroprotection and mitochondrial protection.

NeuroVive is also party to technology and product development partnerships with other pharmaceutical companies and academic institutions in promising areas of research.

NeuroVive's acquisition and partnership strategy reduces the risk of lengthy development cycles and allows NeuroVive to rapidly develop new drug candidates for prioritized indications. NeuroVive's project portfolio currently encompasses three active drug candidates and two projects. One drug candidate has been outlicensed to OnCore Biopharma.

Intensive development work

NeuroVive is currently working on three drug candidates. Two of these—CicloMulsion® and NeuroSTAT®—are in the clinical phase, while the third is in the pre-clinical phase.

CicloMulsion®, which has been developed to reduce injury in myocardial infarct patients, is the drug candidate where clinical trials have progressed furthest. CicloMulsion® is currently in phase III trials and the results of the study are scheduled to be published in 2015.

NeuroSTAT®, which has been developed to reduce damage in traumatic brain injury, is currently in phase IIa trials. The results from the first 10 patients to be treated are due to be presented in the first half of 2015.

Well positioned looking ahead

NeuroVive is well equipped ahead of commercialization and the international launch of its drugs. The company has already signed several strategically important collaboration agreements, with partners including Sihuan in China and inVentivHealth Inc.

CicloMulsion® is the drug candidate that is currently closest to market launch. The results from the European phase III trial will be finalized in 2015. Given a positive outcome from the study, NeuroVive will file an application for registration in a European country and step up the work to prepare the market for commercialization. The objective is to gain regulatory approval in France in 2016-2017 as the first step of a broad-based international launch, with further European markets to be included in 2017-2019.

NeuroSTAT® is the second of NeuroVive's drug candidates to reach the clinical phase (IIa trials). The first milestone for this project is to complete the ongoing phase IIa trial while continuing to prepare for an international phase IIb/III study.

The ambition for NVP019, a potential follow-up medication to CicloMulsion® and NeuroSTAT®, is to complete the pre-clinical work over the coming year and to subsequently begin phase I trials in humans.

NeuroVive's other research projects focus on developing new drug candidates for energy regulation in mitochondria as well as new candidates against stroke.

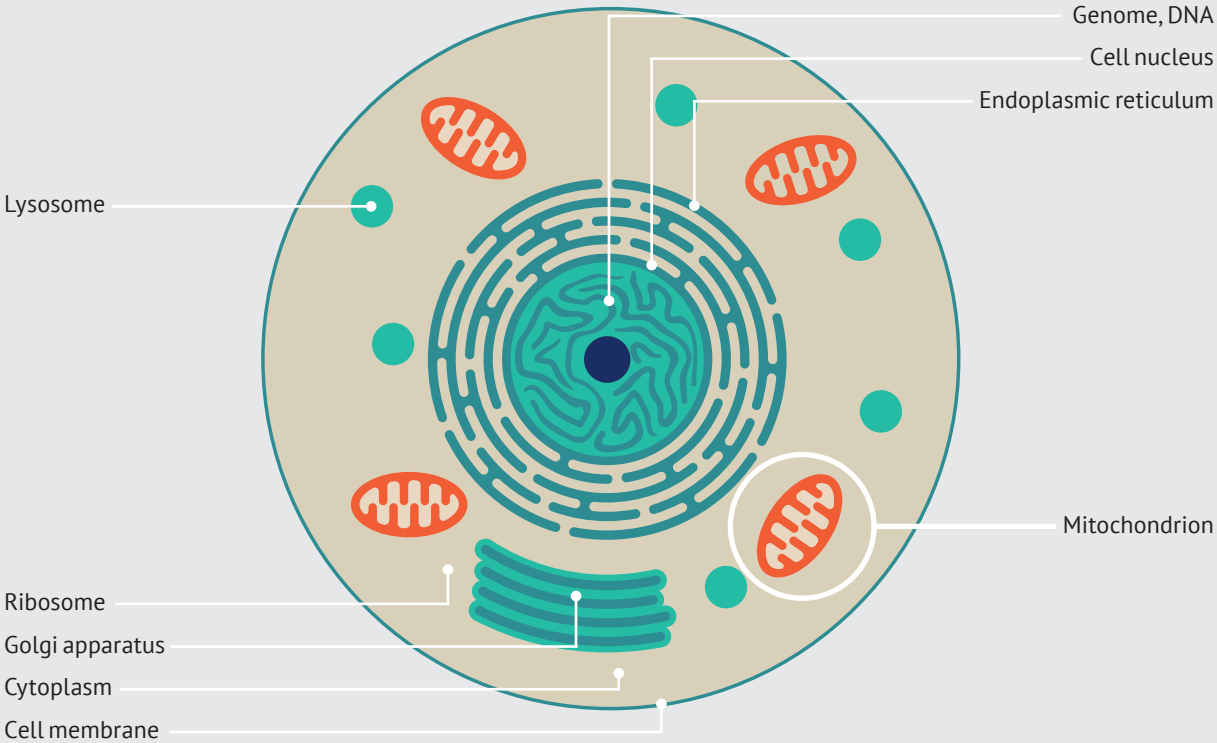
NeuroVive's unique expertise in mitochondrial medicine and broad-based technology know-how forms the foundation for an innovation platform with strong potential to generate additional drug candidates in the field of mitochondrial medicine.

NeuroVive is also carrying out intensive work to maintain and enhance its already strong international patent protection.

Research and development

What is mitochondrial medicine?

The human cell



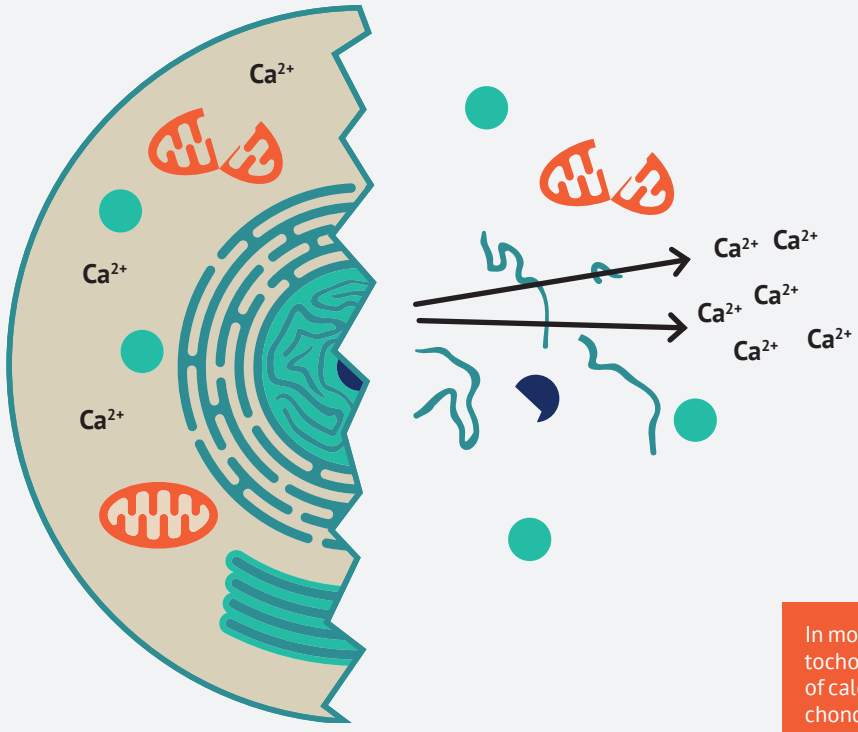
What is a mitochondrion?
Mitochondria are present in all cells and act as the cells' engine and energy supply. Mitochondria are also critical to the cells' ability to withstand and repair damage. To simplify, it could be said that mitochondria transform the air we breathe and the food we eat into energy that the cell can then use. This means that mitochondria are critical to energy production and contribute to the cells' ability to withstand and repair damage. When the nervous system sustains an injury such as a head injury, or when the blood supply to the brain or heart is interrupted, oxygen and nutrient deprivation in the affected area increases the number of calcium ions in the cells. The mitochondria buffer and store calcium ions to protect cells from excessive calcium levels, which are extremely detrimental to cells.

In more serious tissue damage, the mitochondria absorb excessive amounts of calcium, which gives rise to increased calcium permeability in the mitochondrial membranes. The process is known as mitochondrial membrane permeability transition (mPT), and instantly disables mitochondrial energy production and releases buffered calcium. With no energy and raised calcium levels, the cells' pumps and repair enzymes stop functioning, resulting in cell death.

Once the mPT process begins, the mitochondria's ability to process damaging substances, free radicals, also reduces. The release of free radicals can trigger further cell damage and contribute to adjacent mitochondria undergoing mPT more readily, which triggers a negative spiral that increases the likelihood of cell death.

Mitochondria supply our cells with energy and are critical to our normal functioning. An increasing number of research findings demonstrate that a large number of conditions are connected to mitochondrial function, and NeuroVive is at the leading edge in terms of research and development in this promising field.

More serious tissue damage can cause cell death



In more serious tissue damage, the mitochondria absorb excessive amounts of calcium. This instantly disables mitochondrial energy production and causes cells to release buffered calcium, resulting in cell death.

Mitochondrial medicine

Mitochondrial medicine refers to conditions and diseases where mitochondrial functioning is affected, influencing the progression of the disease. In the course of events following a brain injury or restricted blood flow to the brain or heart, adjacent cells die off or are damaged as mitochondrial function is impaired.

Research and studies have shown that defects in mitochondrial structure or function may be the cause of a far higher number of diseases and conditions than previously thought. Myocardial infarct, acute and chronic brain injury, multiple organ failure and diabetes are examples of diseases and conditions that could stand to benefit from mitochondrial drugs.

NeuroVive's research in mitochondrial medicine

NeuroVive develops what are termed cyclophilin inhibitors that preserve mitochondrial function and are potentially able to limit the extent of primary injury in the human body. NeuroVive focuses on preventing reperfusion injury following myocardial infarct and mitochondrial dysfunction in acute neurological conditions such as traumatic brain injury. The research demonstrates a possible correlation between defective mitochondria and the progression of a number of serious conditions for which there is currently no treatment, such as reperfusion injury following myocardial infarct.

There are also a large number of primary genetic diseases that directly affect mitochondrial function and for which there is currently no treatment.

Research and development

NeuroVive's pharmaceuticals reduce the suffering caused by myocardial infarct and traumatic brain injury

An estimated three million people are affected by myocardial infarct annually in the EU and US.

The mortality rate is high, around 20%, in the first 24 hours following myocardial infarct.

Myocardial infarct patients often receive emergency treatment with percutaneous coronary intervention (PCI), also known as angioplasty. This constitutes minimally invasive surgery to remove blood clots in the coronary arteries.

Although heart tissue is damaged during the initial stages of infarct, the extent of the injury also risks increasing once blood flow returns to normal, a process known as reperfusion, which can result in further tissue damage. NeuroVive is developing a pharmaceutical, CicloMulsion®, that is intended to protect heart tissue in connection with patients undergoing PCI.

Considering the substantial number of patients affected by myocardial infarct each year, there is an urgent need for treatments that protect heart tissue and limit the extent of infarct in connection with PCI.

Myocardial infarct and traumatic brain injury affect a great number of people each year and cause severe and sometimes life long suffering. The lack of effective pharmaceuticals that offer cell protection, i.e. drugs that reduce cellular injuries after the original injury has taken place, is an aggravating circumstance in the treatment of these cases. It is this shortage of alternative therapies that NeuroVive is addressing.

More than three million people are affected by traumatic brain injury in the EU and US each year. The number of patients treated in hospital approaches 600,000, and 250,000 of these are expected to develop long-term disability as a result of their injuries.

In acute traumatic brain injury, nerve cells are damaged immediately. The injury continues to worsen several days after the original trauma, which in many cases has a significant negative effect on the total extent of the injury. Traumatic brain injury can lead to severe functional impairment that affects the patient's cognitive ability, emotions, language and speech. The problem with brain injuries and the shortage of effective neuroprotectant drugs has been highlighted by the emergence of new patient groups such as soldiers returning from war zones and brain damage resulting from various contact sports.

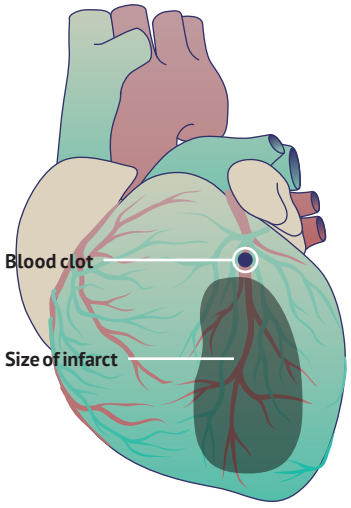
In addition to the personal suffering caused, traumatic brain injury also represents a significant cost to society, with health care costs estimated at SEK 5-14 m per patient. NeuroVive is currently developing a pharmaceutical with potent neuroprotectant characteristics, NeuroSTAT®, that aims to reduce the extent of brain injury and to alleviate the suffering that would otherwise ensue.

Research and development

How does CicloMulsion® limit the size of injury from infarct?

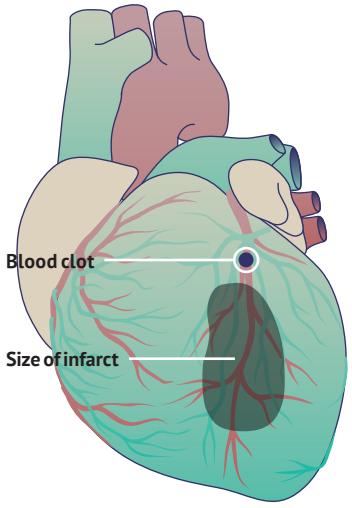
Myocardial infarct occurs when a coronary artery is blocked by a blood clot. The blood stops circulating below the clot, restricting oxygen supply. The greater the size of infarct, the more extensive the negative effect on cardiac function. CicloMulsion®, one of NeuroVive's drug candidates, has been developed to significantly reduce the extent of injury from infarct.

No treatment



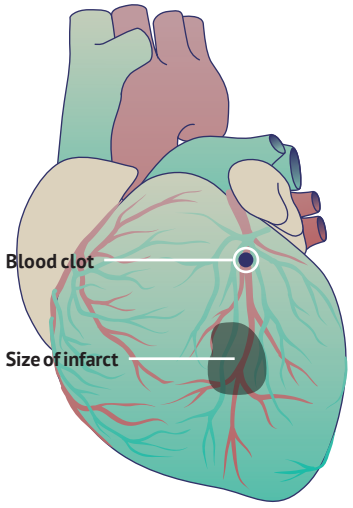
A major, untreated, myocardial infarct destroys a significant proportion of healthy heart tissue, replacing it with scar tissue. The heart then tries to compensate for impaired function by expanding the left ventricle, which reduces heart capacity further and risks causing heart failure and premature death.

PCI



By carrying out PCI soon after infarct it is possible to reinstate blood flow and limit the size of infarct. However, reperfusion injury can arise in connection with carrying out PCI. In practice, this means that although the procedure limits the size of infarct, the patient is still at risk of substantially reduced heart function.

PCI and CicloMulsion®



Earlier clinical trials with cyclosporine A, the active compound in CicloMulsion, have shown that a combination of PCI and CicloMulsion significantly reduces the extent of reperfusion injury based on clinical terms. This minimizes the size of infarct and significantly reduces the risk of heart failure. Because this substantially cuts the time spent in rehabilitation, this also has substantial socio-economic benefits.

Interview with Profesor Michael Ovize, MD, PhD, the French cardiologist who is leading a phase III trial, known as the CIRCUS study, on NeuroVive's drug candidate CicloMulsion®.

Professor Ovize, I'd like to begin by asking how the CIRCUS-study came about. What were the reasons behind implementing a study in myocardial infarction patients?
Basic research has already shown that reperfusion after a prolonged ischemic insult can have detrimental effects (such as killing cardiac myocytes). This is known as lethal reperfusion injury. We were the first to demonstrate that protective intervention (ischemic postconditioning) can reduce infarct size in acute myocardial infarction patients. This is performed by means of coronary angioplasty at the time of reperfusion of the culpable coronary artery.

This raised the question whether it would be possible to mimic this type of intervention by pharmacological means, producing similar protection. Previous preclinical investigations had shown that lethal reperfusion injury was, at least in part, caused by the opening of a mega-channel (called the permeability transition pore) in the inner mitochondrial membrane. In addition to its known immunosuppressive effects, cyclosporine can also inhibit the opening of this pore at the onset of reperfusion by binding one of its major components, cyclophilin D.

We then carried out a proof-of-concept trial that showed that a single IV administration of cyclosporine can reduce infarct size in STEMI patients. However, a proof-of-concept study is only the first step, and based on these encouraging preliminary results I decided to launch a phase III trial (the CIRCUS study) to determine whether cyclosporine might afford clinical benefits to acute myocardial infarction patients.

Why did you choose CicloMulsion® for the study?
The CIRCUS study was designed as an academic study that received funding from the French government, and NeuroVive contacted me to ask whether CicloMulsion® would be of interest for the study. NeuroVive had just completed a bio-equivalence study with the commercially available drug Sandimmune, which showed that CicloMulsion® was bio-equivalent to Sandimmune. However, CicloMulsion® had the advantage of not including cremophor, which is known to cause adverse reactions.

NeuroVive agreed to provide the study treatment (verum and placebo) and signed a contract with Hospices Civils de Lyon, the study sponsor, regarding the CIRCUS partnership. NeuroVive also provided financial support to CIRCUS later on.

How was the study carried out? What methods did it use?
The idea was to carry out the first clinical outcome study targeting lethal reperfusion injury in STEMI patients. We focused on a high-risk population of acute myocardial infarction patients, i.e. STEMI with anterior myocardial infarction, a group that is more susceptible to developing heart failure.

In order to make the study feasible, I then designed the simplest experimental protocol possible. This was critical to the study's feasibility and acceptability to patients and interventional cardiologists in emergency settings. Eventually, the IV injection of CicloMulsion® was the only additional procedure required in the patients' daily care regime.

Which hospitals were included in the study?
We took advantage of an existing network of cardiology centers in France that I had previously involved in phase II postconditioning trials. Initially, we then enrolled further French centers (up to 44). We then added centers in Belgium and Spain with excellent investigators who were aware of new protective conditioning therapies.

What was the time span of the study?
I wrote the study protocol in 2008, and we received government funding in 2010. Our collaboration with NeuroVive began in the same year. The first patient was enrolled in April 2011.

How many patients did the study include?
We enrolled 975 patients with anterior myocardial infarction over 34 months. The initial analysis of the main endpoint will be completed after the one-year follow-up of the whole population (Q3 2015). We've already decided to continue the study and to monitor patients up to 3 years after the initial acute myocardial infarction.

How do you use CicloMulsion® in treatment, and when?
The administration of CicloMulsion® is very simple. It consists of a single intravenous bolus (antebrachial) injection of 2.5 mg/kg. The timing is crucial: it has to be administered before the re-opening of the culpable coronary artery by angioplasty.

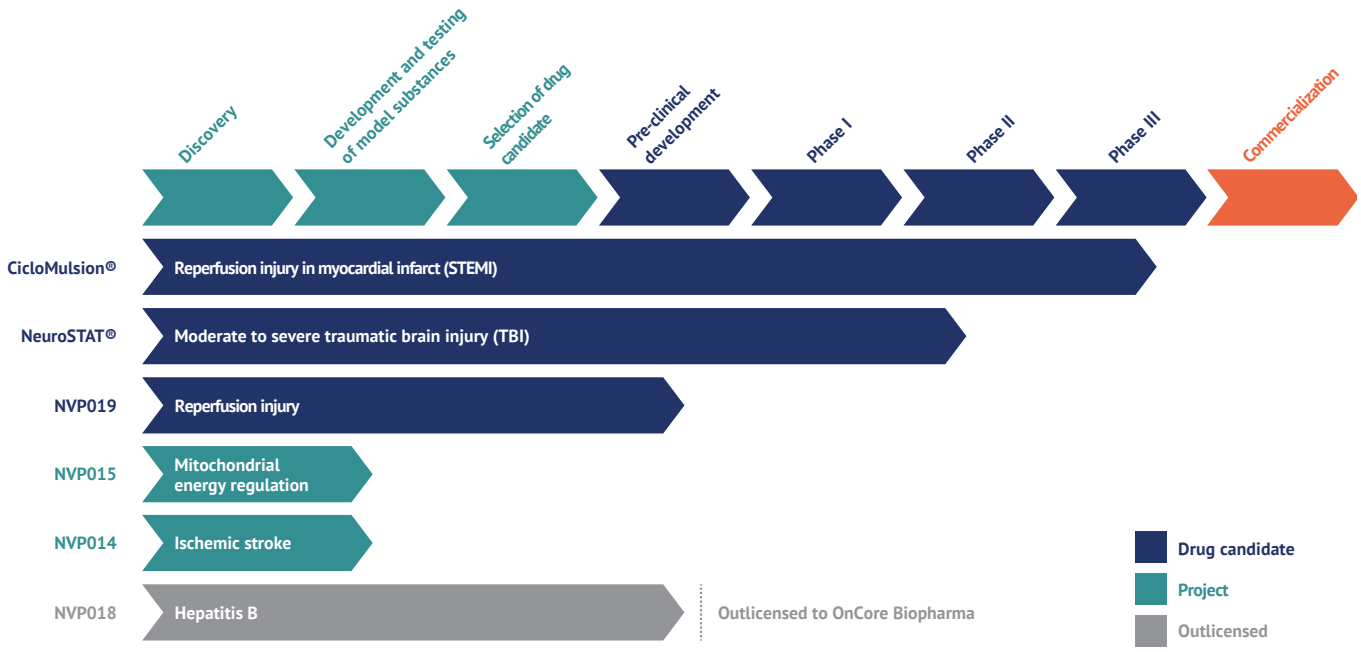
What significance do you think CicloMulsion® will have for the future care of myocardial infarction patients, given that CicloMulsion® is approved as a medicine?
CicloMulsion® will be the first treatment ever for lethal myocardial reperfusion injury. It will be the first additional treatment in reperfusion therapy (coronary angioplasty) that protects the heart against further damage following reperfusion. Hopefully it will prevent adverse remodelling of the left ventricle following acute myocardial infarction and potentially prevent heart failure in some cases.

NeuroVive's project portfolio

Three drug candidates, of which two are in the clinical phase

NeuroVive's project portfolio consists of three drug candidates. Two of these, CicloMulsion® and NeuroSTAT®, are in the clinical development phase and have considerable potential to meet the substantial medical need in myocardial infarct and brain injury. The figure below indicates the phases NeuroVive's various projects are in and the phases to be completed before a pharmaceutical can be launched on the market.

NeuroVive's project portfolio



The 2013 Annual Report stated that NeuroVive has six drug candidates. This information is being changed to three drug candidates in the 2014 Annual Report for two reasons:

- One of the drug candidates, NVP018, was outlicensed to OnCore Biopharma in 2014.
- NVP014 and NVP015 are still in the early development phase and have not yet been classified as candidate drugs, which they were erroneously termed in the 2013 Annual Report.

CicloMulsion® – reduces injury in myocardial infarct

Developed for: reperfusion injury in myocardial infarct
Status: phase III trials
Market potential: 1.2 – 2.4 million treatments annually in Europe and the US

Myocardial infarct patients often receive acute treatment in the form of percutaneous coronary intervention (PCI), also known as angioplasty. The treatment involves a surgical procedure to remove blood clots from the coronary arteries using a catheter inserted through major blood vessels. The initial stages of infarct cause tissue death and damage, but even after the blood supply has been reinstated the damage continues to spread through what is termed reperfusion injury, causing further tissue damage. CicloMulsion® has been developed to protect tissue that is at risk of dying off in connection with PCI. From a clinical perspective, drug development related to protecting heart tissue in connection with PCI to limit the size of infarct is very urgent.

Project status

Ongoing clinical phase III study CicloMulsion® is currently in a clinical phase III study. The study is largely externally funded and is being carried out in France, Belgium and Spain by Lyon University Hospital. The study is randomized, placebo-controlled and double-blind, with patients receiving an injection of CicloMulsion® (or a placebo) prior to PCI. All patients included in the study, just under 1,000, have now been enrolled and treated.

Given a positive outcome from the study, and provided that it is deemed to constitute a suitable basis for registration, NeuroVive plans to file an application with the French pharmaceuticals authority as the first step towards international launch.

Chinese collaboration
NeuroVive's collaboration with Sihuan Pharmaceutical Ltd in China enables the company to conduct clinical trials in CicloMulsion® in China to complement the European phase III study ahead of gaining market approval on the Chinese market. The application to begin clinical trials has been filed.

Production
CicloMulsion® is manufactured in Austria by Fresenius Kabi, an internationally renowned healthcare company. NeuroVive has invested in a new production plant at Fresenius Kabi as part of its work to prepare for commercial production.

Market

Some three million patients affected by acute coronary disease are estimated go on to have a myocardial infarct each year in the EU and US. The mortality rate is high (approximately 20%) in the first 24 hours following infarct. Approximately half of patients undergo PCI to improve oxygenation of the heart muscle and to prevent further infarcts. What are termed thrombolytic pharmaceuticals are currently a key component in treatment, although these are unable to protect the heart from reperfusion injury after PCI.

No effective treatment available
A majority of patients that undergo PCI suffer from reperfusion injury which increases the risk of more extensive myocardial infarct. Similar complications also arise in heart surgery. To NeuroVive's knowledge, there are no approved drugs that offer protection against reperfusion injury.

This means that a drug candidate that protects the heart, such as CicloMulsion®, has the potential to offer treatment for a medical condition where there is currently no effective therapy.

NeuroVive estimates the annual global market for CicloMulsion® at around 1.2 – 2.4 treatments in Europe and the US, driven by an aging population and a dramatic increase in obesity.

Plans and objectives

EU
- Safety evaluation in phase III study
- Inclusion of patients in the external phase III study. Final patient (of 972) included in the phase III study.
- Start of new follow-up study on patients in the phase III study and presentation of results of the external phase III study.
- Application for registration in France and, following approval on this market, in selected EU markets.
- Market approval in France and the EU.

China
- Start of phase III study in China based on phase I and II data from the EU
- Results of phase III study in China presented
- Application for market approval in China

Summary

- **Indication**
  Reperfusion injury in myocardial infarct.
- **Existing treatment—guidelines**
  Acute treatment in connection with PCI.
- **Limitations of existing treatments, in the judgment of NeuroVive's Board of Directors**
  No existing drugs that protect heart cells and reduce reperfusion injury following PCI
- **Clinical hypothesis**
  CicloMulsion® reduces reperfusion injury following PCI and improves outcomes after treatment of myocardial infarct

NeuroSTAT® – reduces traumatic brain injury

Developed for: traumatic brain injury
Status: phase II studies
Market potential: 1.2 million treatments globally

TBI (acute traumatic brain injury) is brain injury where nerve cells are damaged instantaneously. The injury continues to worsen several days after the accident, which often has a significant effect on the overall deleterious consequences. Researchers at Lund University, including NeuroVive's CSO, have shown that NeuroSTAT®'s active ingredient cyclosporine A has pronounced neuroprotectant properties. By inhibiting the cyclophilin enzyme and stabilizing the energy-producing mitochondria, NeuroSTAT® is expected to reduce the extent of brain injury.

Project status

Ongoing phase II trials
A clinical phase IIa trial where NeuroSTAT® is administered to patients with TBI began at Copenhagen University Hospital in 2013. The trial is an open label study where two different dosages of the same drug are evaluated. The study's primary objective is to assess the safety and blood concentration of cyclosporine A, and the secondary objective is to gather information on NeuroSTAT's ability to limit brain injury.

International multi-center study
NeuroVive is also preparing an international multi-center study (phase IIb-/III) in TBI to investigate whether NeuroSTAT® can act as a neuroprotectant and affect the prognosis and progression of the disease. NeuroVive has initiated a collaboration with leading neurosurgeons in Europe, the US and China to complete the clinical study. The ongoing phase IIa trial is funded internally. Additional financing will be sought for the more extensive international phase IIb-/III trials. The collaboration with Sihuan in China enables NeuroVive to conduct clinical trials in NeuroSTAT® in collaboration with clinics in Europe and the US, or as independent phase II and phase III studies in China.

Orphan drug designation
NeuroVive has obtained orphan drug designation for NeuroSTAT® in moderate and severe brain injury in the US and EU, which implies market exclusivity following market approval, even if patents have expired. Orphan drug designation confers exclusivity for seven years in the US and ten years in the EU, from the date of obtaining market approval.

Market

Three million cases of traumatic brain injury
More than three million patients are affected by TBI in the EU and US each year. The number of patients treated in hospital approaches 600,000, and 250,000 of these are expected to develop long-term disability as a result of their injuries.[1] According to Centers for Disease Control (CDC) in the US, more than five million Americans currently live with some form of disability caused by TBI.

Significant health care costs
The total health care cost for a patient with severe traumatic brain injury has been estimated at SEK 5-14 m.[2] This means that traumatic brain injury implies a significant health-care burden to society, and there is a substantial need for effective treatments, not least because injuries of this nature can lead to functional impairment that affects the patients cognitive ability, emotions, language and speech. To NeuroVive's knowledge, there are no existing drugs that can improve the neurological and functional outcome following TBI.

New patient groups
The problems with brain injuries and the shortage of effective neuroprotectant pharmaceuticals has also been highlighted by the emergence of new patient groups such as soldiers returning from war zones and brain damage resulting from various contact sports.

1) Datamonitor report 2011
2) National Institutes of Health, 1999, Thurman et al, 1999

Plans and objectives

EU
- Results of phase IIa presented
- Discussions with regulatory authorities*
- Start of combined phase IIb/III
- Results of phase IIb/III* presented

US and China
- Start of combined phase IIb/III
- Results of phase IIb/III presented
- Application for marketing approval

* Discussions with regulatory authorities and regulatory requirements determine the scope of phase IIb/III trials, and consequently the time required to complete the clinical study. This influences the timing of NeuroSTAT®'s market launch.

Summary

- **Indication**
  Traumatic brain injury.
- **• Existing treatment—guidelines**
  Intensive care, potentially initial surgery.
- **Limitations of existing treatments, in the judgment of NeuroVive's Board of Directors**
  No existing neuroprotectant drugs available.
- **Clinical hypothesis**
  Treatment with NeuroSTAT® protects nerve cells, improves GOS, fewer bed days, improved rehabilitation and quality of life.

NVP019 – next generation of cyclophilin inhibitors

Developed for: ischemic injury
Status: pre-clinical development

NeuroVive's focus has been on finding the optimum follow-ups to its current drug candidates in clinical development. The company has been in discussions with several potential partners and evaluated a number of molecules via special agreements.

The long-term objective is to ensure that the active compound in NeuroVive's current intravenous drug preparation, cyclosporine A, is followed by more specific drugs with potentially wider applications.

In line with NeuroVive's ambitions, the company acquired the right to potent cyclophilin inhibitors from UK pharmaceutical company Biotica Ltd. in 2013. The purpose was to gain access to the next generation of cyclophilin inhibitors, which NeuroVive has termed NVP019.

The acquisition also included projects in antiviral therapy. The project, which NeuroVive has termed NVP018, has been outlicensed to OnCore Biopharma.

Project status

Pre-clinical development
NVP019 is currently in the early pre-clinical phase focusing on intravenous formulation work. The aim is to develop the drug candidate to the next generation of cyclophilin inhibitor, focusing on the treatment of myocardial infarct and traumatic brain injury.

NVP019 has been shown to be more potent and with more specific efficacy than cyclosporine A (the active compound in NeuroSTAT®/CicloMulsion®). NVP 019 is also potentially more well-tolerated than cyclosporine A and has significantly longer patent protection than CicloMulsion®.

Wider applications
The objective is not only to develop a follow-up preparation to NeuroSTAT® (brain injury) and CicloMulsion® (reperfusion injury), but also to widen the applications for myocardial infarct and reperfusion injury to include acute heart and other conditions where general protection of the vital organs is a critical factor in the progression of the disease.

In 2014, pre-clinical evaluation and formulation work for intravenous preparation forms continued as planned, and pre-clinical studies were completed in various animal models for cardiac disease. The manufacturing process was scaled up during the year.

Market

The objective in developing the next generation cyclophilin inhibitors is to develop follow-up preparations to CicloMulsion® and NeuroSTAT®, to retain and ultimately strengthen NeuroVive's market leadership.

The objective is also to widen the applications for myocardial infarct and reperfusion injury to include acute heart and other conditions where general protection of the vital organs is a critical factor in the progression of the disease. These new indications and potential markets have not been evaluated as yet, but the number of myocardial infarcts is estimated at three million annually in the EU and US.

Plans and objectives

EU
- Scaling up production
- Toxicology studies
- Start of phase I/II studies in selected patient groups.

NVP014 – neuroprotection in stroke

Developed for: injuries in connection with stroke
Status: development and testing of model substances

In stroke, the transportation of pharmaceuticals across the blood-brain barrier is not possible in the same way as it is for traumatic brain injury, and NeuroVive is seeking to find new ways to improve drug transport across the blood-brain barrier. NeuroVive is party to an ongoing project with to-BBB Technologies BV based on enclosing the pharmaceutical in a coating of fat to improve drug transport, and is also collaborating with Isomerase Therapeutics to increase transportation across the blood-brain barrier by directly modifying the chemical structure of the drug.

Project status

Model substances
The NVP014 project is currently testing different model substances to select a suitable drug candidate. The work includes animal studies to confirm assumptions regarding increased penetration across the blood-brain barrier and positive effects on mitochondrial damage after stroke (cerebral infarct). Given a positive outcome of these studies, the project will enter the next development phase to generate toxicology and dosage data as a basis for producing the first pharmaceuticals dosages for humans.

Grant from Eureka Eurostar
In 2011, NeuroVive and to-BBB Technologies BV were awarded a Eureka Eurostar grant totaling EUR 1 m for its pre-clinical development program.

Work to synthesize cyclophilin inhibitors that penetrate the blood-brain barrier began in 2014.

Market

Two million people affected each year
Some two million patients are affected by stroke each year in the EU and US, of which 25% are under 65 years of age. Over 300,000 patients are estimated to die following stroke. Around half require hospital care, of which 200,000 develop long-term or life-long disabilities.

Costs exceed SEK 350 bn
The annual direct health care costs currently exceed SEK 350 bn, and indirect costs relating to production losses (such as lost working hours and lost tax revenue) are estimated at SEK 200 bn.

The annual global AIS market (acute ischemic stroke) is currently valued at some SEK 20 billion and is expected to grow by 3-4% annually.[1) 2)] At the same time, there are few drug candidates in the clinical development phase. A growing older population and a dramatic increase in obesity are the biggest drivers. Like for traumatic brain injury, the global AIS market is substantial and there is a pressing medical need.

1) Data Monitor Report 2011
2) Market Report Destum Partners, USA,2012

Plans and objectives

EU
- Work to synthesize cyclophilin inhibitors that penetrate the blood-brain barrier continues
- In vivo animal testing
- Selection of drug candidate

Summary

- **Indication**
  Stroke
- **Existing treatment—guidelines**
  Stabilize the patient, CAT scan and thrombolytic treatment (dissolve blood clots blocking a vessel).
- **Limitations of existing treatments, in the judgment of NeuroVive's Board of Directors**
  Short treatment window for thrombolytic treatment. No existing neuroprotectant drugs that reduce injury after stroke.
- **Clinical hypothesis**
  Treatment with NVP014 improves outcome by reducing damage to nerve cells following stroke, meaning fewer bed days for patients.

NVP015 – energy regulation in the mitochondria

Developed for: mitochondrial diseases in children, drug-induced mitochondrial dysfunction
Status: developing and testing of model substances

NVP015 is NeuroVive's project to develop an energy-regulating preparation for specific intravenous acute treatment of conditions where a cellular energy crisis arises. The objective is to generate pharmaceuticals with orphan drug designation for a series of relatively uncommon childhood diseases, and also as acute treatment for drug-induced impairment of mitochondrial function. There are also potential uses for large patient groups where the body would benefit from additional energy production, such as in extended surgery and intensive care.

Project status

The NVP015 project is currently testing model substances to be used in patients with congenital mitochondrial defects (primary mitochondrial disease) and conditions where normal mitochondria are affected by acute energy deficits as a central component of the condition (secondary mitochondrial disease). Primary mitochondrial conditions with potential for orphan drug designation include Leigh syndrome and MELAS.

NeuroVive has developed and validated an animal model for a type of primary mitochondrial defect. The project is currently in a phase where different model substances are being developed for testing in this model and other relevant models.

Market

Primary mitochondrial diseases are rare, affecting 1-6 children in 100,000.[1)] This means that drugs for the treatment of primary mitochondrial diseases are given orphan drug designation, which improves the chances of obtaining market approval compared to traditional pharmaceuticals because of the pressing medical need.

A review of drugs that have completed clinical trials indicates that 80% of pharmaceuticals with orphan drug designation gained approval, against only 35% for traditional drugs.

Given that the NVP015 project is intended to generate a pharmaceutical with the potential to treat a large number of primary mitochondrial diseases, such as Leigh syndrome and MELAS, the time to market is estimated to be shorter than for drugs without orphan drug designation.

The market for orphan drugs is worth several SEK billion, with the annual treatment cost for a single patient in the SEK 200,000 to SEK 1.5 m range.

1) Orphanet Report Series nov 2011 no 1

Plans and objectives

EU

- Chemical synthesis and testing of different model substances
- Selection of drug candidate

The NeuroVive share

The NeuroVive share was listed on Nasdaq Stockholm in April 2013. The share is included in the Small Cap segment and the Health Care index. Before its Nasdaq listing, NeuroVive was quoted on the Aktietorget marketplace. On 31 December 2014, NeuroVive had 5,759 shareholders.

Share price performance and turnover

Since year-end, 42,449,395 shares have been turned over at a value of SEK 2,159,538,938. NeuroVive's share price was SEK 51 at the end of the year, representing an increase of 177%. The highest price paid for the year was SEK 82 on 5 August 2014 and the lowest price paid SEK 16.40 on 17 January 2014. Market capitalization was SEK 1,417,192,743 at the end of the year, compared to SEK 398,526,446 at the end of the previous year.

Share capital

NeuroVive had 27,788,093 shares on 31 December 2014 and the share capital amounted to SEK 1,389,404.65 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 new issue completed in January 2014 increased the number of shares to 27,788,093 and the share capital to SEK 1,389,404.65. The table on page 25 shows the development of the number of shares.

Ownership

NeuroVive had 5,759 shareholders registered on 31 December 2014.

Dividend

Against the background that NeuroVive does not have any pharmaceuticals on the market as yet, the Board of Directors proposes that no dividend be paid for 2014.

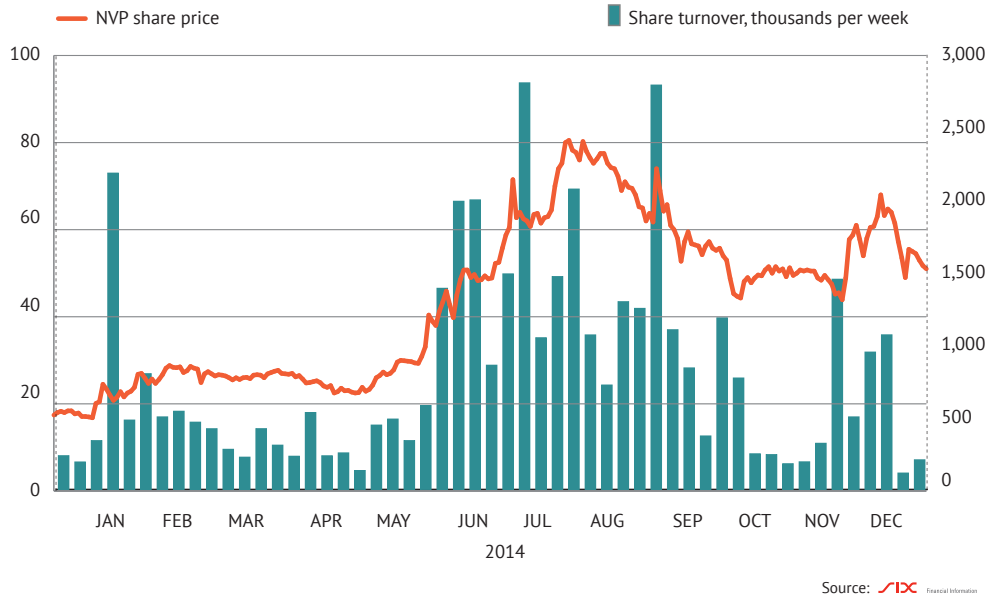
Shareholder value

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 rights issue was completed in January 2014. More information on the issue is on NeuroVive's website.

Share price and volume performance 2014



Source: NIX Financial Information

NeuroVive's 10 largest shareholders as of 31 December 2014

Name	No. of shares	Votes and capital
Euroclear Bank S.A/N.V, W8-IMY (registered holding on behalf of Maas Biolab, LLC and Marcus Keep and others with US domicile)*	4,427,740	15.93%
Baulos Capital Belgium SA	3,860,000	13.89%
Avanza Pension Försäkrings AB **	3,586,910	12.91%
Handelsbanken fonder AB REJPMEL	595,381	2.14%
Nordnet Pensionförsäkring AB	521,173	1.88%
Eskil Elmér ***	508,275	1.83%
CBNY-National Financial Services LL	409,142	1.47%
Greg Batcheller	380,332	1.37%
Magnus Linderoth	306,800	1.10%
Other owners	13,192,340	47.47%
Total	**27,788,093**	**100%**

* Maas Biolab, LLC ("Maas") and a majority of shareholders domiciled in the US relocated their holdings to Euroclear Bank in summer 2012. This was due to regulatory changes governing foreign investments by US citizens. In NeuroVive's share register kept by Euroclear, these holdings have been registered under Etrade's name. Maas owned 3,874,432 shares in NeuroVive as of 31 December 2014 and Maas had 45 shareholders at that time. NeuroVive Board member Marcus Keep owns 48.41% of Maas, CSO Eskil Elmér 17.08% and Board member Helmuth von Moltke 4.97%. On the same date, Chair Gregory Batcheller owned 1.74% of Maas.
** Fund manager, endowment insurance.
*** The information includes related parties (spouse and children).

Share capital history

Year	Event	Total No. of Shares	Total Share Capital
2000	Incorporation	1,000	100,000.00
2003	New issue	1,025	102,500.00
2004	New issue	1,100	110,000.00
2007	New issue	1,313	131,300.00
2007	New issue	1,433	143,300.00
2008	Offset issue	1,493	149,300.00
2008	New issue	1,576	157,600.00
2008	Bonus issue	1,576	591,000.00
2008	Share split	11,820,000	591,000.00
2008	New issue	13,075,000	653,750.00
2010	New issue	14,942,857	747,142.85
2012	New issue	19,159,046	957,952.30
2013	Private placement	21,659,046	1,082,952.30
2014	Rights issue	27,788,093	1,389,404.65

The share

The NeuroVive share	
Marketplace	Nasdaq Stockholm
Ticker symbol	NVP
Sector	Health care
ISIN code	SE0002575340
Highest price paid 2014	82.00
Lowest price paid 2014	16.40
Closing price 2014	51.00
Market capitalization 30 December 2014	1,417.2 Mkr
Number of shares	27,788,093

Division of shares as of 31 December 2014

Shareholding	No. of Owners	No. of Shares	Holding, %	Votes, %
1 – 500	2,920	581,785	2.09%	2.09%
501 – 1 000	995	812,016	2.92%	2.92%
1 001 – 5 000	1,325	3,140,642	11.30%	11.30%
5 001 – 10 000	259	1,881,828	6.77%	6.77%
10 001 – 15 000	85	1,029,130	3.70%	3.70%
15 001 – 20 000	57	1,006,775	3.62%	3.62%
20 001 –	118	19,335,917	69.58%	69.58%

Five-year summary

INCOME STATEMENT	2014	2013	2012	2011	2010
Net sales	7,152	5,335	–	–	–
Other operating income	1,181	1,598	1,328	440	108
Operating expenses	-53,587	-29,132	-17,699	-10,057	-4,257
Depreciation and amortization	-441	-147	-128	-104	-23
Operating income	-45,254	-22,346	-16,499	-9,721	-4,172
Net financial income/expense	580	220	596	441	-451
Profit/loss before tax	-44,673	-22,126	-15,903	-9,280	-4,623
Net profit for the year	**-44,673**	**-22,126**	**-15,903**	**-9,280**	**-4,623**

BALANCE SHEET	2014	2013	2012	2011	2010
Intangible assets	79,601	47,119	32,705	20,798	14,253
Tangible assets	344	457	665	148	39
Other current assets	1,625	1,609	959	501	381
Cash and cash equivalents	49,698	39,992	37,177	12,795	27,753
Assets	**131,268**	**89,177**	**71,506**	**34,242**	**42,426**
Equity	107,841	74,643	63,043	32,585	41,449
Short-term liabilities	23,427	14,534	8,463	1,657	977
Equity and liabilities	**131,268**	**89,177**	**71,506**	**34,242**	**42,426**

CASH FLOW STATEMENT	2014	2013	2012	2011	2010
Cash flow from operating activities before changes in working capital	-44,552	-21,966	-15,789	-9,207	-4,658
Changes in working capital	920	2,876	3,567	596	-375
Cash flow from investing activities	-23,429	-11,684	-9,718	-6,757	-5,717
Cash flow from financing activities	76,599	33,595	46,322	410	35,787
Change in cash and cash equivalents	9,537	2,815	24,382	-14,958	25,037
Cash and cash equivalents at beginning of year	39,992	37,177	12,795	27,753	2,716
Cash and cash equivalents at end of year	49,698	39,992	37,177	12,795	27,753

KEY RATIOS	2014	2013	2012	2011	2010
Liquidity ratio (%)	219	286	451	802	2880
Equity ratio (%)	82	84	88	95	98
Adjusted equity (SEK)	107,841	74,643	63,043	32,585	41,449
Dividend (SEK)	–	–	–	–	–

Financial definitions:

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

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

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 2014 - 31 December 2014. The Company is registered in Sweden and has its registered office in Lund.

Operations

NeuroVive conducts research and development into pharmaceuticals that protect the mitochondria, preserve mitochondrial function or increase energy production, and thus potentially, may limit the progression of injury in various organs of the body. Cyclosporine A and molecules with a different chemical structure that protect mitochondria by inhibiting enzymes of the cyclophilin class represent the primary technology platform for the drug development process. This class of drug is known as cyclophilin inhibitors. In addition, NeuroVive is working on a number of other projects in cell protection and energy regulation in mitochondrial diseases.

The group

The group's legal structure consists of the parent company, whose operations include drug development and group-wide functions. The other group company is Taiwan-based subsidiary NeuroVive Pharmaceutical Asia, Inc., which was two wholly-owned subsidiaries— NeuroVive Pharmacuetical Asia Ltd. with its registered office in Hong Kong and NeuroVive Pharmacuetical Taiwan, Inc., with its registered office in Taiwan. The primary duty of the subsidiary is to develop and commercialize NeuroVive's product portfolio in Asia and to carry out research and development operations under license from the parent company. NeuroVive owned 70% of NeuroVive Pharmaceutical Asia Ltd, Hong Kong until December 2014, when the holding increased to 81.95% through additional territorial rights in Asia for CicloMulsion®, NeuroSTAT® and ToxPhos®. The holding in NeuroVive Pharmaceutical Asia Ltd, has subsequently been converted to the corresponding shares in NeuroVive Pharmaceutical Asia, Inc.

Significant events in 2014

Development projects

- In February, the final patient was treated in a European Phase III trial (CIRCUS study) where half of the nearly 1,000 patients received the company's drug CicloMulsion® for the treatment of reperfusion injury in connection with myocardial infarct.
- In March, NeuroVive began a research collaboration with A1M Pharma in mitochondrial medicine.
- Research into NeuroVive's energy regulators received an award at the international research congress Mitochondrial Medicine 2014 held in Pittsburgh, US in June.
- In September, NeuroVive signed an outlicensing agreement with US biotech company OnCore BioPharma for the development and commercialization of NeuroVive's drug candidate NVP018 for the oral treatment of chronic Hepatitis B. NeuroVive received the upfront payment of USD 1 m at the end of September.
- NeuroVive initiated a collaboration with Skåne University Hospital to conduct a clinical Phase II study to evaluate the company's drug CicloMulsion®'s efficacy in preventing acute kidney injury in 150 patients in connection with cardiac surgery. Enrolment for the study will begin in the first half of 2015 and is scheduled to continue into 2016.

Other

The rights issue authorized by the EGM in December 2013 was completed in January. The rights issue was oversubscribed by 270% and NeuroVive's Board decided to fully utilize the over-allocation option. In total, the issue raised SEK 85.8 m before issue expenses of SEK 9.2 m, with a net figure of SEK 76.6 m.

NeuroVive's project activities

The science behind mitochondrial energy production

Mitochondria are present in every cell and serve as the cell's engine and energy supply. NeuroVive's focus is on reperfusion injury in myocardial infarct where there are no existing treatments and acute neurological conditions, such as traumatic brain injury and stroke. There are also many primary genetic diseases that directly affect mitochondrial function that have no treatment available at present.

The mitochondria serve a completely critical function in terms of energy production, and accordingly contribute to cells' ability to resist and repair injury. If damage occurs to the nervous system, such as in traumatic brain injury or disruption of blood flow to the brain or heart (which results in the loss of oxygen and nutrients) the number of calcium ions in cells increase. Calcium ions are buffered and stored by the mitochondria to protect the cells from excessive calcium levels, which are very harmful to the cell.

By protecting the body's energy producing mitochondria, NeuroVive's project portfolio enables damaged tissue to be treated (increasing the probability of cell survival) and limits the spread of the primary injury (protection of adjacent healthy cells). The objective is for NeuroVive's drug candidates to achieve reduced cell death, improve organ function and accelerate clinical recovery. In the longer term, the objective is for pharmaceuticals that protect nerve and heart cells to improve individual patient prognoses with fewer days of care and more effective rehabilitation.

Development projects

NeuroVive's product portfolio currently consists of three drug candidates and two projects. Two of the drug candidates, CicloMulsion® and NeuroSTAT®, are in clinical development phases with the potential of meeting a substantial medical need in myocardial infarction and traumatic brain injury. The drug candidate NVP019 which is in the pre-clinical development phase is an entirely new pharmaceutical substance that protects mitochondria and could potentially be used in myocardial infarct and brain injury. NVP018 was outlicensed to OnCore BioPharma in 2014. For a summary of NeuroVive's current development projects see below.

NeuroVive's development projects

CicloMulsion®		Read more on page 19
Description	Development phase	Plans
Myocardial infarct patients often receive emergency treatment with percutaneous coronary intervention (PCI)—also known as angioplasty. CicloMulsion® has been developed to protect tissue at risk of dying in connection with PCI. From a clinical perspective, drug development aimed at protecting heart tissue in connection with PCI to limit the size of infarct is a pressing need.	CicloMulsion® is currently in clinical Phase III trials.	• Safety evaluation in Phase III study • Application for registration in France.
NeuroSTAT®		Read more on page 20
Description	Development phase	Plans
In acute traumatic brain injury (TBI) nerve cells are damaged instantaneously. The injury continues to worsen several days after the trauma, and frequently impacts significantly on the extent of the final injury. NeuroSTAT®'s active ingredient, cyclosporine A, has potent neuroprotectant characteristics. NeuroSTAT® is expected to limit the extent of brain injury by inhibiting cyclophilin enzymes and stabilizing the mitochondria.	NeuroSTAT® is currently in clinical Phase IIa trials.	• Start of combined Phase IIb/III
NVP019		Read more on page 21
Description	Development phase	Plans
NVP019 is intended to provide the optimum follow-up to current drug candidates in clinical development. The active substance is a more potent and specific cyclophilin inhibitor than cyclosporine A and is expected to have a favorable safety profile.	NVP019 is currently in the early pre-clinical phase focusing on intravenous formulation work.	• Scaling up production • Toxicology study • Start of Phase I/II trials
NVP014		Read more on page 22
Description	Development phase	Plans
In connection with stroke, the blood-brain barrier is less permeable to drugs than in traumatic brain injury. Accordingly, NeuroVive is trying to identify technologies to increase the transportation of cyclosporine A across the blood-brain barrier and develop entirely new mitochondria-protecting molecules with improved characteristics in terms of reaching brain tissue.	NeuroVive is currently testing model substances to confirm the assumptions regarding increased penetration across the blood-brain barrier.	• Synthesize cyclophilin inhibitors • Testing substances in animal models • Selection of drug candidate
NVP015		Read more on page 23
Description	Development phase	Plans
NVP015 is a project intended to develop an energy-regulating preparation for specific intravenous acute treatment of conditions where cellular energy crises occur. The aim is to generate a pharmaceutical with orphan drug designation for a series of relatively rare childhood diseases and potentially also for large patient groups where the body could benefit from increased energy production, such as in extended surgery and intensive care.	NeuroVive is testing model substances.	• Chemical synthesis of different model substances • Selection of drug candidate

Revenue and results of operations

Consolidated sales of SEK 7,152,000 (5,335,000) in 2014 relate to the upfront payment for the outlicensing agreement with OnCore BioPharma. The majority of the group's other income of SEK 1,181,000 (1,598,000) consists of EU subsidies received from the Swedish Governmental Agency for Innovation Systems. Otherwise, the Company has not started to generate revenue. Operating expenses were SEK 53,587,000 (29,279,000). The SEK 24,308,000 increase in operating expenses is explained by the increases to other external expenses of SEK 41,962,000 (22,629,000) of which expensed research and development expenses were SEK 13,738,000 (6,112,000). The increase of personnel expenses to SEK 10,346,000 (6,265,000) is due to a higher number of employees compared to the previous year, because of intensified development expenses. The consolidated operating profit/loss was SEK -45,254,000 (-22,346,000). Net financial income/expense was SEK 580,000 (220,000). This amount is interest income on surplus capital invested in fixed-income accounts at short maturity. The profit/loss for the period was SEK -44,673,000 (-22,126,000).

Financial position

Consolidated total assets were SEK 131,268,000 (89,177,000) of which intangible assets were SEK 79,601,000 (47,119,000). Cash and cash equivalents at year-end were SEK 49,698,000 (39,992,000. Equity at year-end was SEK 107,841,000 (74,643,000), and share capital was SEK 1,389,000 (1,083,000). The equity ratio was 82% (84) at the end of the period. Equity per share was SEK 3.88 (3.45). The group has no interest-bearing liabilities.

Cash flow

Consolidated cash flow for the year was SEK 9,537,000 (2,821,000), with cash flow negatively affected by operating activities of SEK -43,632,000 (-19,090,000) and from investments, of SEK -23,429,000 (-11,684,000). Cash flow from financing activities was SEK 76,599,000 (33,595,000) was wholly sourced from the rights issue and the new issue under the over-allocation option consummated in January 2014.

Investments

Total fixed assets amounted to SEK 79,945,000 (47,576,000) as of 31 December 2014. Most of the increase of SEK 32,369,000 (14,206,000) is due to capitalized development expenditure from projects the Company is conducting, as well as patents. Some 36% (28) of the increase in development expenditure and patents relates to NeuroSTAT, some 54% (28) to CicloMulsion and some 8% (35) to NVP018/NVP019. SEK 0 (0) of investments in capitalized developed expenses were funded through subsidies from the Swedish Governmental Agency for Innovation Systems. For a review of the development phases in which the intangible fixed assets lie, see page 28. Investments of SEK 179,000 (68,000) were made in tangible fixed assets, the majority being equipment used in development projects.

Parent company

Most of the group's operations are conducted by parent company NeuroVive Pharmaceutical AB. During the year, the parent company had net sales of SEK 7,546,000 (819,000), comprising remuneration from the upfront payment for the outlicensing agreement with OnCore BioPharma and a management fee to the subsidiary. Other operating income 29,125,000 (1,598,000) mainly relates to remuneration for additional territorial licensing rights in Asia for CicloMulsion®, NeuroSTAT® and ToxPhos®*. Interest income includes internally accrued interest on loans to subsidiaries of SEK 111,000 (130,000). The receivable on the subsidiary of SEK 2,195,000 (4,625,000) relates to short-term loans.

* Development platform for mitochondrial testing of drug candidates and pharmaceuticals.

The NeuroVive share

NeuroVive's share has been listed on Nasdaq Stockholm since 10 April 2013 with the ticker symbol NVP. As of 31 December 2014, share capital was SEK 1,389,000 (1,083,000), divided between 27,788,093 (21,659,046) shares. The incentive program introduced in 2011 terminated on 17 June 2014. None of the warrant-holders opted to utilize their warrants.

NeuroVive is not aware of any agreement between shareholders that could imply limitations on rights to transfer shares of the Company.

There is only one share class. Each share confers entitlement to one vote at the AGM and all shares have equal entitlement to participation in the Company's assets and profits. For more information on shareholders, see page 24.

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 2016. A review of the risks identified by the company and the measures taken to limit risk follows.

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

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

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

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

Pharmaceuticals pricing
NeuroVive's business model includes out-licensing pharmaceuticals. The general progress of pricing of pharmaceuticals lies outside NeuroVive's control. If pharmaceuticals prices generally fall, there is a risk that this may affect NeuroVive's revenue potential adversely. In some countries, the pricing of certain types of pharmaceutical is regulated. In such cases, pricing lies outside NeuroVive's control. The lower the pricing of a pharmaceutical, the worse the revenue prospects for NeuroVive. Accordingly, there is a risk that pricing of mitochondrial medicines may be lower than what NeuroVive's Board of Directors 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 Board 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 successfully 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. Greater 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 risk and currency risk. The Company's Board of Directors bears ultimate responsibility for the exposure, management and monitoring of the group's financial risks. The Board sets the guidelines that apply to the exposure, management and monitoring of financial risks, and these frameworks are evaluated and reviewed yearly. The Board of Directors can decide on temporary departures from these predetermined frameworks. For other information, see note 4.

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

Organization

There was an average of 8 (6) employees of the group during the year, of which 4 (3) are women. The number of employees at year-end was 6 (7) part-time employees and 7 (4) full-time employees. Of the total of 13 (11) employees, 6 (5) were women and a total of 6 (7) were active in the Company's research and development operations. Staff have a high level of educational qualification, 3 holding PhDs in medical sciences and the other 10 employees being university graduates. In addition to its employees, NeuroVive has a number of consultants continuously associated to its operations.

Remuneration

The AGM resolves on remuneration to the Chair of the Board and other Board members. The AGM also resolves on guidelines for remunerating the CEO and other senior executives. For more information on remuneration in the year, see note 11 and the Corporate Governance Report on page 39. The Board of Directors is proposing that remuneration for 2014 is resolved according to the same principles as for 2014.

Post balance sheet events

Development projects
NeuroVive and Skåne University Hospital initiated a collaboration to conduct a clinical Phase II trial to evaluate the company's product CicloMulsion® for its ability to prevent acute kidney injury in 150 patients in connection with cardiac surgery.

Other
The subsidiary in Taiwan, NeuroVive Pharmaceutical Asia, Inc., received initial funding totaling USD 3,255 m. The financing was sourced from Taiwanese investors, the collaboration partner Foundation Asia Pacific Ltd. and the parent company ahead of potential listing in Taiwan.

The Company has completed a directed share issue of 1.3 million new shares, which brings SEK 65 million to the Company before transaction costs. The proceeds from the directed share issue strengthens the working capital and enables value-creating investments, including preparations for the upcoming commercialization of CicloMulsion® in Europe as well as continued development of NeuroSTAT® and other product candidates.

Disputes

Royalties to CicloMulsion AG
In March 2013, CicloMulsion AG (Germany) initiated an arbitration procedure through which it intends to clarify the implication of the agreement reached between CicloMulsion AG and NeuroVive. CicloMulsion AG wants to determine whether NeuroVive holds the rights to cancel the agreement between the parties, and how CicloMulsion AG's entitlement to receive royalties would be affected by such cancellation. CicloMulsion AG has also made a claim for 10% royalty on the RMB 5 m already paid from Sihuan Pharma to NVP Asia and made further claims for compensation. If the arbitration rules in CicloMulsion AG's favor, NeuroVive may be obliged to make future royalty payments without being able to cancel the agreement. Accordingly, NeuroVive may be compelled to pay royalties for 15 years after products are launched. There is a risk that CicloMulsion AG decides to extend the arbitration procedure to other areas of agreement, which may affect the Company's operations adversely. The court has recently begun evaluating other key issues of the case, including matters relating to the licensing and know-how transfer to NeuroVive, and also matters relating to antitrust legislation. The court has yet to fix a date for its judgment.

Otherwise, NeuroVive is not party to any dispute.

Prospects for 2015

In the coming year, NeuroVive will be prioritizing three main drug development segments:

- Completing the European phase III study on CicloMulsion® for treating reperfusion injury in PCI post-myocardial infarct, and the planning of a phase III cardiac study in China;
- Preparing the market for the potential launch of CicloMulsion® in Europe.
- Conclusion of the first part of the phase II low-dose study on NeuroSTAT® on TBI patients and discussions with the FDA, EMA and SFDA to commence an international multicentre study (Phase II/III) on NeuroSTAT® for TBI;
- Preclinical development work with collaboration partners, primarily Isomerase Therapeutics, with the aim of developing new cyclophilin inhibitors, anti-viral pharmaceuticals, pharmaceuticals to protect the mitochondria and drug candidates for treating stroke;

Proposed appropriation of funds

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

Share premium reserve	76,293,408
Accumulated profit	74,421,196
Profit/loss for the year	-9,644,286
Total	**141,070,318**

The Board of Directors is proposing that the funds at its disposal of SEK 141,070,318 are carried forward. Accordingly, no dividend is proposed.

Corporate Governance Report

NeuroVive's corporate governance model

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 directly registered in the share register maintained by Euroclear Sweden AB five business days prior to the AGM, and who have informed NeuroVive of their intention to attend by no later than the date indicated in the invitation to the AGM, are entitled to participate in the AGM and to vote according to the number of shares held.

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

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

THE BOARD OF DIRECTORS

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

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

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

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

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

CEO

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

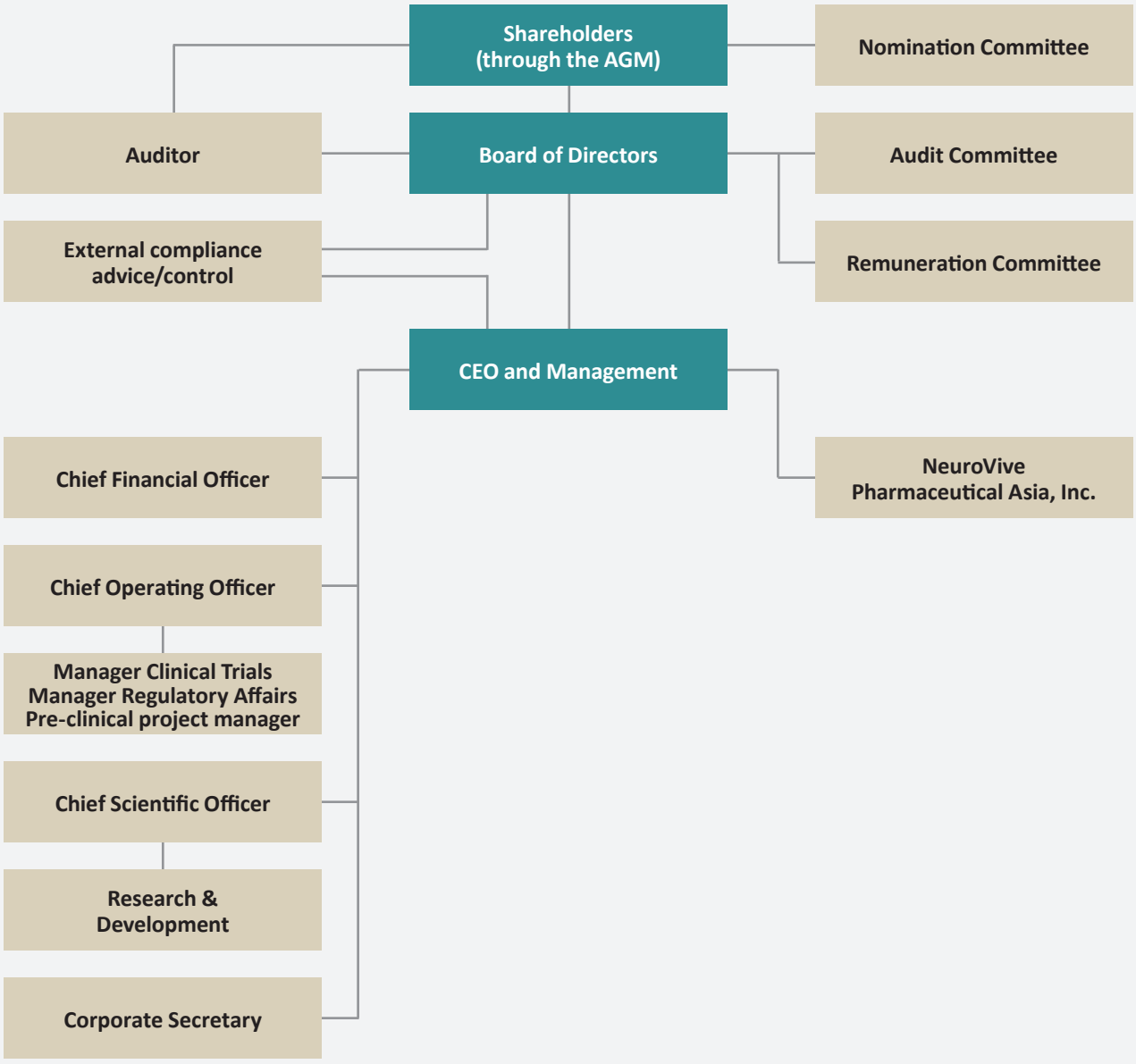
The instructions for the CEO regulates customary areas such as the CEO's undertaking in relation to the Company and the Board of Directors, including responsibility for presenting expedient reports to the Board of Directors relevant to the Board's completion of its evaluation of the Company.

The CEO shall ensure that ongoing planning, including business plans and budgets, is completed and presented to the Board of Directors for resolution.

When departure from these plans and special events of a significant nature are feared, the CEO must inform the Board of Directors through the Chair immediately.

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

Corporate Governance model



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 departed from the Code only with regard to the incentive program introduced before the Code was applied.

According to regulation 9.8 of the Code, share-based incentive programs may not be shorter than three years from the start of the agreement until the shares can be acquired. Senior executives and/or employees entered a share-based incentive program in July 2011, where shares can be acquired between April and June 2014. This agreed period falls three months short of the three years stipulated by the Code. According to the Code, the incentive program may not address Board members that are not in the Company's employment. Chair Greg Batcheller has subscribed for share options under the incentive program. However, it should be noted that the incentive program was introduced before NeuroVive began to apply the Code. The Company intends to comply with the Code in any future share-based incentive programs.

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 5,759 registered shareholders as of 31 December 2014. Euroclear Bank S.A/N.V, W8-IMY was the largest owner with a holding of 4,427,740 shares, corresponding to some 15.9% of the shares and votes. Baulos Capital Belgium SA was the second biggest shareholder with 3,860,000 shares, corresponding to some 13.9% of the shares and votes. Avanza Pension Försäkring AB was the third biggest shareholder with 3,586,910 shares, corresponding to some 12.9% of the shares and votes. There were no other shareholders with a holding of more than one-tenth 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 1,389,404.65 divided between 27,788,093 shares as of 31 December 2014. 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 the Swedish Official Gazette 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 directly registered in the share register maintained by Euroclear Sweden AB five business days 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 9 May 2014, at Scheelevägen 2 in Lund, Sweden. 34 shareholders attended the AGM, in person or through representatives. These shareholders represented 32.65% of the shares and votes of NeuroVive. The CEO and all Board members attended the AGM.

The AGM 2014 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

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

Annual General Meeting 2015
NeuroVive's AGM 2015 will be held on 30 March 2015, at 4 p.m. at Medicon Village, Scheelevägen 2, in Lund, Sweden. Shareholders wishing to attend the AGM must notify the Company in advance. Information on how to apply and how to raise a matter at the AGM is on the Company's website.

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 Chair of the Board convenes the meetings and is co-opted to the Nomination Committee. 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. 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. 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 2015 was announced in a press release on 29 October 2014 and is as follows:

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

The Board of Directors

Composition of the Board of Directors
The Board of Directors shall have a minimum of three and a maximum of eight members. Board members are appointed annually by the AGM and are elected for a period until the end of the next AGM. NeuroVive's AGM on 9 Mary 2014 re-elected Greg Batcheller, Arne Ferstad, Boel Flodgren, Marcus Keep, Helena Levander Anna Malm Bernsten and Helmuth von Moltke as Board members. Greg Batcheller was re-elected Chair of the Board. None of the Board members are members of the Company's management, although Greg Batcheller, through Stanbridge Corporation BVBA, and Arne Ferstad, through Ankor Consultants Ltd., work on the Company's management on a consulting basis. The Board members' non-affiliation to the Company, the Company's management and the Company's major shareholders are indicated in the table below.

Chair
The AGM appoints the Chair. The Chair rep-

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

The Board of Directors' duties and responsibilities

The Board of Directors is the highest administrative body under the AGM. The work of NeuroVive's Board of Directors is regulated by applicable legislation and recommendations, and by the Board of Directors' rules of procedure, which are adopted annually. The rules of procedure contain stipulations regulating the division of responsibilities between the Board of Directors and the CEO, financial reporting and audit matters. At the Board meeting following election, the Board of Directors adopts other requisite rules of procedure, policies and guidelines that form the basis for the Company's internal regulatory framework.

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

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 10 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 Board meeting of the year included an appraisal of the Board of Directors, the work of the Board and the CEO. Additional meetings during the year dealt with matters such as the Company's decisions relating to the allotment of shares in a preferential rights issue and decisions relating to a new issue under the rights issue's over-allocation option. In addition, meetings have addressed issues relating to the ongoing planning process for the potential IPO of NeuroVive's subsidiary in Taiwan.

The Board members' non-affiliation and attendance are indicated in the table below. For a presentation of Board members, see page 42 of the Annual Report.

The Board of Directors' work in 2014

January
- Resolution regarding the allotment of shares under preferential rights issue and resolution regarding new issue under the rights issue's over-allocation option.

February
- Financial statement, audit matters, resolutions regarding salary and remuneration including performance-related pay, Extraordinary General Meeting resolutions, Board of Directors' deliberation with NeuroVive's Auditor without the participation of the CEO.

April
- Audit matters, annual accounts, Annual General Meeting, Corporate Governance Report, assessing performance-related pay.

May
- Reviewing and adopting Q1 Interim Report.
- *Board meeting following election*. Appointing authorized signatories, corporate governance policy, rules of procedure for the Board of Directors, rules of procedure for the Audit and Remuneration Committee and instructions for the CEO. Appointing members to the Board's Committees. Determining other policies and guidelines.

July
- Addressing matters regarding the restructuring of the subsidiary in Asia ahead of potential IPO of subsidiary in Taiwan.

August
- Reviewing and adopting Q2 Interim Report.

October
- Reviewing corporate governance, determining business targets and strategy. Matters relating to ongoing restructuring in Asia.

November
- Reviewing Q3 Interim Report, funding matters, questions relating to the annual accounts, budget, audit matters, reviewing the Board's work in the year and reviewing the CEO's and senior executives' work, investments, the Company's Auditor participated as the Interim Report was subject to review.

Board member	Elected in	Remuneration Committee	Audit Committee	Affiliation [1]	Attendance, Board of Directors	Attendance, Remuneration Committee	Attendance, Audit Committee
Greg Batcheller, Chair	2000			▲	10/10		
Arne Ferstad	2010		Member	▲	9/10		4/5
Boel Flodgren	2013	Member		None	9/10	1/1 *	
Marcus Keep	2000			●	10/10		
Helena Levander	2012	Member	Chair	None	10/10	2/2	5/5
Anna Malm Bernsten	2013	Chair	Member	None	10/10	2/2	4/5
Helmuth von Moltke	2005	Member		None	9/10	1/1 **	

1. According to the definition in the Swedish Code of Corporate Governance
▲ = Affiliated to the Company or management
● = Affiliated to the Company and major shareholders

* Member of the Remuneration Committee from AGM on 9 May 2014 onwards
** Member of the Remuneration Committee up until AGM 2014

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.

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

Audit Committee

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

The Audit Committee has been established to facilitate the Board of Directors' supervisory responsibility. As a subcommittee of the Board of Directors, the Audit Committee has limited decision-making powers.

The Committee's rules of procedure are adopted annually at the Board meeting following election. The Audit Committee reports its work to the Board of Directors on an ongoing basis at regular meetings and also reports its work and members' attendance at Audit Committee meetings to the Board of Directors once annually.

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

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

NeuroVive's Audit Committee is appointed at the Board meeting following election and comprises Arne Ferstad, Helena Levander (Chair) and Anna Malm Bernsten for the current period.

CEO and other senior executives

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

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

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

In the period, the members of management were NeuroVive's CEO Mikael Brönnegård, Eskil Elmér, Jan Nilsson and Catharina Jz Johansson. 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 2014 resolved that fees of SEK 300,000 should be paid to the Board of Directors and SEK 150,000 to each of the remaining Board members. Chair of the Board Greg Batcheller waived his Director's fee for the current term of office.

The AGM 2014 resolved on remuneration of SEK 100,000 to the Chair of the Audit Committee and SEK 50,000 to each of the remaining members of the Audit Committee.

Furthermore, a resolution was made regarding remuneration of SEK 40,000 to the Chair of the Remuneration Committee and SEK 20,000 to each of the remaining members of the Remuneration Committee.

Remuneration to senior executives
Following a proposal from the Board of Directors, the AGM 2014 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% of basic annual salary. Total variable remuneration to senior executives may not exceed SEK 1,200,000.

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

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

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

The CEO has a maximum notice period of six months from NeuroVive's side and the maximum notice period for other senior executives is six months. The notice period is a minimum of six months from the CEO's side and the minimum notice period is three months for other senior executives.

The Board of Directors is entitled to depart from the above guidelines if the Board considers there are special reasons to justify such departure in individual cases.

Variable remuneration of SEK 1,047,840 was paid to senior executives in 2014, within the framework of the guidelines.

The Auditor has presented a statement to the AGM 2015 relating to whether the Board of Directors followed the adopted guidelines for remuneration to senior executives in 2014. The Auditor's statement concludes that NeuroVive followed the guidelines. The Board of Director proposes the that the same principles apply as in 2014, subject to an increase in the maximum level of performance-related pay to senior executives from SEK 1.2 m to SEK 1.5 m for 2015.

Share-based incentive program
The AGM 2011 introduced a warrant program for senior executives intended to promote the Company's long-term interests.

The warrants confer entitlement to subscribe for a total of 164,000 new shares at an exercise price of SEK 96 per share. The warrants can be converted to shares during the utilization period, which ran from 10 April 2014 inclusive to 10 June 2014 inclusive. None of the holders of the warrants chose to utilize the warrants. The warrant program was terminated on 17 June 2014.

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 2012 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 in 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 2014 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 59. The Interim Report for the period January—September 2014 has been subject to a summary review by the Auditor.

Insider information and silent periods

Members of the Board of Directors, management, Authorized Public Accountant Bengt Ekenberg, a number of employees/subcontractors of NeuroVive, and persons with specific functions in the group's subsidiaries who hold a position that can normally be considered to confer access to unpublished share price-sensitive information have been registered with the Swedish Financial Supervisory Authority as possessing insider information about NeuroVive. 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 a record, logbook, of individuals employed or subcontracted by the Company or who otherwise have access to insider information relating to the Company. This can include insiders, but also other individuals with access to insider information without being registered as insiders in relation to the Company.

NeuroVive keeps a logbook for each financial report or press release where the information could affect the share price.

Silent periods
NeuroVive applies a silent period of a minimum of 30 days before publication of Interim Reports. During this period, group representatives refrain from contacts with the financial media, analysts or investors.

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 consist of collaborative initiatives between the Board of Directors, the Remuneration and Audit Committees, the CEO, the CFO, internally appointed staff and the Company's Auditor. Control is also exercised through the reporting procedures adopted in the Company's finance manual, including financial reporting to the Board of Directors, and a yearly report to the Board of Directors on completed internal control procedures.

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.

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 was subject to a ruling by Nasdaq Stockholm's disciplinary commission in 2014.

The Company omitted to announce the change in the number of shares and votes in the Company that arose in connection with the new issue in accordance with Chapter 4, §9 of the Financial Instruments Trading Act (1991:980) and was fined SEK 150,000.

NeuroVive's Board of Directors

Gregory Batcheller (1957)
Juris Doctor
Chair since 2008.
Board member since 2000. Extensive experience of working in pharmaceuticals, biotech and medtech. Chair of A1M Pharma AB, Monocl AB and Xintela AB. Partner of Partners för utvecklingsinvesteringar i Life Science, P.U.L.S. AB.

No. of shares: 380,332 privately owned (including family) and 1.74% of Maas Biolab, LLC which owns 13.94% of NeuroVive.

Affiliated to the company and management.

Boel Flodgren (1942)
Professor of Commercial Law
Board member since 2013. Experience of research and lecturing in the field of Business Law, including positions at universities such as Stanford and Harvard. Former Principal of Lund University. Board member of AB Industrivärden (publ) and former Board member of Brinova Fastigheter AB, Sparbanken Finn, Lund University, University of Copenhagen and the University of Oslo.

No. of shares: 12,000 privately owned (incl. family)

Non-affiliated to the management, company and major owners.

Helena Levander (1957)
B.Sc. (Econ.)
Board member since 2012. Experience of the stock market and asset management from SEB, Nordea and Odin Fonder. Former CEO of Neonet Securities AB. Board positions include Uniflex Bemanning AB, Stampen AB, Collector AB, Concordia Maritime AB (publ) and Hans Andersson Recycling AB.

No. of shares: 6,250

Non-affiliated to the management, company and major owners.

Helmuth von Moltke (1937)
Lawyer
Board member since 2005. Lawyer and venture capitalist, with minor holdings in a number of companies in Central and Eastern Europe. Formerly with BASF AG and its subsidiaries in the US, Canada, UK and Australia.

No. of shares: 383,750 privately owned (including family) and 4.97% in Maas Biolab, LLC which owns 13.94% of NeuroVive.

Non-affiliated to the management, company and major owners.

Arne Ferstad (1950)
Economist
Board member since 2010. Broad-based experience of the biotech sector in companies such as Baxter and Pharmacia. Board member of Combigene AB, Medfield Diagnostics AB (publ), Aggancio Research AB, Clinical Laserthermia System AB (publ) and CEO/partner of Ankor Consultants Ltd.

No. of shares: 17,623 privately owned (including family).

Affiliated to the company and management.

Marcus Keep (1959)
Associate Professor of neurosurgery at Penn State Hershey, Pennsylvania, USA
Board member since 2000. Formerly Associate Professor of neurosurgery at the University of Hawaii and the University of New Mexico. In 1994-1996 Marcus was a guest researcher at Lund University. CEO of Maas Biolab, LLC.

No. of shares: 391,929 privately owned (including family) and 48.41% of Maas Biolab, LLC which owns 13.94% of NeuroVive.

Affiliated to the company, management and major owners.

Anna Malm Bernsten (1961)
M.Sc. Eng.
Board member since 2013. Extensive experience of strategic marketing, product launch and business development in an international setting in pharmaceuticals and biotech companies. Board member of Cellavision AB (publ), Birdstep ASA (publ), Medivir AB (publ) and Chair of CEBA AB and Oatly AB.

No. of shares: 0

Non-affiliated to the management, company and major owners.

NeuroVive's management

Mikael Brönnegård (1956)
CEO since 2010
Pediatrician, Ph.D. and Associate Professor at the Karolinska Institute. Previous positions includes research physician at Eli Lilly's marketing company in Sweden and Vice President and Head of Endocrinology and Metabolism at Pharmacia Corporation in the US, Investment Director of a venture capital company an Board positions in biotech and pharmaceutical companies.

No. of shares: 15,500 privately owned (including family)

Jan Nilsson (1949)
COO since 2013
M.Sc. of Biology and Chemistry. Formerly Vice President of the Nordic and Baltic Region at Schering-Plough with overall responsibility for the company's operations, where he was involved in a number of aspects of the pharmaceuticals development process, mainly in research and development, business development, marketing and sales. Formerly CEO of listed biotech company Tripep AB. Board member of NeuroVive between 2010 and the AGM in March 2013.

No. of shares: 6,908.

Eskil Elmér (1970)
CSO since 2000
Physician and Associate Professor of experimental neurology. In addition to his position as NeuroVive's CSO, Eskil also works as a researcher and Associate Professor at Wallenberg Neuroscience Center in Lund, at the department for clinical neurophysiology and as a physician at the clinic for neurophysiology at Skåne University Hospital, in Lund, Sweden. Eskil is one of NeuroVive's founders. Formerly CEO and Board member of NeuroVive. Eskil has held the position as NeuroVive's CSO since 2000.

No. of shares: 508,275 privately owned (including family) and 17.08% of Maas Biolab, LLC which owns 13.94% of NeuroVive.

Catharina Jz Johansson (1967)
CFO since 2013
B.Sc. Econ. Experience of working with international medtech growth companies, including as deputy acting CFO at medtech company Cellavision which is listed on Nasdaq Stockholm, and Head of Accounting at Bong and Alfa Laval Europe.

No. of shares: 5,000

Consolidated Statement of Comprehensive Income, Group

(SEK 000)	Note	2014	2013
Net sales	6	7,152	5,335
Other operating income	7	1,181	1,598
Operating expenses	9, 10	-41,962	-22,629
Personnel cost	11	-10,346	-6,265
Depreciation and write-down of tangible and intangible assets		-441	-147
Other operating expenses	8	-838	-238
		-53,587	-29,279
Operating income	5	**-45,254**	**-22,346**
Profit/loss from financial items			
Financial income	12	1,124	423
Financial costs	13	-544	-203
		580	220
Profit/loss before tax		**-44,673**	**-22,126**
Income tax	14	–	–
Profit/loss for the period		**-44,673**	**-22,126**

Other comprehensive income	Note	2014	2013
Items that may be reclassified to profit or loss			
Translation differences on foreign subsidiaries		-269	131
Total other comprehensive income, net after tax		*-269*	*131*
Total comprehensive income for the period		**-44,942**	**-21,995**
Loss for the period attributable to:			
Parent company shareholders		-42,549	-22,331
Non-controlling interests		-2,124	205
		-44,673	**-22,126**
Total comprehensive income for the period			
Parent company shareholders		-42,770	-22,240
Non-controlling interests		-2,173	245
		-44,942	**-21,995**
Earnings per share before and after dilution(SEK) based on average number of shares	15	-1.53	-1.17

Notes in page 52-65 are assumed to be fully integrated section of the annual report.

Consolidated Statement of Financial Position, Group

(SEK 000)	Note	31 Dec. 2014	31 Dec. 2013
ASSETS			
Non-current assets			
Intangible assets			
Development costs	16	68,368	39,182
Patents	17	11,146	7,770
Software	18	87	167
		79,601	**47,119**
Tangible assets			
Equipment	19	344	457
		344	**457**
Total non-current assets		**79,945**	**47,576**
Current assets			
Other receivables		1,123	1,096
Prepaid expenses and accrued income	21	502	513
Cash and cash equivalents	22	49,698	39,992
		51,323	**41,601**
TOTAL ASSETS		**131,268**	**89,177**
EQUITY AND LIABILITIES			
Equity attributable to the shareholders of the parent company			
Share capital	23	1,389	1,083
Additional paid in capital	24	207,812	131,519
Translation reserve	25	-102	118
Retained earnings	26	-105,787	-57,264
Total equity attributable to the shareholders of the parent		**103,312**	**75,456**
Non-controlling interests		4,529	-813
Total equity		**107,841**	**74,643**
Short-term liabilities			
Accounts payable		14,216	4,759
Other liabilities		1,801	5,614
Accrued expenses and deferred income	27	7,410	4,161
		23,427	**14,534**
Total liabilities		**23,427**	**14,534**
TOTAL EQUITY AND LIABILITIES		**131,268**	**89,177**

Notes in page 52-65 are assumed to be fully integrated section of the annual report.

Consolidated Statement of Changes in Equity, Group

(SEK 000)	Equity attributable to the shareholders of the parent company						
	Share capital	Additional paid-in capital	Translation reserve*	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance 1 January 2013	**958**	**98,049**	**27**	**-34,933**	**64,101**	**-1,058**	**63,043**
Comprehensive profit/loss for the period							
Profit/loss for the period	–	–	–	-22,331	-22,331	205	-22,126
Other comprehensive income							
Translation differences	–	–	91	–	91	40	131
Other comprehensive profit/loss for the period, net after tax	–	–	91	–	91	40	131
Total comprehensive profit/loss	**–**	**–**	**91**	**-22,331**	**-22,240**	**245**	**-21,995**
Transactions with shareholders							
New share issue	125	33,470	–	–	33,595	–	33,595
Total transactions with shareholders	**125**	**33,470**	**–**	**–**	**33,595**	**–**	**33,595**
Closing balance, 31 December 2013	**1,083**	**131,519**	**118**	**-57,264**	**75,456**	**-813**	**74,643**
Opening balance, 1 January 2014	**1,083**	**131,519**	**118**	**-57,264**	**75,456**	**-813**	**74,643**
Comprehensive profit/loss for the period							
Profit/loss for the period	–	–	–	-42,549	-42,549	-2,124	-44,673
Other comprehensive income							
Translation differences	–	–	-220	–	-220	-49	-269
Other comprehensive profit/loss for the period, net after tax	–	–	-220	–	-220	-49	-269
Comprehensive profit/loss for the period	**–**	**–**	**-220**	**-42,549**	**-42,769**	**-2,173**	**-44,942**
Transactions with shareholders							
New issue **	306	76,293	–	–	76,599	–	76,599
Change in ownership in connection with new issue				-5,974	-5,974	7,515	1,541
Total transactions with shareholders	**306**	**76,293**	**–**	**-5,974**	**70,625**	**7,515**	**78,140**
Closing balance, 31 December 2014	**1,389**	**207,812**	**-102**	**-105,787**	**103,312**	**4,529**	**107,841**

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

** Equity includes a net total of SEK 76,599,000 raised by the January share issues, totaling SEK 85,806,000 less issue expenses of SEK 9,207,000.

Notes in page 52-65 are assumed to be fully integrated section of the annual report.

Consolidated Statement of Cash Flows, Group

(SEK 000)	Note	2014	2013
Cash flow from operating activities			
Operating income		-45,254	-22,346
Adjustments for non-cash items:			
Depreciation		441	147
Currency differences on intercompany items		-278	1
Interest received		758	423
Interest paid		-219	-191
Net cash from operating activities before changes in working capital		**-44,552**	**-21,966**
Changes in working capital			
Increase/decrease of other current assets		-16	-650
Increase/decrease of other short-term liabilities		936	3,526
		920	**2,876**
Cash flow from operating activities		**-43,632**	**-19,090**
Investing activities			
Acquisition of tangible assets		-178	-68
Acquisition of intangible assets		-23,251	-11,616
Cash flow from investing activities		**-23,429**	**-11,684**
Financing activities			
New share issue		76,599	33,595
Cash flow from financing activities		**76,599**	**33,595**
Cash flow for the period		9,537	2,821
Cash and cash equivalents at the beginning of the period		39,992	37,177
Effect of exchange rate changes on cash		169	-6
Cash and cash equivalents at end of period		49,698	39,992

Notes in page 52-65 are assumed to be fully integrated section of the annual report.

Income Statement, Parent Company

(SEK 000)	Note	2014	2013
Net sales	5	7,546	819
Other operating income	5, 7	29,125	1,598
		36,671	**2,417**
Operating expenses			
Other external expenses	9,10	-35,383	-18,996
Personnel cost	11	-10,346	-6,265
Depreciation and write-down of tangible and intangible assets		-441	-147
Other operating expenses	8	-816	-234
		-46,986	-25,642
Operating income	5	**-10,315**	**-23,225**
Profit/loss from financial items			
Interest income and other similar profit items	12	936	423
Group interest income		111	130
Interest expenses and other similar loss items	13	-376	-138
		671	**415**
Profit/loss before tax		**-9,644**	**-22,810**
Income tax	14	–	–
Profit/loss for the period		**-9,644**	**-22,810**

Statement of Comprehensive Income, Parent Company

(SEK 000)	Note	2014	2013
Profit/loss for the period		-9,644	-22,810
Other comprehensive income		–	–
Total comprehensive profit/loss for the period		**-9,644**	**-22,810**

Notes in page 52-65 are assumed to be fully integrated section of the annual report.

Company Balance Sheet, Parent Company

(SEK 000)	Note	31 Dec. 2014	31 Dec. 2013
ASSETS			
Intangible assets			
Development costs	16	68,133	39,182
Patents	17	11,146	7,770
Software	18	87	167
		79,366	**47,119**
Tangible assets			
Equipment	19	212	457
		212	**457**
Financial assets			
Shares in subsidiaries	20	33,618	6
		33,618	**6**
Total non-current assets		**113,196**	**47,582**
Current assets			
Short term receivables			
Receivables from group companies		2,195	4,625
Other receivables		1,067	1,093
Prepaid expenses and accrued income	21	498	513
		3,760	**6,231**
Cash and bank balances	22	**48,842**	**36,769**
Total current assets		**52,602**	**43,000**
TOTAL ASSETS		**165,798**	**90,582**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	23	1,389	1,083
Statutory reserve		1,856	1,856
		3,245	**2,939**
Unrestricted equity			
Share premium reserve		76,293	33,470
Retained earnings		74,422	63,761
Profit/loss for the period		-9,644	-22,810
		141,071	**74,421**
Total equity		**144,316**	**77,360**
Short-term liabilities			
Accounts payable		13,823	4,704
Liabilities to group companies		6	6
Other liabilities		243	4,351
Accrued expenses and deferred income	27	7,410	4,161
		21,482	**13,222**
TOTAL EQUITY AND LIABILITIES		**165,798**	**90,582**
MEMORANDUM ITEMS			
Pledged assets	28	None	None
Contingent liabilities	28	None	None

Notes in page 52-65 are assumed to be fully integrated section of the annual report.

Statement of Changes in Equity, Parent Company

	Restricted Equity		Unrestricted Equity		
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Total Equity
Opening balance 1 January 2013	**958**	**1,856**	**46,111**	**17,651**	**66,576**
Comprehensive profit/loss for the period					
Disposition according to AGM	–	–	-46,111	46,111	–
Profit/loss for the period	–	–	–	-22,810	-22,810
Total comprehensive profit/loss	**–**	**–**	**–**	**23,301**	**23,301**
Transactions with shareholders					
New share issue	125	–	33,470	–	33,595
Total transactions with shareholders	**125**	**–**	**33,470**	**–**	**33,595**
Closing balance, 31 December 2013	**1,083**	**1,856**	**33,470**	**40,952**	**77,361**
Opening balance 1 January 2014			**33,470**	**40,952**	**77,361**
Comprehensive profit/loss for the period					
Disposition according to AGM	–	–	-33,470	33,470	–
Profit/loss for the period	–	–	–	-9,644	-9,644
Total comprehensive profit/loss	**–**	**–**	**–**	**23,826**	**23,826**
Transactions with shareholders					
New share issue	306	–	76,293	–	76,599
Total transactions with shareholders	**306**	**–**	**76,293**	**–**	**76,599**
Closing balance, 31 December 2014	**1,389**	**1,856**	**76,293**	**64,778**	**144,316**

Notes in page 52-65 are assumed to be fully integrated section of the annual report.

Statement of Cash Flows, Parent company

(SEK 000)	Note	2014	2013
Cash flow from operating activities			
Operating income		-10,315	-23,225
Adjustments for non-cash items:			
Depreciation		441	147
Profit from license sales		-27,948	–
		-37,822	**-23,078**
Interest received		680	553
Interest paid		-51	-126
Net cash from operating activities before changes in working capital		**-37,193**	**-22,651**
Changes in working capital			
Increase/decrease of other current assets		-2,958	-2,558
Increase/decrease of other short-term liabilities		-1,167	2,890
		-4,125	**332**
Cash flow from operating activities		**-41,318**	**-22,319**
Investing activities			
Acquisition of tangible assets		-47	-68
Acquisition of intangible assets		-23,161	-11,616
Cash flow from investing activities		**-23,208**	**-11,684**
Financing activities			
New share issue		76,599	33,595
Cash flow from financing activities		**76,599**	**33,595**
Cash flow for the period		12,073	-408
Cash and cash equivalents at the beginning of the period		36,769	37,177
Cash and cash equivalents at end of period		**48,842**	**36,769**

Notes in page 52-65 are assumed to be fully integrated section of the annual report.

Notes on the consolidated and parent company financial statements

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 into 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.

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, with the exception of certain financial assets and liabilities, that are recognized 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

Standards applied by the group for the first time for the financial year beginning 1 January 2014 and which have had or could have had a significant impact on the consolidated financial statements are given below.

IFRS 10 "Consolidated Financial Statements" builds on existing principles for defining control when preparing consolidated accounts. The standard offers further guidance on determination of control over another company.

IFRS 11 "Joint Arrangements" focuses on the rights and obligations of the parties in a joint arrangement rather than on the legal form of the arrangement. There are two types of joint arrangements, joint operations and joint ventures where the standard regulates the manner of recognizing the respective joint arrangement. The application of IFRS 10 and 11 have not had any implications for the group's financial statements.

IFRS 12 "Disclosures of Interests in Other Entities" covers disclosure requirements for all forms of holdings in other companies, such as subsidiaries, joint arrangements, associated companies and non-consolidated structured entities.

New standards, amendments and interpretations of existing standards that have not been adopted in advance by the group

New standards and interpretations that have not yet become effective were announced in the period when the consolidated financial statements as of 31 December 2014 were prepared. Those standards and statements that are judged to have a potential impact on the consolidated financial statements have been summarized below. No standards have been adopted in advance.

IFRS 9, "Financial Instruments" deals with the presentation, measurement and recognition of financial assets and liabilities. IFRS 9 replaces those parts of IAS 39 relating to the presentation and measurement of financial instruments. IFRS 9 indicates three measurement categories for financial assets, amortized cost, fair value recognized in Comprehensive Income and fair value recognized in the Income Statement. The presentation depends on the company's business model and the characteristics of the instrument. The standard will apply from the financial year starting 1 January 2018. The group has not yet evaluated the implications of introducing the standard.

IFRS 15 "Revenue from contracts with customers" regulates revenue recognition. Revenue as defined by IFRS 15 is reported when the customer gains control over the sold good or service and is able to utilize and obtains benefit form the good or service. The expanded disclosure requirements mean that information relating to revenue class, date of settlement, uncertainty associated with revenue recognition and cash flow attributable to the company's customer contracts must be presented. IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts". IFRS 15 becomes effective on 1 January 2017. The group has not yet evaluated the implications of introducing the standard.

No other IFRS or IFRIC interpretation statements that have not come into effect are expected to exert any material impact on the group.

Consolidated accounts

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

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

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

The acquisition method is applied for recognizing the group's business combinations. The purchase price for acquiring a subsidiary consists of the fair value of transferred assets, liabilities that the group takes over from the previous owner of the acquired company, and those shares issued by the group. The purchase price also includes the fair value of all assets or liabilities that are a result of an agreement on conditional purchase price. Identifiable acquired assets and liabilities taken over in a business combination are initially recognized at fair value on the acquisition date. For each acquisition—i.e. acquisition by acquisition—the group decides whether non-controlling interests in the acquired companies should be recognized at fair value or at the holding's proportional share of the carrying amount of the acquired company's identifiable net assets. Acquisition-related costs are expensed immediately

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

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

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

Operating segments

An operating segment is a part of a Company that conducts business operations from which it can receive revenues or incur expenses, whose operating earnings are regularly reviewed by the Company's chief operating decision-maker, and for which there is independent financial information available. NeuroVive's reporting of operating segments is consistent with its internal reporting to the chief operating decision-maker. The chief operating decision-maker is that function that judges the profit or loss of operating segments and decides on the allocation of resources. NeuroVive's judgment is that the CEO is the chief operating decision-maker. Profit or loss for the group as a whole is stated in the regular internal reporting to the CEO. The CEO does not regularly review profit or loss at a lower level to take decisions on the allocation of resources or for judging the profit or loss of different parts of the group. Accordingly, the group is considered to consist of a single operating segment.

Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be mainly recovered through sale and not through continuous usage. To satisfy this criterion it has to be very likely that the sale will occur and the asset (or disposal group) should be available for immediate sale in its current condition. Non-current assets (or disposal groups) classified as held for sale are recognized at the lower of carrying amount and fair value with a deduction for selling expenses. At present, the group does not have any non-current assets held for sale.

Revenue recognition

The Company's revenue principle is that revenues are the fair value of what will be received for goods and services sold in NeuroVive's operations. Revenues are recognized excluding value-added tax and with the elimination of intragroup sales. NeuroVive recognizes revenue when its amount can be measured reliably, it is likely that future economic benefits will flow to NeuroVive and when the essential risks and rewards have transferred to the buyer.

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

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

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

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

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

Dividend and interest income. Dividend income is recognized when the shareholder's right to receive payment has been determined.

Interest income is recognized and allocated over its term by applying the effective interest method. Effective interest is the interest that makes the present value of all future payments made and received during the fixed-interest period equal to the carrying amount of the receivable.

Lease arrangements

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

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

Foreign currency

Items recognized in the financial statements of the various units of the group are recognized in the currency used in the primary economic environment where each unit mainly conducts operations (functional currency). In the consolidated accounts, all amounts are translated to Swedish kronor (SEK) which is the parent company's functional currency and the group's reporting currency.

Transactions in foreign currency are translated in each unit to the functional currency of that unit at the rate of exchange ruling on the transaction date. Monetary items in foreign currency are translated at closing day rates. Non-monetary items, measured at fair value in a foreign currency, are translated at the

rate of exchange ruling on the date when fair value is determined. Non-monetary items measured at historical cost in a foreign currency are not translated.

Exchange rate differences are recognized in profit or loss for the period when they occur.

When preparing the consolidated accounts, foreign subsidiaries' assets and liabilities are translated to Swedish kronor at the closing day rate. Revenue and expense items are translated at average rates of exchange for the period, unless the rate of exchange fluctuated significantly in this period, when instead, the rate of exchange ruling on the transaction date is utilized. Potential translation differences arising are recognized in other comprehensive income and transferred to the group's translation reserve. When disposing of a foreign subsidiary, such translation differences are recognized in profit or loss as a part of the capital gain.

Borrowing costs

Borrowing costs Directly attributable to the purchase, construction or production of an asset that requires significant time for completion for intended use or sale are included in the cost of an asset until the time when the asset is completed for its intended usage or sale. Interest income from the temporary investment of borrowed funds for the aforementioned assets are deducted from the borrowing costs that may be included in the cost of the asset. Other borrowing costs are recognized in profit or loss in the period they arise.

Government grants

Government grants are recognized at fair value when it is reasonably certain that the Company will satisfy the conditions associated with the grant and the grant will be received. Government grants are recognized systematically in profit or loss over the same period as the grants are intended to compensate for. Grants that relate to purchases of assets are recognized as a reduction of the fair value of the assets, which means that the grant is recognized in profit or loss during the depreciable asset's useful life in the form of lower depreciation. Grants relating to profit or loss are recognized in other operating income in the Statement of Comprehensive Income.

Employee benefits

Employee benefits in the form of salaries, bonuses, vacation pay, paid sickness absence, etc. as well as pensions should be recognized as they are accrued. Pensions and other benefits after terminated employment are classified as defined contribution or defined benefit pension plans. The group has defined contribution pension plans only.

Defined contribution plans. For defined contribution plans, the Company pays predetermined fees to a separate independent legal entity and has no obligation to pay any further contributions. The group's profits or loss is charged for expenses as benefits accrue, which is normally coincident with the timing of when premiums are paid.

Share warrants. Share warrants granted to senior executives and other employees are measured at fair value at the grant date. The fair value of share warrants at the grant date has been determined using the Black-Scholes valuation model. For more information on measurement, see note 29. Senior managers and employees have paid a price that exceeds the fair value of the options, which means that they do not constitute share-based payment pursuant to IFRS 2, and accordingly, NeuroVive has not recognized any expense for these options. The right to utilize the warrants program expired on 10 June 2014 and as it had not been utilized by any of the warrant holders, the program was deregistered as of 17 June 2014.

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 eco-

nomic 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.
Software 5 yrs.

Accounting policies for research and development. Development expenses are normally not capitalized until a development project enters phase I. For information on which phase the accumulated development expenses lie in, refer to page 28.

Expenditure for research designed to obtain new scientific or technological knowledge is recognized as an expense when it arises.

Expenditure for development, where research results or other knowledge are applied to achieve new or improved products or processes, is recognized as an asset in the Statement of Financial Position only if the following conditions are satisfied:

- It is technically possible to complete the intangible asset and use or sell it,
- The Company intends to complete the intangible asset and use or sell it,
- The conditions to use or sell the intangible asset are in place,
- The Company demonstrates how the intangible asset will generate likely future economic benefits,
- There are adequate technological, economic and other resources to complete development and to use or sell the intangible asset, and
- The expenditure relating to the intangible asset during its development can be measured reliably

Because the period when the Company's research and development projects are expected to be registered as pharmaceuticals lies a long way in the future, it is highly uncertain when the probable future economic benefits will flow to the Company. The initial assumption for when all of the above criteria can be considered satisfied for NeuroVive's projects relating to pharmaceuticals is normally when development projects enter phase I.

Other development expenditure that does not satisfy these criteria is expensed when it arises. Development expenditure previously expensed is not recognized as an asset in subsequent periods. Directly related expenditure that is capitalized mainly consists of expenditure from subcontractors and expenses for employees.

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

Disposal and sale. An intangible asset is de-recognized from the Statement of Financial Position on disposal or sale, or when no future economic benefits are expected from the use or disposal/sale of the asset. The gain or loss arising when an intangible asset is de-recognized from the Statement of Financial Position consists of the difference between the amount received on sale and the asset's carrying amount, and is recognized in profit or loss when the asset is de-recognized from the Statement of Financial Position.

Impairment of tangible fixed assets and intangible assets

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

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

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

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

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

Financial instruments

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

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

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

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

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

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

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

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

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

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

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

Amortized cost. Amortized costs means the amount at which the asset or liability was initially reported less amortization, additions or deductions for accumulated accruals according to the effective interest method of the initial difference between the amount received/paid and the amount to be paid/received on maturity, and with deductions for impairment.

Effective interest is the interest that results in the initial carrying amount of the financial asset or financial liability after discounting all future expected cash flows over the expected term.

Offsetting financial assets and liabilities. Financial assets and liabilities are offset and recognized at a net amount in the Balance Sheet when there is a legal right to offset and when there is an intention to settle the items with a net amount or simultaneously realize the asset and settle the liability.

Cash and cash equivalents. Cash and cash equivalents include cash funds and bank balances and other short-term, liquid investments that can be readily converted to cash and are subject to an insignificant risk of value fluctuations. For classification as cash and cash equivalents, maturities may not exceed three months from the time of acquisition. Cash funds and bank balances are categorized as "loan receivables and accounts receivable," which means measurement at amortized cost. Because bank balances are payable on demand, amortized cost corresponds to nominal amount.

Other receivables. Other short-term receivables that are financial are characterized as "loan receivables and accounts receivable," which means measurement at amortized cost. However, the expected maturity of these receivables is short, and accordingly, they are recognized at nominal amount without discounting. There is a deduction for debt considered doubtful. Impairment of receivables is recognized in operating expenses.

Accounts payable. Accounts payable are categorized as "other financial liabilities," which means measurement at amortized cost. However, the expected maturity of accounts payable is short, so these liabilities are recognized at nominal amount without discounting.

Liabilities to credit institutions and other loan liabilities. Interest-bearing bank borrowings, overdraft facilities and other loans are categorized as "other financial liabilities" and measured at amortized cost according to the effective interest method. Any differences between the loan amount received (net of transaction expenses) and repayment or amortization of loans is recognized over the loan term in accordance with the group's accounting policy on borrowing costs (see above).

Provisions

Provisions are recognized when the group has an existing obligation (legal or informal) as a result of an event that has occurred, it is likely that an outflow of resources will be required to satisfy the obligation and the amount can be measured reliably.

The amount provisioned is the best estimate of the amount necessary to satisfied the existing obligation on the reporting date, considering the risks and uncertainties associated with the obligation. When a provision is computed by estimating the payments expected to be required to satisfy the obligation, the carrying amount should correspond to the present value of these payments.

When part or all of the amount necessary to settle a provision is expected to be replaced by a third party, this reimbursement should be recognized separately as an asset in the Statement of Financial Position when it is essentially certain that it will be received if the company satisfies the obligation and the amount can be measured reliably. NeuroVive is not reporting any provisions as of 31 December 2014 or 31 December 2013.

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.

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 79,601,000 (47,119,000), of which capitalized expenditure for product development represents SEK 68,368,000 (39,182,000). 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 2014.

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 neuroprotective pharmaceuticals. The Company spawned from basic research that commenced back in 1993. The Company holds broad patents for a family of pharmaceuticals called cyclosporines and focuses on the topic of mitochondrial medicine. NeuroVive's development process is based on a well-known active compound for other registered purposes, and accordingly, the risk in the clinical phases and potential future market approval are significantly reduced. The Company is evaluating various innovative forms of collaboration with the intention of establishing a reduced-risk and cost-efficient business model. In this way, NeuroVive will be able to utilize selected partners' existing commercial channels to build future business areas such as the marketing and sale of future pharmaceuticals. The business model of strategic alliances with trade partners also enables various types of direct investment in NeuroVive as part of funding phase III studies and future straight marketing and sales activities. NeuroVive also intends to out-license pharmaceuticals to large pharmaceutical companies for registration, marketing and sale. The Company's revenues may consist of fixed fees on out-licensing and milestones on the route to launch, as well as ongoing royalty revenues and/or sales revenues.

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..

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 and EUR, and some in USD, DKK, GBP and CAD. 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 euro against the Swedish krona could affect profit or loss and equity by SEK 722,000 (265,000).

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 688,000 (210,000).

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 23,427,000 (14,534,000) and mature within one year. The group's current receivables that become due within one year amount to SEK 1,625,000 (1,609,000). The group has cash and cash equivalents of SEK 49,698,000 (39,992,000).

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. '14	31 Dec. '13	31 Dec. '14	31 Dec. '13
Financial assets				
Loans receivable and accounts receivable				
Receivables from group companies	–	–	2 195	4 625
Other receivables	1 123	1 096	1 067	1 093
Cash and cash equivalents	49 698	39 992	48 842	36 769
Total financial assets	**50 821**	**41 088**	**52 105**	**42 487**
Financial liabilities				
Other financial liabilities				
Accounts payable	14 216	4 759	13 823	4 704
Liabilities to group companies	–	–	6	6
Other current liabilities	1 801	5 614	243	4 351
Total financial liabilities	**16 017**	**10 373**	**14 072**	**9 061**

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 107,841,000 (74,643,000). 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.

5 Intragroup transactions

Purchases within the same group amount to SEK 0 (0) and sales within the same group amount to SEK 394,000 (819,000), which are a management fee and remuneration for additional territorial licensing rights in Asia for CicloMulsion®, NeuroStat® and Toxphos® totaling SEK 27,948,000 (0). The parent company reports interest income of SEK 111,000 (130,000) relating to loans to the subsidiary.

6 Segment information

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

Revenues from major products and services and information on major customers
The group's net sales consist of an up-front payment from a customer.

Revenues and non-current assets divided by geographical region
The group's sales relate to the parent company in 2014, the subsidiary in 2013.

The group conducts its operations in three main geographical regions—Sweden (the Company's domicile), Hong Kong, China and Taiwan. Property, plant and equipment in the parent company in Sweden totals SEK 212,000 (457,000), and SEK 132,000 (0) in the subsidiary in Taiwan.

7 Other operating income

	Group		Parent company	
	2014	2013	2014	2013
Subsidies from the Swedish Governmental Agency for Innovation Systems	1 121	1 491	1 122	1 491
Exchange rate gains relating to operations	60	107	55	107
Remuneration, transferred licensing rights	–	–	27 948	–
Total	**1 181**	**1 598**	**29 125**	**1 598**

NeuroVive has been granted a subsidy from the Swedish Governmental Agency for Innovation Systems for a development project within stroke. The subsidy from the Swedish Governmental Agency for Innovation Systems consists of 50% of expenses incurred on the project in the period 1 June 2011 - 31 December 2014. NeuroVive is eligible to receive a maximum of SEK 4,489,000 during this project term. Over and above the SEK 1,121,000 (1,491,000) recognized in other operating income, SEK 0 (0) was recognized as a reduction of capitalized development expenses, see note 16 capitalized development expenses.

8 Other operating expenses

	Group		Parent company	
	2014	2013	2014	2013
Exchange rate losses relating to operations	838	238	817	234
Total	**838**	**238**	**817**	**234**

9 Disclosure on audit fees and reimbursement

	Group		Parent company	
	2014	2013	2014	2013
Mazars SET Revisionsbyrå AB				
auditing	397	345	397	345
audit work in addition to statutory audit	70	60	70	60
tax consulting	15	10	15	10
other	10	30	10	30
Deloitte AB	136	10		
auditing	–	–	–	–
audit work in addition to statutory audit	–	–	–	–
tax consulting	–	–	–	–
other	–	–		–
Total	**628**	**455**	**492**	**445**

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

10 Leasing

Operating leases. The expense for the year for operating leases amounts to SEK 415,000 (238,000) for the group and parent company. 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	
	2014	2013	2014	2013
Within one year	494	122	161	122
Between one and five years	–	–	–	–
After more than five years	–	–	–	–
Total	**494**	**122**	**161**	**122**

Operating leases are for premises rent.

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

Average number of employees	2014 No. of employees	2014 Of which no. of men	2013 No. of employees	2013 Of which no. of men
Parent company, Sweden	8	4	6	3
Total, group	**8**	**4**	**6**	**3**

Division of senior executives on reporting date	Group 31 Dec. '14	Group 31 Dec. '13	Parent company 31 Dec. '14	Parent company 31 Dec. '13
Board members	7	7	7	7
of which men:	4	4	4	4
Other employees in management, incl. CEO	4	4	4	4
of which men:	3	4	3	4
Total	**11**	**11**	**11**	**11**

Pensions

The group's and parent company's expense for defined contribution pension plans is SEK 796,000 (460,000).

Remuneration to senior executives and employees

Guidelines for remuneration for senior executives
Fees for board and committee work are payable to the Chair of the Board and Board members in accordance with AGM resolution. The Chair of the Board waived his fees for 2014.

The AGM resolved on the following guidelines for remuneration for senior executives:
Salary and other employment terms and potential share-related incentive programs should be on market terms. Senior executives should be offered basic salary on market terms based on responsibilities, roles, competence and position. Senior executives can be offered variable salary. Such variable salary should be on market terms and based on achievement of predetermined financial and individualized targets and constitute a maximum of 30% of basic annual salary, and a total maximum of SEK 1,200,000 to senior executives. The notice periods of senior executives shall be a minimum of three months, and for the CEO, six months. The Board of Directors' Remuneration Committee evaluates the need for a share-related incentive program yearly, and where necessary, proposes that the Board submits a proposal for resolutions by the AGM for a well-judged share-related incentive program for senior executives and/or other employees.

Pension benefits and compensation in the form of financial instruments, etc. to the CEO and other senior executives are payable as part of total compensation.

Salaries and benefits for the year —group and parent company 2014	Directors' fee	Basic salary	Variable remuneration	Pension expense	Other benefits	Social Security contributions	Total
Gregory Batcheller, Chair	–	–	–	–	1,812	–	1,812
Arne Ferstad, Board member	200	–	–	–	399	63	662
Marcus Keep, Board member	150	–	–	–	–	47	197
Helena Levander, Board member	270	–	–	–	–	85	355
Helmuth von Moltke, Board member	160	–	–	–	–	–	160
Anna Malm Bernsten, Board member	240	–	–	–	–	75	315
Boel Flodgren, Board member	160	–	–	–	–	50	210
Mikael Brönnegård, CEO	–	1,500	450	359	3	613	2,925
Total, Board and CEO	**1,180**	**1,500**	**450**	**359**	**2,214**	**933**	**6,636**
Other senior executives	–	2,451	446	189	15	910	4,011
Total senior executives	**1,180**	**3,951**	**896**	**548**	**2,229**	**1,843**	**10,647**
Other employees	–	2,697	152	248	1	895	3,993
Total	**1,180**	**6,648**	**1,048**	**796**	**2,230**	**2,739**	**14,641**

Salaries and benefits for the year —group and parent company 2013	Directors' fee	Basic salary	Variable remuneration	Pension expense	Other benefits	Social Security contributions	Total
Gregory Batcheller, Chair	–	–		–	1,440	–	1,440
Arne Ferstad, Board member	200	–	–	–	361	63	624
Marcus Keep, Board member	150	–	–	–	–	47	197
Helena Levander, Board member	270	–	–	–	–	85	355
Helmuth von Moltke, Board member	170	–	–	–	–	–	170
Anna Malm Bernsten, Board member	240	–	–	–	–	75	315
Boel Flodgren, Board member	150	–	–	–	–	47	197
Mikael Brönnegård, CEO	–	1,214	364	187	1	496	2,262
Total, Board and CEO	**1,180**	**1,214**	**364**	**187**	**1,802**	**813**	**5,560**
Other senior executives	–	1,131	169	97	994	408	2,799
Total senior executives	**1,180**	**2,345**	**533**	**284**	**2,796**	**1,222**	**8,360**
Other employees	–	1,817	60	94	2	590	2,563
Total	**1,180**	**4,162**	**593**	**378**	**2,798**	**1,811**	**10,922**

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

Apart from the Chair of the board, all Directors' fees resolved by the AGM on 9 May were charged to profit or loss for 2014. The Chair waived his fees for 2013.

In 2014 Gregory Batcheller served as Executive Chair. He waved his Directors' fee as approved by the AGM, but through his own company, Stanbridge bvba, invoiced NeuroVive for services rendered in his capacity as Executive Chair. The invoiced amount including reimbursement for expenses is stated in the other benefits column above.

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

Other senior executives:
There are three other senior executives, with the amount stated in the basic salary column corresponding to 2.1 full-time equivalents for 2014 and 1.1 full-time equivalents for 2013.

Jan Nilsson, COO, has been employed by the Company since February 2013. In addition to his employment, Mr. Nilsson rendered executive consulting services to the Company, invoiced to NeuroVive via his company Jan Nilsson Konsult in 2013. The amount, SEK 0 (451,000) is included in the total for other senior executives and stated in the other benefits column for 2013. Jan Nilsson received basic salary, variable compensation and other benefits in 2014.

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

Christian Svensson, the former CFO, was employed by the Company in the period November 2012 - August 2013. Prior to this, and subsequently, Mr. Svensson invoiced rendered consulting services as CFO via his company, Verum Consulting AB. The expense for these services amounted to SEK 0 (536,000) and is included in the total for other senior executives and stated in the other benefits column for 2013.

Catharina Jz Johansson, CFO, was employed by the Company on 1 December 2013. Ms. Johansson did not receive any other compensation apart from basic salary (2013 and 2014) and variable compensation and other benefits (2014), stated in the amount for other senior executives.

Other benefits include consulting fees (2013) and mileage allowance (2013 and 2014). Fees invoiced by closely related parties are recognized as other external expenses in the Income Statement.

Pensions
There is no contracted retirement age for the CEO or other senior executives. The pension premium for the CEO and other senior executives is equivalent to ITP1 and calculated on the basis of ITP1's premium plan for occupational pension as applicable from time to time. The pension plan is defined-contribution, which means that the company's only commitment is to pay the premium according to the premium plan. Pensionable salary means monthly salary multiplied by 12.2.

Severance pay
There is a mutual notice period of six months between the Company and the CEO. There is no contracted severance pay for the CEO. A mutual notice period of 3 to 6 months applies between the Company and other senior executives.

For disclosures on share warrants, see note 29, Share warrants for senior executives and other employees.

Remuneration to other related parties
Remuneration for loan commitment of SEK 48,000 (132,000) to Baulos Capital. (Owned by Fredrik Olsson, shareholder).

12 Financial income

	Group		Parent company	
	2014	2013	2014	2013
Interest income	1,124	423	936	423
Exchange rate gains	–	–	–	–
Total financial income	**1,124**	**423**	**936**	**423**

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

13 Financial costs

	Group		Parent company	
	2014	2013	2014	2013
Interest costs	544	203	376	138
Total financial costs	**544**	**203**	**376**	**138**

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

14 Tax

Tax for the year	Group		Parent company	
	2014	2013	2014	2013
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:

Tax for the year	Group		Parent company	
	2014	2013	2014	2013
Profit/loss before tax	**-44,673**	**-22,126**	**-9,644**	**-22,810**
Tax revenue for the year				
Tax computed at Swedish tax rate	9,828	4,868	2,122	5,018
Tax effect of non-deductible expenses	-145	-97	-145	-97
Tax effect of non-taxable revenues	–	–	–	–
Tax effect of deductible expenses and taxable revenues reported directly against equity	2,026	309	2,026	309
Difference in tax rates between Sweden and foreign subsidiary	–	-38	–	–
Tax effect of deficits for which no deferred tax receivable is reported	-11,709	-5,042	-4,002	-5,230
Total	**–**	**–**	**–**	**–**
Adjustments recognized in the current year for previous year's current tax	–	–	–	–
Reported tax expense for the year	**–**	**–**	**–**	**–**

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

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

Loss carry-forwards	Group		Parent company	
	31 Dec. '14	31 Dec. '13	31 Dec. '14	31 Dec. '13
Loss carry-forwards for which no deferred tax receivable has been recognized	116,679	69,573	87,763	69,573
Total loss carry-forwards	**116,679**	**69,573**	**87,763**	**69,573**

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	
	2014	2013
Profit/loss for the year attributable to equity holders of the parent (SEK)	-42,549,150	-22,330,942
Weighted average number of ordinary shares before dilution	27,277,339	19,159,046
Basic earnings per share, SEK	**-1.56**	**-1.17**

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. The warrants program that was in place at year-end 2013 did not give rise to any dilution effects.

16 Capitalized product development expenditure

Of total capitalized expenditure for product development, 48% (57) relates to NeuroSTAT, 50% (38) to CicloMulsion, 1% (2) to NVP014 and 1% (3) to Other projects.

	Group		Parent company	
	2014	2013	2014	2013
Opening cost	39,182	30,042	39,182	30,042
Capitalized expenditure for the year	29,186	9,140	29,186	9,140
Sales	–	–	-235	–
Closing accumulated cost	**68,368**	**39,182**	**68,133**	**39,182**
Closing carrying amount	**68,368**	**39,182**	**68,133**	**39,182**

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 2014 indicated that there was no impairment. The discount rate before tax applied was 24% (28). Even a 3% (3) increase in the discount rate would not give rise to a write-down requirement.

The total amount of expenditure for research and development expensed during the year was SEK 13,203,000 (6,112,000). Illustration on p. 28.

17 Patents

	Group		Parent company	
	2014	2013	2014	2013
Opening cost	11,086	4,724	11,086	4,724
Purchases during the year	4,025	6,362	4,025	6,362
Closing accumulated cost	**15,111**	**11,086**	**15,111**	**11,086**
Opening amortization	-3,316	-2,308	-3,316	-2,308
Amortization for the year*	-649	-1,008	-649	-1,008
Closing accumulated amortization	**-3,965**	**-3,316**	**-3,965**	**-3,316**
Closing carrying amount	**11,146**	**7,770**	**11,146**	**7,770**

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

18 Software

	Group		Parent company	
	2014	2013	2014	2013
Opening cost	400	400	400	400
Purchases during the year	–	–	–	–
Closing accumulated cost	**400**	**400**	**400**	**400**
Opening amortization	-233	-153	-233	-153
Amortization for the year	-80	-80	-80	-80
Closing accumulated amortization	**-313**	**-233**	**-313**	**-233**
Closing carrying amount	**87**	**167**	**87**	**167**

The software, acquired in 2011, is for compiling documentation for use in a future application for drug registration.

19 Equipment

	Group		Parent company	
	2014	2013	2014	2013
Opening cost	1,014	946	1,014	946
Purchases during the year	179	68	47	68
Closing accumulated cost	**1,193**	**1,014**	**1,061**	**1,014**
Opening depreciation	-557	-281	-557	-281
Depreciation for the year	-292	-276	-292	-276
Closing accumulated depreciation	**-849**	**-557**	**-849**	**-557**
Closing carrying amount	**344**	**457**	**212**	**457**

20 Participations in subsidiaries

	Parent company	
	2014	2013
Opening cost	6	6
Transfer of NeuroVive Pharmaceutical Asia Ltd.	-6	–
Formation of NeuroVive Pharmaceutical Asia, Inc.	33,618	–
Closing cost	**33,618**	**6**

Subsidiary: NeuroVive Pharmaceutical Asia, Inc., Corp. ID No. 290465

Incorporation	Domicile	Share of equity, %	Share of votes, %	Book value
Cayman Island	Taiwan	81.95	81.95	33,618
Total				**33,618**

Shares owned by subsidiary

Name	Share of equity, %	Corp ID No.	Registered office
NeuroVive Pharmaceutical Asia Ltd	100	1688859	HongKong
NeuroVive Pharmaceutical Asia Taiwan, Inc	100	24749033	Taiwan

NeuroVive Pharmaceutical AB's subsidiary NeuroVive Pharmaceutical Asia, Inc. has non-controlling holdings of 18.05%. The share of the votes is identical to the share of ownership. Non-controlling holdings total SEK 4,529,000 (-813,000). As part of the company's preparations for a potential listing of a subsidiary in Taiwan, the company has established a Taiwan-based subsidiary, NeuroVive Pharmaceutical Asia, Inc. alongside collaboration partner Foundation Pacific Asia Ltd. A subsidiary wholly owned by NeuroVive Asia, NeuroVive Pharmaceutical Taiwan, Inc., has been established in Taiwan to manage ongoing operations locally in the region in order to increase the group's presence in Asia and to manage existing projects in the region and carry out research and development projects under license from the parent company. NeuroVive already owns a company for the group's intellectual property in Asia, NeuroVive Pharmaceutical Asia Ltd. with its registered office in Hong Kong, alongside collaboration partner Foundation Asia Pacific Ltd. The holding in NeuroVive Hong Kong has been converted to the corresponding shares in NeuroVive Asia.

Financial information in summary for subsidiaries with non-controlling holdings.
The following information relates to the group NeuroVive Pharmaceutical Asia, Inc. and relates to amounts before intra-group eliminations. The intangible assets below have been eliminated in the consolidated financial statements prepared by NVP AB as the value of the asset has arisen as a result of intra-group transactions. The information for 2014 relates to NeuroVive Pharmaceutical Asia, Inc with wholly-owned subsidiaries NeuroVive Pharmaceutical Taiwan, Inc and NeuroVive Pharmaceutical Asia Ltd. The information for 2013 relates to the then subsidiary NeuroVive Pharmaceutical Asia Ltd.

Summary, Balance Sheet	2014	2013
Intangible assets	28,183	–
Tangible assets	132	–
Current assets	916	3,232
Total assets	**29,231**	**3,232**
Long-term liabilities	2,959	4,625
Current liabilities	1,181	1,318
Total liabilities	**4,140**	**5,943**
Net assets	**25,091**	**-2,711**

Summary, earnings and comprehensive income		
Revenue	3,877	5,335
Net profit for the year	**-7,081**	**684**
Comprehensive income for the year	**-7,350**	**724**
Total comprehensive income attributable to non-controlling holdings	**-2,173**	**245**

20 Participations in subsidiaries, cont'd

Summary Cash Flow Statement		
Cash flow from operating activities		
Cash flow from operating activities	-6,987	884
Interest received	75	–
Interest paid	-168	-200
Income tax paid	–	–
Cash flow from operating activities	**-2,404**	**3,229**
Cash flow from investing activities	**-132**	**–**
Cash flow from financing activities	**–**	**–**
Change in cash and cash equivalents	-2,536	3,229
Cash and cash equivalents at beginning of year	3,223	–
Exchange rate difference in cash and cash equivalents	169	-6
Cash and cash equivalents at end of year	**856**	**3,223**

21 Prepaid expenses and accrued income

	Group		Parent company	
	31 Dec. '14	31 Dec. '13	31 Dec. '14	31 Dec. '13
Other prepaid expenses	502	513	498	513
Total	**502**	**513**	**498**	**513**

22 Cash and cash equivalents/cash and bank balances

	Group		Parent company	
	31 Dec. '14	31 Dec. '13	31 Dec. '14	31 Dec. '13
Cash and bank balances	49,698	39,992	48,842	36,769
Total	**49,698**	**39,992**	**48,842**	**36,769**

23 Share capital

	Parent company and group		
	No. of shares	Quotient value, SEK	Share capital, SEK
Opening share capital, 1 January 2013	19,159,046	0.05	957,952
New share issue	2,500,000	0.05	125,000
Closing share capital, 31 December 2013	**21,659,046**	**0.05**	**1,082,952**
Opening share capital, 1 January 2014	21,659,046	0.05	1,082,952
New share issue	6,129,047	0.05	306,452
Closing share capital, 31 December 2014	**27,788,093**	**0.05**	**1,389,405**

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.

Two new issues of 6,129,047 shares raising a total of SEK 76,599,860 (after issue expenses of SEK 9,206,798) were completed in January 2014. The new issues increased share capital by SEK 306,452, with the remaining amount of SEK 76,293,408 recognized against other paid-up capital/share premium reserve.

A private placement, involving the issuance of 2,500,000 new shares and raising SEK 33,594,915 (after deducting issue expenses of SEK 1,405,085) was conducted in December 2013. The new share issue resulted in a SEK 125,000 increase in share capital, with the remaining amount of SEK 33,469,915 recognized against other paid up capital/share premium reserve.

24 Other paid-up capital—group

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

The share issue completed in January 2014 increased other paid-up capital by SEK 76,293,408 (33,469,915) after deducting issue expenses of SEK 9,206,798 (1,405,085).

25 Reserves—group

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

26 Retained earnings—group

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

27 Accrued expenses and deferred income

	Group		Parent company	
	31 Dec. '14	31 Dec. '13	31 Dec. '14	31 Dec. '13
Accrued salary including social security contributions	1,421	779	1,421	779
Accrued vacation pay liability including social security contributions	343	281	343	281
Accrued Directors' fees incl. social security contributions	770	1,554	770	1,554
Accrued pension expenses	133	243	133	243
Other accrued expenses	4,743	1,304	4,743	1,304
Deferred subsidy income from the Swedish Governmental Agency for Innovation Systems	–	–	–	–
Total	**7,410**	**4,161**	**7,410**	**4,161**

28 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 32.

29 Share warrants for senior executives and other employees

Group and parent company. The AGM on 10 June 2011 approved a share-related incentive program for senior executives and/or other employees in the form of the issuance of a maximum of 164,000 share warrants. The following people decided to subscribe for share warrants in the incentive program:

Name	No. of share warrants	Amount paid, SEK 000	Market value, SEK 000	Salary bonus, gross, SEK 000
Gregory Batcheller, Executive Chair	40,000	100	7	50
Eskil Elmér, board member, CSO	40,000	100	7	116
Mikael Brönnegård, CEO	40,000	100	7	116
Andreas Inghammar, Corporate manager	16,000	40	3	47
Christian Svensson, CFO	16,000	40	3	47
Fredrik Sjövall	4,000	10	1	10
Eleonor Åsander Frostner	4,000	10	1	7
Magnus Hansson	4,000	10	1	10
Total	**164,000**	**410**	**28**	**403**

The share warrants were granted on 1 July 2011 and were purchased for a price of SEK 2.50 per share warrant. Payment was in cash. The fair value of share warrants at the grant date was computed at SEK 0.17. Because the share warrants were acquired at a price exceeding market value, they do not constitute share-related payments

Holders of share warrants were entitled to subscribe for one new share of the Company at a subscription price of SEK 96 per share (exercise price) in the period 10 April 2014 to 10 June 2014. If all share warrants are exercised, the Company's share capital would increase by SEK 8,200.

The fair value of the share warrants at the grant date was determined using the Black-Scholes valuation model. Important input data used in the computation was: a share price of SEK 19.60 on the grant date, the above exercise price, volatility of 45%, expected dividend of SEK 0, expected term of options of 2.8 years and annual risk-free interest of 2.5%.

Each person subscribing for options received a net salary bonus up to SEK 2.50 multiplied by half the number of options the participant had subscribed for. The participant undertook to use this bonus to pay for share warrants that he/ she had subscribed for. The salary bonus and associated social security contributions has been recognized as a personnel expense in profit or loss.

The right to utilize the warrants program expired on 10 June 2014 and as it had not been utilized by any of the warrant holders, the program was deregistered as of 17 June 2014.

30 Transactions with related parties

Transactions between the 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 and raising bridge finance, there has been no purchases or sales between the group and related parties. Disclosures on remuneration of senior executives and other related parties are presented in note 11. Disclosures on share warrants for senior executives are reviewed in note 29.

Outstanding receivables from, and liabilities to, related parties	Group		Parent company	
	31 Dec. '14	31 Dec. '13	31 Dec. '14	31 Dec. '13
Liabilities				
Stanbridge bvba (owned by Gregory Batcheller, Executive Chair)	155	144	155	144
Ankor Consultants Ltd (part-owned by Arne Ferstad, Board member)	–	63	–	63
Jan Nilsson Konsult sole proprietorship (owned by Jan Nilsson, Board member)	–	405	–	405
Verum Consulting AB (owned by Christian Svensson, CFO)	–	222	–	222
Baulos Capital (owned by Fredrik Olsson)	–	4 120	–	4 120
Total liabilities	**155**	**4 954**	**155**	**4 954**

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

31 Dividend

No dividend was paid in 2013 or 2014. No dividend will be proposed to the AGM on 30 March 2015.

32 Adoption of financial statements

These consolidated accounts and annual accounts were adopted by the Board of Directors for issuance on February 27, 2015.

33 Post-balance sheet events

NeuroVive and Skåne University Hospital initiated a collaboration to conduct clinical phase II trials to evaluate the company's product CicloMulsion® for its ability to prevent acute kidney injury in 150 patients in connection with heart surgery.

The subsidiary in Taiwan, NeuroVive Pharmaceutical Asia, Inc., obtained initial financing totaling USD 3,255 m.

The company also completed a private placement of 1.3 million new shares, raising SEK 65 m before issue expenses for the company.

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 30 March 2015 for adoption.

Lund, Sweden, 27 February 2015

Greg Batcheller
Chair of the Board

Boel Flodgren
Board member

Arne Ferstad
Board member

Marcus Keep
Board member

Helmuth von Moltke
Board member

Anna Malm Bernsten
Board member

Mikael Brönnegård
Chief Executive Officer

Helena Levander
Board member

Our Audit Report was presented on 27 February 2015

Mazars SET Revisionsbyrå AB

Bengt Ekenberg
Authorized Public Accountant

Audit Report

To the Annual General Meeting of the Shareholders of NeuroVive Pharmaceutical AB (publ) Corporate identity number 556595-6538

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of NeuroVive Pharmaceutical AB (publ) for 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 26-65.

Responsibilities of the Board of Directors and the Chief Executive Officer for the Annual Accounts and Consolidated Accounts

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with IFRS, International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Chief Executive Officer 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.

Auditors' responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Chief Executive Officer, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

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 the parent company as of 31 December 2014 and of its financial performance and its cash flows 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 2014 and of the financial performance and cash flows for the year in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. A Corporate Governance Report has been prepared. The Statutory Administration Report and Corporate Governance Report are consistent with the remainder of the Annual Accounts.

We therefore recommend that the annual meeting of shareholders adopt the Income Statement and Balance Sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Chief Executive Officer of NeuroVive Pharmaceutical AB (publ) for 2014.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Chief Executive Officer are responsible for administration under the Companies Act.

Auditors' responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the Chief Executive Officer. We also examined whether any board member or the Chief Executive Officer has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the annual 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 Chief Executive Officer be discharged from liability for the financial year.

Helsingborg, Sweden, 27 February 2015

Mazars SET Revisionsbyrå AB

Bengt Ekenberg
Authorized Public Accountant

Glossary

Active compound
A pharmaceutical active ingredient in a pharmaceutical product.

Animal model
A disease or other injury is brought about in animals to resemble a similar condition or disease in humans.

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

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

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

Cremophor
Polyoxyethylene castor oil. Cremophor is an ingredient of products including Novartis's intravenous pharmaceutical Sandimmune® that contains cyclosporine A, which has been reported to cause oversensitivity reactions, anaphylaxis in a small number of treated patients.

CRO
Clinical research organization.

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

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

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

EMA
The European Medicines Agency.

Eureka Eurostars
European research and development collaboration designed to stimulate small and medium-sized enterprises to undertake international research work and innovation projects through access to support and funding. An agreement with the Commission formalizes the funding terms.

Phase (I, II and III)
The various stages of trials on the efficacy of a pharmaceutical in humans. See also "clinical trial." Phase I examines the safety on healthy human subjects, phase II examines efficacy in patients with the relevant disease and phase III is a large-scale trial that verifies previously achieved results. In the development of new pharmaceuticals, different doses are trialed and safety is evaluated in patients with relevant disease, phase II is often divided between phase IIa and phase IIb. In phase IIa, which is open, different doses of the pharmaceutical are tested without comparison against placebo and focusing on the pharmaceutical's metabolism in the body, as well as safety. Then in phase IIb, studies of efficacy of a selected dose(es) against placebo is studied, which is then termed "blind."

FDA
The US Food and Drug Administration.

Immunosuppression
Suppression of the immune system. Pharmaceuticals that work to inhibit or suppress the activity of the immune system are primarily used when it is necessary to lower the body's natural defenses to a foreign agent—such as after organ transplantation.

IND
Investigational New Drug. An IND means permission to commence clinical trials on humans. The application for an IND is filed with the US regulatory authority.

Indication
A disease condition that requires treatment, such as traumatic brain injury, reperfusion injury after myocardial infarction and stroke.

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

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

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

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

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.

NCCIM
Non Cyclosporine Cyclophilin Inhibiting Molecules. Non-cyclosporine-based compounds (third-generation cyclophilin inhibitor).

Necrosis
Non-programmed cell death. Cell death occurring from severe injury to the central nervous system (and other organs). May occur coincident with injury (primary necrosis) but also delayed (secondary necrosis).

Neuroprotection
Synonymous with nerve cell protection. Treatment intended to prevent cell death in the central nervous system.

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

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

Percutaneous coronary intervention (PCI)
PCI is the collective term for procedures in the coronary arteries conducted using a catheter, which is introduced into a major blood vessel, usually via the groin. Angioplasty is often conducted during PCI, a treatment method used when coronary arteries have become obstructed by hardening of the arteries. Coincident with angioplasty, a stent is then introduced to restore the diameter of the vessel after angioplasty. The stent is a pipe-shaped metallic mesh made of various alloys.

Per oral
Intake of a substance via the mouth.

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

R&D
Research & development.

Reperfusion injury
The removal of blood clots in heart vessels is one type of treatment for myocardial infarction. This involves the restoration of blood flow in the vessel, but coincident with this procedure, there is a risk of further tissue damage and a larger myocardial infarction, known as reperfusion injury.

Spinal cord injury
The cells of the spinal cord are damaged in a spinal cord injury in a manner similar to cells of the brain in traumatic brain injury.

Stroke
There are two types of stroke; ischemic and hemorrhagic (bleeding). In this document, “stroke” means ischemic stroke. Ischemic stroke is caused by an obstruction to one of the blood vessels of the brain with the resulting oxygen deprivation in the surrounding tissue.

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

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