Klaria Pharma Holding AB (publ)

Company description prior to listing on Nasdaq First North

October 2015

KLARIA

Contents

Important information

Definitions
Klaria", "Klaria Pharma" or "the Company" refer to the Group comprising Klaria Pharma Holding AB (publ) (corp. reg. no. 556959-2917) and its subsidiary company Klaria AB (559012-2577) and sub-subsidiary company Klaria Pharma AB (556955-6573; previously with the company FFT Pharmaceuticals AB). "First North" refers to Nasdaq First North. "Company Description" refers to the description of the company in question, which has been drawn up ahead of Klaria Pharma's listing on First North. "Euroclear Sweden" refers to Euroclear Sweden AB (corp. reg. no. 556585-8074). "Remium" refers to Remium Nordic AB (corp. reg. no. 556101-9174). USD refers to American dollars

Important information for investors
Each investor should carefully consider information provided in the Company Description, particularly the factors referred to in the section Risk Factors, describing certain risks associated with an investment in Klaria. The Company Description has been written as a result of the present listing of the Company's shares on First North. No new shares will be issued in connection with the listing and no prospectus will be registered at the Financial Supervisory Authority as a result of the listing. The Company Description does not constitute an invitation to acquire, subscribe to or in some other manner trade in shares or other securities in Klaria.

Future-oriented information
The Company Description contains future-oriented statements and assumptions regarding future market conditions, activity and results. These statements are contained in several sections and include statements regarding the Company's present intentions, assessments and expectations. Words such as "regard", "refer", "assess", "expect", "anticipate", "plan" or similar expressions indicate some of these statements. Other such statements are identified on the basis of the relevant context. Actual events and outcomes may vary considerably from that which is described in these statements as a result of risks and other factors that affect the Company's business.

Information from third parties
The Company Description contains historical and future-oriented information. In cases where the information has been obtained from third parties, the Company is responsible for ensuring that the information has been reproduced correctly. To the best of the Company's knowledge, no information has been omitted in such a way that could make the information incorrect or misleading in relation to the original sources. However, the Company has not verified the figures, market data or other information that has been obtained from third parties. As a result, the Company's Board of Directors does not accept any responsibility for the completeness or accuracy of such information that is presented in the Company Description. This should be taken into consideration when reading such information.

Important information about First North

First North is an alternative marketplace run by the various stock exchanges in Nasdaq. It does not have the same legal status as a regulated market. Companies on First North are regulated by First North's rules and not by the legal requirements stipulated for trading on a regulated market. An investment in a company trading on First North involves more risk than an investment in a company trading on a regulated market. All companies whose shares are admitted to trading on First North have a certified advisor who monitors that the rules are complied with. Nasdaq Stockholm approves applications for admission to trading on First North.

First day of trading on First North:

21 October 2015

Share information for Klaria

Abbreviation KLAR

ISIN code: SE0007280326

Dates for financial information

Interim report, 9 months	30 November 2015
Interim statement 2015	26 February 2016
Annual General Meeting	May 2016

Risk factors

All business activities and all share ownership are associated with risk. A number of risk factors that can affect the Company's future development are presented below. These are neither ranked nor claim to be comprehensive. Risk factors that have not currently been identified nor been assessed as significant may still affect the Company's future development. A potential investor should make an overall assessment of all the information in this Company Description as well as a general assessment of the business environment.

Risks related to the business and the sector

Klaria's business concept is based on combining the Company's patented drug delivery technology with clinically proven and marketed substances in the therapeutic fields of migraine and cancer-related pain. The Company's products require continued research and development, as well as official permits, before they can generate income. As a result the level of risk is high, and there is no guarantee that the Company's product development will be successful, that potential products will be safe and effective, that it will be possible to obtain the required permits or that the medications that are launched on the market will be well-received.

In order to obtain sales permits, the Company has to show that these product candidates are safe and effective through adequate, properly controlled clinical studies. The Company cannot predict with any degree of certainty when these studies will be completed or even implemented. This type of development is time-consuming and affected by a great many factors, including some that are outside of the Company's control. During the development work, it may become evident that the Company's product candidates do not have the anticipated effect or that they prove to have unforeseen and unwanted side-effects or other properties that can delay or halt the ongoing development work, and limit or prevent the commercial application of the product candidates. Unforeseen study results can lead to concepts and development programmes having to be reassessed, which means that further studies may be required at a significant cost, or to development programmes being shut down. This can result in delayed launches or in the Company's product candidates not being registered, which would have a negative impact on the Company's results and financial position.

Regulatory risks

The development, marketing and sale of pharmaceuticals are subject to extensive regulation and legislation. The Company cannot predict with any certainty whether, where, when and how these regulations will be amended and whether such changes will have an adverse impact on the Company. In order for the Company to be able to sell medications in the long term, market approval has to be obtained for each geographic market. The Company cannot predict with any certainty which supplementary clinical studies will have to be carried out for different markets, that the manufacturing process will be approved, how long it will take to achieve market approval, and that market approval will definitely be achieved on the markets that the Company wants. In this respect, Klaria, like other companies in the pharmaceutical sector, is dependent on assessments and decisions by affected authorities, such as the Medical Products Agency in Sweden, the Food and Drug Administration (FDA) in the USA or the European Medications Agency (EMA) in the EU. Such assessments include permits to carry out clinical trials and permits to market and sell medications.

An application for market approval of the Company's products as medications requires extensive documentation regarding e.g. clinical results, quality assurance and the fact that production complies with applicable regulations. Even if the Company assembles a large proportion of this documentation in parallel with the clinical studies, there is still the possibility of unforeseen circumstances causing delays, which would result in applications for market approval being submitted later than anticipated. Authorities may request supplementary details or have different opinions about the Company's applications, with the result that the timing of a possible market approval is uncertain. It is also possible that the Company may need to provide supplements to applications, which can be time-consuming and entail unforeseen costs.

Side-effects
The Company's main business area lies in the development and sale of medical products, which entails risks that people who either consume or take part in clinical studies with the Company's products, or who otherwise come into contact with the Company's products, may suffer side-effects. On different markets, the consequences of such potential side-effects can delay or halt the ongoing process of obtaining market permits, result in sales being stopped and consequently affect the Company's turnover, profit and financial position. It is also possible the Company could be sued by people who suffer side-effects, which could result in the Company becoming liable to pay damages.

Competition
The Company operates in a sector that is characterised by robust competition, and there is no guarantee that the Company's products will be preferred over competing companies' existing or future products on the market. It is also possible that competing companies may develop equivalent or better products. Future products being developed by other companies may entail increased competition and impaired opportunities for the Company's products as regards market share and price. These uncertainties entail risks that can have a negative impact on the Company's anticipated sales, profit and financial position.

Business partners and distribution channels
The Company's growth is considered to be largely dependent on the establishment of collaborations with distributors, retailers and other distribution channels. The Company cannot guarantee that agreements can be entered into on beneficial terms, or that agreements that have been entered into will be observed by the counterparts. If important collaborations cannot be entered into, are terminated or work unsatisfactorily, this can have a negative impact on the Company's continued development, growth and financial position. The Company can also be adversely affected if business-critical systems go down or break.

Product liability and insurance
The Company's operations entail risks regarding product liability. The Company will maintain product liability insurance for products where this is deemed important. However, any claims for damages that may be lodged against the company in the event of injuries caused by the Company's products or product candidates could exceed the amounts that are paid by the Company's insurance policies. It is also possible that the Company's product liability insurance will not cover a possible claim for damages. If the Company is liable to pay damages in excess of that covered by the Company's insurance, this can have a negative impact on the Company's profits and financial position.

Patents, trademarks and expertise
In the type of business that Klaria conducts, there is always the risk that the Company's patents, licensed patent rights or other intellectual property rights will not provide sufficient protection for the Company, or that the Company's rights cannot be upheld. Patent infringements may also occur, which can lead to costly disputes. The outcome of such disputes cannot be guaranteed in advance. For the losing party, negative outcomes of disputes regarding intellectual property rights can lead to lost protection, a ban on continuing to use the right in question or an obligation to pay damages.

The Company has licensed a patent by Uppsalagruppen Medical AB (the Film patent, see page 17). This patent has not yet been approved in all the countries where applications have been submitted, and there is no guarantee that it will be. Even if the Company uses confidentiality agreements and strives internally to retain knowledge about and control over the most sensitive components in the production of the Company's products, there is no guarantee that uncontrolled distribution and copying of the Company's production methods will not take place. Such uncontrolled distribution and copying could harm the Company if they are used for the production of competing products or if they are otherwise utilised commercially without financial compensation being paid to Klaria.

Klaria is to a great extent dependent on the Company's senior executives and other key individuals. If the Company should lose any of its key employees, this could have an adverse effect on the Company's expansion and growth.

Growth and the need to recruit
The Company intends to expand its operation in coming years, and there will then be a need to recruit within all company functions. An expansion will also place demands on the Company's existing control, steering, reporting and information systems. If the Company cannot control or provide for growth effectively, this could have a negative impact on the Company's operations, profit and financial position.

Legal risks
In the long term, Klaria's operations will be conducted in a number of countries and will thereby be affected by the legislation in each individual country in which operations are being conducted. It is possible that the legislation regarding e.g. taxation, customs and permits will be amended, potentially with retroactive effect, in such a way that could have a negative impact on the Company's operations, profits and financial position.

Financial risks
Operating capital
It is possible that the Company may need to seek financing, included borrowed capital or shareholders' equity, in order to cover a future unforeseen capital requirement. There is also no guarantee that such additional financing can be procured from one time to another, or that the conditions for such additional financing will be acceptable to the Company and its shareholders. For example, a new issue of shares in the Company may result in a dilution for existing shareholders.

Currency exposure
Currency exposure is the risk that exchange rate fluctuations will adversely affect the Company's profits, financial position and/or cash flows. Currency exposure exists in the form of both transaction and translation risks. The Company currently has relatively limited currency exposure, but as future sales will primarily take place in foreign currencies, the Company's currency exposure will gradually rise.

Risks related to the Company's shares
Stock market risk
A potential investor should be aware that an investment in the Company's shares is associated with a high degree of risk. In addition to the Company's profits, the price of the shares is also dependent on a number of factors over which the Company has no control. Such factors include the economic climate, market interest rates, capital flows, political uncertainty as well as market and behavioural psychology. Even if the Company's activities develop positively, it is possible that an investor will make a loss when selling the Company's shares.

Liquidity in the share
There has not been any trading in the Company's shares prior to the listing on Nasdaq Stockholm First North. It is not possible to predict the extent to which active and liquid trading in the shares will develop. If active and liquid trading does not develop, or if it is not lasting, this can entail difficulties for shareholders when it comes to selling their shares without affecting the market price negatively, or at all.

Future dividends
As Klaria will be undergoing an expansive development phase over the next few years, the Board of Directors does not intend to tie itself to a fixed dividend share. If the cash flows from current operations exceed the Company's capital requirement, the Board intends to propose that the AGM should opt for a dividend. No guarantees can be given, however, either that future cash flows will exceed the Company's capital requirement or that the AGM will decide on future dividends.

Shareholders with significant influence
At the time of the listing on Nasdaq Stockholm First North, share ownership in Klaria is distributed in such a way that no single shareholder controls the Company. However, it is possible that owners or groups of owners may acquire a controlling influence at the AGM in the future, for example regarding the appointment of the Board of Directors.

Background and Objectives

Klaria's business concept is based on developing and commercialising innovative products with clear competitive benefits in the therapeutic fields of migraine and cancer-related pain. The combination of the Company's patented drug delivery platform (which facilitates rapid and reliable transmucosal absorption via a muco-adhesive film) with clinically proven and marketed substances, lays the foundation for a unique concept offering considerable benefits.

In total, the two market segments are currently estimated to be achieving sales of around USD 7.2 billion, and a high level of growth is anticipated for the future. The factors that unite the two therapeutic fields are large – and growing – patient groups, severe pain and extensive demand for medication with more stable effects and more rapid absorption than that offered by existing medications.

Migraine

Migraine is a neurological affliction. The precise cause has not yet been determined, although it is known that the headache during a migraine attack is caused by an expansion of the blood vessels surrounding the brain. According to the WHO, around 12 percent of the world's population suffer from recurring migraines. The real figure is larger, however, as the problem is both underdiagnosed and undertreated. The illness is more common in women than in men, and occurs in varying degrees in different age groups. The highest proportion is seen in women around the age of 40, with almost a quarter experiencing recurring migraine attacks[1].

The global market for prescription medication for treating migraines amounted to around USD 3.7 billion[2] in 2013. The world market is currently dominated by medications based on triptans, which make up around 80 percent of all prescribed migraine medication[2].

Cancer-related breakthrough pain

Statistically, around one in three people in Sweden will be affected by cancer at some time in their life[3]. Of these, around half experience cancer-related pain that requires treatment with prescription medication. Many of these individuals also experience recurring, acute bouts of pain that are not alleviated by the normal pain relief treatment.

The market for medications that treat this type of cancer-related breakthrough pain is estimated at around USD 3.5 billion annually. The market is composed of preparations that are meant to administer painkilling substances quickly and easily, such as fentanyl and oxycodone[5].

Significant competitive benefits

Klaria's operations are based on a patented drug delivery platform in the form of an alginate-based polymer film. The film is similar to a small postage stamp, which is discreetly attached to the oral mucous membrane and, through this, distributes the medication directly into the bloodstream. This method entails several patient benefits, including shorter time before effect, increased control and simple handling.

The system of combining the patented drug delivery platform with clinically proven and marketed substances also entails significant benefits for Klaria as a company. Above all, these include a shorter time to market, lower development costs and reduced risk compared to traditional pharmaceutical development. As the molecules and their effects are well known, all that is required is a basic bioequivalence study in order to show how much substance is delivered within a certain time interval.

The development work is currently focusing on six defined projects, and to date has resulted in experimental formulations of triptan-based medications for the treatment of migraine. Corresponding formulations for other substances in the project portfolio are expected to be completed during the last quarter of 2015.

Flexible business model

Klaria's business model will be adapted based on the specific conditions on the local market. Development, registration and manufacture will be performed under the Company's own management as far as possible, while sales to end customers will take place through project licensing, product sales to selected partners or under the Company's own management. The Company's income streams will consequently mainly comprise licence income from partners as well as product sales to selected distributors. In both cases, the Company

1 www.migraine.com
2 The Global Market for Pain Management Drugs and Devices, 2013, BCCReseach
3 https://www.socialstyrelsen.se/publikationer2014/2014-12-10
5 Immediate release Pain Management to 2020' Greystone Research Associates, 2014

is looking for fully integrated business partners with the capacity to manage and maintain the products on the local markets. Decisions regarding the business model will be made on the basis of income potential, regulatory complexity and costs for any local studies.

Patented technology
The technology behind Klaria's drug delivery film is patented. The patent (Swedish patent no. 0502900-4, designated the "Film patent" in this Company Description) is owned by Uppsalagruppen Medical AB. The patent is exclusive and, for its entire remaining period of validity and without restrictions, licensed to Klaria in the form of molecule-specific licenses within the therapeutic fields of migraine and cancer-related pain. Klaria pays no royalties nor any form of milestone payments for the license, but will be responsible for costs related to upholding the patent.

Listing on Nasdaq Nordic First North
The listing of Klaria on First North is a natural step in the Company's ambition of creating a world-leading company in the field of pain relief. Furthermore, the listing on First North is expected to constitute a mark of quality in relation to customers and business partners and when recruiting personnel, as well as to contribute to increased interest in the Company among new groups of investors, the media and other stakeholders.

Board assurance
The Board of Directors of Klaria is responsible for the information in this Company Description, which has been written as a result of the application for listing the Company's shares on First North. It is hereby assured that, as far as the Board is aware, the information in this Company Description is correct and in accordance with actual conditions and that nothing has been omitted that could affect its meaning.

Stockholm, 16 October 2015

Klaria Pharma Holding AB (publ)

Board of Directors

From the Chief Executive Officer

Klaria's aim is to offer patients who experience attacks of acute pain medications with both a faster and more reliable effect than existing preparations.

In addition to the actual pain relief, we also want to help give back the feeling of control. For patients who are affected by recurring attacks of severe and acute pain, the feeling of control is often just as important as the actual pain relief. The knowledge that they have access to a medication that alleviates their pain quickly and effectively contributes to an increased feeling of security and, in the long run, also a significantly improved quality of life.

My own experience of more than 20 years in large research and development organisations in the pharmaceutical industry has taught me to focus on therapies and techniques that have the potential to change the patient's situation for the better. It is clearly advantageous if you succeed in creating a medicine that also entails positive effects for relatives (in the form of reduced anxiety), health professionals (in the form of more tools) and society in general (in the form of improved benefit in relation to cost). It is from this perspective that we are now building and developing Klaria.

Faster effect, increased control and simple handling
By combining our unique drug delivery platform with clinically proven and marketed substances, we will be able to offer a medication that makes it possible for patients to avoid using nasal sprays, taking tablets or injecting themselves. The drug delivery platform comprises an alginate-based film, which is similar to a small stamp. The film is attached to the oral mucous membrane, and the medication is then distributed through this directly into the bloodstream. This method entails several patient benefits, in particular shorter time to effect, increased control and simpler handling.

Shorter time to market
This combination also entails considerable benefits for us as a company. As we are using clinically proven and marketed substances, there is no need for the same extensive development that normally characterises the production of new medications. This results in a shorter time to market, lower development costs and significantly reduced risk when it comes to clinical studies.

Enormous market
If we look at the market segments we are currently focusing on – migraine and cancer-related breakthrough pain – we can state that the market is enormous and the need for more effective medications is very large. In total, the two segments currently have an annual turnover of around USD 7 billion – and both of the segments are under-treated. With access to more effective medications, demand would probably increase further.

New preconditions for treating severe, acute pain
In addition to the patented drug delivery platform, one of our main assets is our own organisation. In a short time, we have established a skilled and efficient organisation that has the ability to make quick decisions. In addition to our own organisation, we have also established a Scientific Advisory Board, through which we have access to leading expertise within areas that are important to us. This Board combines solid experience with exactly the kind of out-of-the-box thinking that is required in order to develop truly novel and valuable products.

The listing of the Company's shares on Nasdaq Stockholm First North is an important step in this journey. We hope and believe that it will constitute a mark of quality in relation to customers and business partners, as well as contributing to a general increase in interest in us and our business. The combination of clinically proven and marketed substances and innovative drug delivery will make it possible for us to take clinically proven and marketed medications to an entirely new level of utility. Quite simply, we will change the fundamental conditions for the treatment of severe, acute pain. Regardless of whether you are an investor or a patient, we hope that you will find it exciting to follow Klaria in the future.

Stockholm, 16 October 2015
Scott Boyer
CEO

Market Overview

Demand for medication to treat pain related to migraine and breakthrough pain in cancer patients is expected to grow significantly in coming years. The main driving forces for this include increasingly large patient groups combined with new, innovative medications with better, faster effects.

Klaria's business concept is based on developing and commercialising innovative products with clear competitive benefits in the therapeutic fields of migraine and cancer-related pain. In total, the two markets are estimated to exceed sales of USD 7 billion, and a high level of growth is anticipated for the future[2]. The factors that unite the two therapeutic fields are large – and growing – patient groups, severe pain and extensive demand for medication with more stable effects and more rapid absorption than that offered by existing medications.

Migraine – the hidden public health issue

Migraines are often characterised by severe headache, but can manifest several other symptoms such as sensory disturbances and nausea. They are sometimes preceded by warning symptoms in the form of visual disturbances, feelings of numbness, speech difficulties or mild paralysis. Migraine attacks typically last from four hours to three days. The headaches are severe, pounding and often located on one side of the head. The side that is affected can change from time to time, and even during an ongoing attack. Migraine attacks are often accompanied by nausea, vomiting and sensitivity to light and sound.

According to the WHO, around 12 percent of the world's population suffer from recurring migraines. The real figure is larger, however, as the problem is both underdiagnosed and undertreated. The illness is more common in women than in men, and occurs in varying degrees in different age groups. The highest proportion is seen in women around the age of 40, with almost a quarter experiencing recurring problems with migraines[1].

Migraine is a neurological illness. The precise cause has not yet been determined, although it is known that the headache during a migraine attack is caused by an expansion of the blood vessels surrounding the brain. Factors that can trigger an attack include stress, hormonal changes, hypersensitivity to certain foods, bright lights and strong smells.

A billion-dollar market – in flux

The global market for prescription medication for treating migraine amounted to around USD 3.7 billion[2] in 2013. The world market is currently dominated by medications based on triptans, which make up around 85 percent of all prescribed migraine[4] medication.

In terms of geographical markets, the USA has a special status. The US market is responsible for around 80 percent of the global market. Triptans make up around 80 percent here. In the USA, medications based on DHE (dihydroergotamine) are also used. This segment is responsible for around 18 percent of the market[4].

Both triptans and DHE have a contracting effect on the blood vessels that have expanded in an uncontrolled manner. As a result, the blood vessels are restored to a more normal state, while the substances also impede the release of anti-inflammatory peptides.

Triptans and DHE work in different ways on different members of the serotonin 5-HT receptor family. In the USA, DHE is often given to patients who do not respond to triptans or those who have an existing cardiovascular illness. This particular patient segment is expected to increase significantly in the years to come, in line with the increased occurrence of cardiovascular diseases[4].

For both of these categories, the patents behind the medications that have dominated the market to date have expired, which is opening the way to new players who, through generic drugs and innovation, can offer new concepts with improved patient benefits.

Triptans

Around 80 percent of the total global market for treating migraines is made up of medications based on the active substance triptan. Triptans are a collective name for a group of medications that contract the blood vessels in the event of a migraine attack. Triptans act on the blood vessels in the brain via 5HT1B and 5HT1D receptors, which contract the vessels and thereby sta-

1 www.migraine.com
2 The Global Market for Pain Management Drugs and Devices, 2013, BCCReseach
4 Global Migraine Drugs Market – 2015-2019, 2014, Technavio Research

bilise the blood flow. They act against both the headache and other symptoms, such as nausea and sensitivity to light and sound. Triptans are taken in the form of tablets, nasal sprays or through injection.

When treatment with triptans was introduced during the 1990s, they represented an entirely new way of treating migraine, and for many people the new treatments offered good pain-relieving effect. There are currently eight triptans that are approved for use against migraines, of which the three biggest sellers, sumatriptan (Imigran®, GSK), zolmitriptan (Zomig®, AstraZeneca) and rizatriptan (Maxalt®, Merck), make up the majority (around 80 percent) of the total triptan market[4].

The patents behind these medications have expired, however, which has opened the door to a generic drugs market.

DHE

The second group, which is responsible for around 18 percent, comprises medications based on dihydroergotamine (DHE). DHE is a semi-synthetic product that has proven to be an effective alternative for those migraine patients who do not respond to or cannot take triptans, such as patients with cardiovascular diseases.

More distribution forms

Even though alternatives are now available in the form of nasal sprays and injections, traditional tablets still represent the most common form of distribution for medications for treating migraine. One challenge for medications in tablet form, however, is that their effect is limited or completely lost if the migraine attack causes vomiting before the substance reaches the intestines, where it is normally absorbed into the blood. Even if there is no vomiting, the effect of the medications can be impaired as a result of the fact that activity in the gastro-intestinal tract is reduced during a migraine attack, delaying absorption in the intestines. Alternative distribution forms have clear benefits in this respect. Their disadvantages include the fact that they are often more complicated for the individual patient to handle and use. Injection provides rapid, reliable effect, but many patients find injecting themselves to be unpleasant. Nasal sprays also provide relatively rapid effect, but some patients find them unpleasant and may experience vomiting when the dose runs from the sinuses into the throat[1].

High anticipated growth

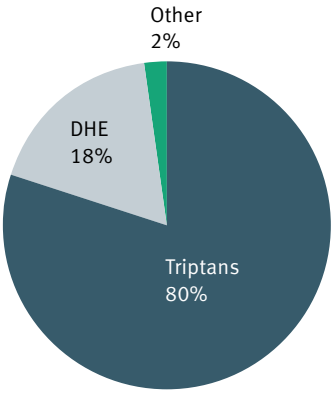
A high level of growth in the sale of medications for treating migrain is expected in the future. In 2017, global sales are expected to reach around USD 4 billion, before increasing to more than USD 5 billion annually after 2020[4]. The driving forces behind this anticipated development include innovation in the delivery of medications, which means that established and generic medications can be administered more quickly and more reliably. Migraines are currently underdiagnosed and undertreated. Increased awareness of migraine among doctors and patients, combined with innovations in the delivery of clinically proven and marketed medications, will drive growth in this area as a large proportion of the medication patents have expired.

1 www.migraine.com
4 Global Migraine Drugs Market – 2015-2019, 2014, Technavio Research

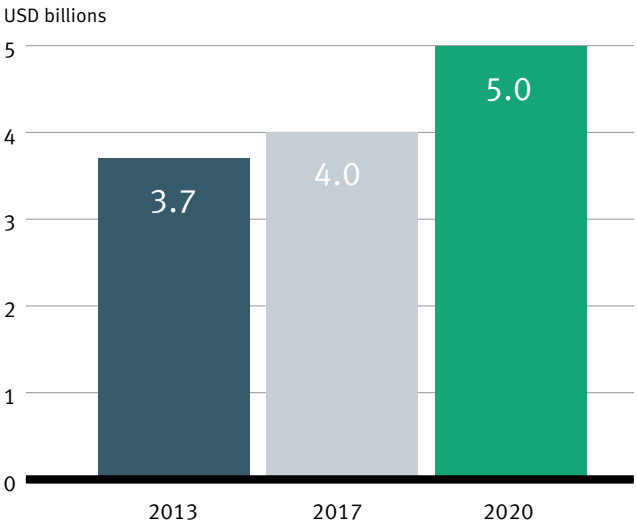
Substance	Triptan*	DHE
Proportion of sales value	80 percent	18 percent
E.g. the brands	Imigran®, Zomig®, Maxalt®	Migranal®
Form of distribution	Tablet, injection, nasal spray	Injection, nasal spray
Patent situation	Generic drugs possible on a global basis	Generic drugs possible on a global basis

* Sumatriptan, Naratriptan, Zolmitriptan, Rizatriptan, Almotriptan, Eletriptan, Frovatriptan

Proportion of sales value[4]



Anticipated growth in medications to treat migraine[4]



Recently completed deals

Now that the patents supporting leading medications have expired, investments in continued product development have increased significantly. A number of transactions have been conducted in recent years. These have been high value deals, indicating a positive view of the future earnings potential. In January 2014, NuPathe licensed out its technique for distributing sumatriptan via plasters to Teva. The cost of the licence amounted to USD 144 million[7]. In January 2013, MAP Pharmaceuticals acquired the Levadex® programme (DHE in inhalers) from Allergan for an estimated USD 958 million[8].

Breakthrough pain in cancer patients

Statistically, around a third of people in Sweden will be affected by cancer at some time in their life[9]. Of these, around half experience cancer-related pain that requires treatment with prescription medication. Many of these individuals also experience recurring, acute bouts of pain that is not alleviated by the normal pain relief treatment. This "breakthrough pain" can last from 3 to 30 minutes and often occurs suddenly and unexpectedly, which places the patient in a constant state of anxiety awaiting the next attack. In combination with the underlying illness, this pain contributes to a further increased sense of helplessness, lack of control and significantly impaired quality of life for many. More than 70 percent of those affected state that they do not receive adequate help with the pain[5].

Current treatment methods

The global market for medication to treat cancer-related breakthrough pain is estimated at around USD 3.5 billion annually. The market is dominated by medications that can administer painkilling substances quickly, such as fentanyl and oxycodone. The active substances are normally distributed through nasal sprays (Lazanda®, Depomed), sublingual tablets (Abstral®, Orexo AB), buccal tablets (Fentora Buccal®, Cephalon) and transmucosal lozenges (Atiq®, Cephalon), which deliver fentanyl directly into absorbent tissues in the nose or mouth. Most of these products vary in terms of how easy they are to use and how much active medication is delivered, and are based on relatively complex and costly manufacturing methods. Some are also difficult to use if the patient is lying down.

The future rate of growth is expected to be high. Decision Resources Research estimates that the annual rate of growth up until 2023 will be around 15 percent[6]. The principal driving forces include a general increase in the number of cancer diagnoses, primarily due to people living longer on average. In addition, increasingly successful forms of cancer treatment mean that the focus will gradually shift from survival quality of life and wellbeing, despite the illness.

In addition to these, the health systems of the future are a further factor driving the need for cheap, reliable and functional products. With continued cost pressure within public healthcare, it is probable that pain relief in the future will increasingly become the patient's responsibility, without the supervision of care staff. In such a scenario, there will be increased demand for easy-to-use, reliable and cheaper medications.

All in all, these factors suggest that the market for medications to treat breakthrough pain in cancer patients will increase more rapidly than any other pain segment.

4 Global Migraine Drugs Market – 2015-2019, 2014, Technavio Research
5 Immediate release Pain Management to 2020' Greystone Research Associates, 2014
6 Cancer Pain, Decision Resouces, 2009.
7 http://www.bloomberg.com/news/articles/2014-01-21/teva-to-acquire-nupathe-for-144-million-outbidding-endo
8 www.allergan.com
9 www.cancerfonden.se

Business description

Klaria's business concept is based on developing innovative, fast-acting medicinal products with clear competitive benefits in the therapeutic fields of migraine and cancer-related pain. The combination of the Company's patented drug delivery platform (which facilitates rapid and reliable transmucosal absorption via a mucoadhesive film) with clinically proven and marketed substances, lays the foundation for a unique concept offering considerable benefits.

Klaria's operations are based on a patented drug delivery platform in the form of an alginate-based polymer film. The film is similar to a small postage stamp, which is discreetly attached to the oral mucous membrane and, through this, distributes the medication directly into the bloodstream. This method provides several patient benefits, in particular shorter time to effect, increased control and simple handling.

For Klaria, this combination provides a shorter time to market, lower development costs and reduced risk compared to traditional pharmaceutical development. As the molecules and their effects are well known, all that is required is a basic bioequivalence study in order to show how much substance is delivered within a certain time interval. The film's technical characteristics also facilitate large-scale, cost-effective production.

Distributing active substances via a film is nothing new in itself. However, the films that already exist on the market are ODF films (Oral Dissolvable Films), which work in an entirely different way to Klaria's film: they melt in the mouth, the substances are swallowed and are then absorbed in the intestine in exactly the same way as with normal tablets. With Klaria's film, the medication is absorbed directly into the bloodstream via the oral mucous membrane, resulting in faster absorption and more reproducible effect.

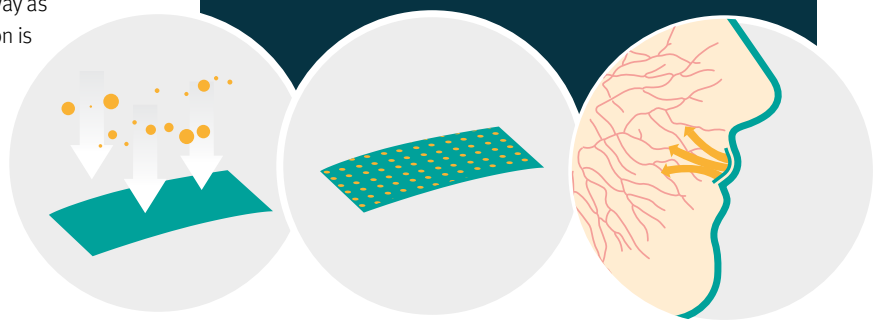
Combining the patented medication platform in the form of a film with tried and tested, safe and known substances provides considerable benefits for the patient.

Benefits of Klaria's concept

Fast and stable
Medications and other substances that are distributed into the bloodstream through the oral mucous membrane are absorbed much more quickly (and thereby have a more rapid effect) than in the case of distribution by swallowing tablets or capsules. This also offers a more reliable and stable form of delivery than tablets and other delivery systems, such as nasal sprays and oral, self-dissolving tablets. As the medication is absorbed via the mucous membrane in the mouth, contact is also avoided with the metabolic enzymes in the lower gastro-intestinal tract and the liver, which otherwise reduce or entirely eliminate the effects of a considerable proportion of the medications that are delivered via oral tablets or capsules. For migraine patients, there is also the risk that the effects will be restricted or entirely lost if the migraine attack gives rise to vomiting before the substance has been absorbed into the blood. And even if the active substances are not vomited, the effect of the medications can be impaired as a result of the fact that activity in the gastro-intestinal tract is reduced during a migraine attack, delaying absorption in the intestines. Klaria's concept offers clear benefits in this respect.

Increased control
More rapid absorption provides not only faster pain relief, but also an increased sense of control for both the patient and for those who care for them.

Simple handling
Many patients with acute pain experience difficulties taking medication that has to be swallowed or injected. Klaria's film offers an alternative that requires minimal handling by the individual patient.



Business concept

Klaria's business concept is to develop treatment methods with unique properties in the therapeutic fields of migraine and pain related to cancer.

Vision

Klaria's vision is to contribute to improved quality of life for people who experience severe pain.

Business model

Klaria is developing products for a global market. The business model will be adapted based on the specific conditions on the local market. The overall objective is both to optimise the value of the Company's product and project portfolio, as well as to minimise risk in the operation. Development, registration and manufacture will be performed under the Company's own management as far as possible, while sales to end customers will take place through project licensing, product sales to selected partners or under the Company's own management.

The Company's income streams will consequently mainly comprise license income from partners as well as product sales to selected distributors. In both cases, the Company is looking for fully integrated business partners with the capacity to handle and maintain the products on the local markets.

Decisions regarding the business model will be made on the basis of income potential, regulatory complexity and costs for any local studies.

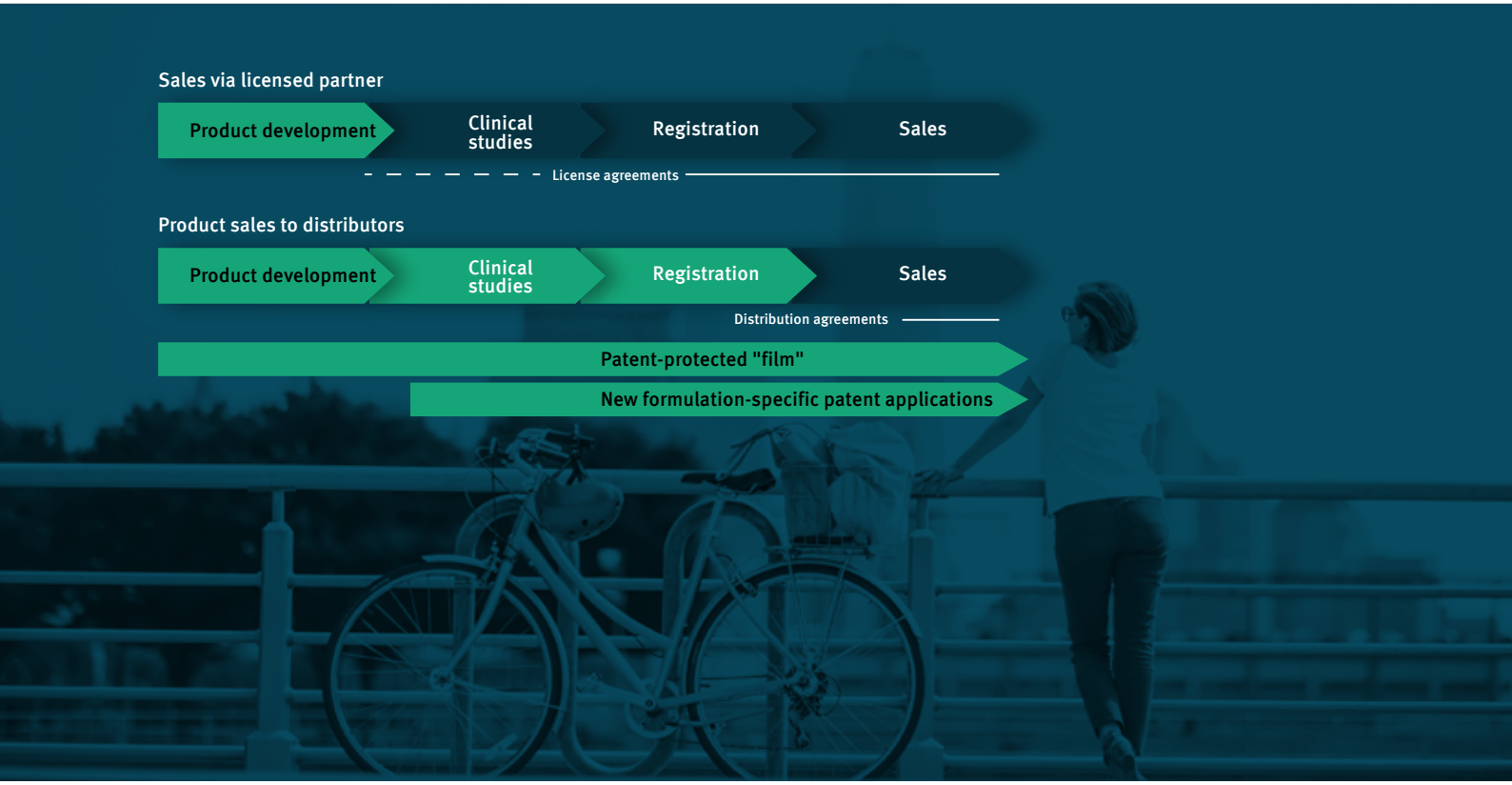
Patient benefits	Strengths for Klaria
Fast and stable effect	Shorter time to market
Increased control	Lower development costs
Simple handling	Reduced risk

Sales via licensed partners

In markets with particular demands for costly, locally adapted studies for the approval of medication, Klaria will enter into license agreements with local pharmaceutical companies regarding clinical studies, registration, sales and – if necessary – manufacture. In this case, the license income will comprise remuneration when established milestones are achieved, as well as royalties based on the licensee's actual sales. Klaria's operations are anticipated to become profitable after the first license agreement, either after one (or more) positive results from the first clinical studies (during 2016–2017) or with one (or more) license agreements directly in association with registration of individual products (during 2017–2018)(see diagram below).

Product sales to distributors

In markets with no specific demands for locally adapted studies, Klaria intends to handle all stages up to the delivery of the finished product. Sales to end customers will then take place through selected distributors. The price that partner companies pay will be agreed with regard to the sales price to the end customer, anticipated volumes and possible exclusivity.

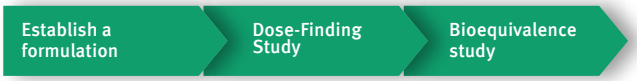


Focus in 2015

Klaria's objective is to combine the Company's patented drug delivery platform with the most relevant and effective substances when it comes to pain relief in the event of migraine and cancer-related breakthrough pain. The development work is currently focusing on six defined projects, and to date has resulted in experimental formulations of triptan-based medications for the treatment of migraines. Corresponding formulations for other substances in the project portfolio are expected to be completed during the last quarter of 2015.

Objective for the development work in 2016-2017

The objective of the development work is to ensure bioequivalence with existing preparations and to demonstrate a lower variation in the medication's plasma profile, i.e. to show that Klaria's medication has an equivalent medical effect to existing approved preparations with less variation between patients. For each substance, this process generally comprises three stages:



1) Establish a formulation by modelling both the chemical properties of the active substance, as well as how it is absorbed from the formulation in the oral mucous membrane. The aim is to run as few clinical studies as possible in order to arrive at the optimum dose in the film with the greatest potential to deliver the desired results in human trials.
2) Design and implement a dosing study on a limited number of patients in clinical trials with the aim of establishing the correct dose.
3) Design and implement the formal bioequivalence study in consultation with relevant authorities on a suitable number of trial subjects.

In the future, the work will include detailed studies of the molecular properties of each selected substance, both in order to ensure that they will satisfy patient needs, as well as to facilitate manufacture and distribution at competitive costs.

The priority for the various projects in the portfolio will be determined by Klaria's Board of Directors in consultation with the Company's Scientific Advisory Board.

Strategy

Klaria's aim is for all the products in the project portfolio to reach a point, as soon as possible, where it is possible to commence registration. In order to succeed with this, considerable demands are made, not only regarding the actual development work, but also in relation to manufacture, distribution and the further development of patent protection regarding the products.

The work in future will focus on initial, small-scale trials within both of these areas, where the purpose is to gradually reduce costs, as well as to improve and optimise as many parameters as possible before starting large-scale trials or manufacturing. This optimisation will be performed through mathematical modelling, an area where Klaria possesses considerable expertise. In addition, the organisation has solid expertise regarding applicable regulations, pharmaceutical development, physical and polymer chemistry, clinical studies, design and the transfer of technology.

Another fundamental aspect of Klaria's strategy is the close collaboration with subcontractors. Klaria will establish long-term relations with selected suppliers with regard to the provision of pharmaceutical substances, the implementation of clinical trials and for the manufacture and packaging of the end product.

Project portfolio

Project	Area	Anticipated market approval
KL-001	Migraine	2018
KL-002	Migraine	2018
KL-003	Migraine	2018
KL-004	Migraine	2018
KL-005	Cancer	2019
KL-006	Cancer	2019

Organisation
Klaria currently has three employees – the CEO, the CTO and the COO. All three work at the Swedish head office, focusing on product development and safeguarding the regulatory strategy. In addition, Klaria procures consultancy services in relation to areas such as accounting and finance.

The Company's employees have experience of several areas that are relevant to the business: pharmaceutical development, regulatory compliance, business development/commercialisation, financing and company management. The employees' experience comes from previous involvement and senior positions in the pharmaceutical sector.

The skills areas that the Company has identified and is focusing on in conjunction with the development of the organisational structure include:

- Product development and film formulation skills, which ensure expertise and capacity to produce the finished product
- Ensuring a high level of efficiency in the regulatory process
- Involving and engaging distributors and partners at an early stage, in order to ensure commercial focus

Remunerations
The company's CEO receives a monthly salary of SEK 150,000. The company's COO (Chief Operating Officer) receives a monthly salary of SEK 66,000. The company's CTO (Chief Technical Officer) receives a monthly salary of SEK 65,000. No benefits will be paid over and above the fixed monthly salaries. The CEO has a notice period of three months. No severance payment will be made in the event of the employment coming to an end.

Director's fees are payable at an annual amount totalling SEK 250,000, of which the Chairman receives SEK 150,000 and the Board Member who is not an employee of Klaria receives SEK 10,000. The company's CEO does not receive a director's fee. The company's auditors receive a fee according to an approved invoice.

Regulatory planning
In order to obtain market approval, registration applications will be submitted to the relevant pharmaceutical authorities, such as the FDA (USA), the EMA (EU) and the Medical Products Agency (Sweden). Registration applications will be submitted simultaneously in all the relevant countries according to the timetable given in the table under 'Strategy' (page 15). The registration application is less comprehensive for clinically proven and marketed substances, as available documentation regarding the substances can be cited.

Europe
In Europe, Klaria intends to submit applications itself to the European supervisory authorities according to the "decentralised procedure" (the DCP process). In simple terms, an approved application in one Member State according to this principle automatically grants approval in other Member States. From start to finish, this process generally takes around 12–18 months, including local approvals in respect of e.g. translations and pricing.

USA and Canada
In the USA and Canada, Klaria intends to obtain medication registration of planned products.

Asia Pacific, Africa and growth markets
On markets were local studies are required in order to obtain MA, local partners will be responsible for clinical studies as well as the medication registration process. Examples of where local registration must be managed locally include Asia Pacific, Africa and certain developing markets.

IP

The technology behind Klaria's drug delivery film is patented. The patent (Swedish patent no. 0502900-4, designated the "Film patent" in this Company Description) is owned by Uppsalagruppen Medical AB. The patent is exclusive and, for its entire remaining period of validity and without time limitations, licensed to the Company in respect of critical molecules within the therapeutic fields of migraine and cancer-related pain. Klaria pays no royalties nor any form of milestone payments for the license, but will be responsible for costs related to upholding the patent.

The application for the Film patent, the PCT application (PCT/SE2006/050626), was submitted in 2006. The subsequent national phase covers a total of 42 countries, including the EU. To date, the patent application has been approved in Sweden, the USA ("notice of allowance"), China, Russia, Japan, Australia, New Zealand, South Africa and Israel. The licence for the invention applies worldwide. The extent of the protection for the invention is regulated by the relevant patent that has been applied for and granted in each country. In those countries where the patent is approved, protection is obtained until 2026.

Klaria anticipates that the company’s IP will provide the company’s products with the required intellectual property protection.

Patent families (Uppsalagruppen Medical AB)

Country	Appl. No.	Appl. Date	Patent No.	Grant date	Status
Australia	2006327277	22/12/2006	2006327277	25/03/2013	Granted
Brazil	PI0620403-1	22/12/2006			Pending
EPC*	06844046.0	22/12/2006			Pending
Canada	2633878	22/12/2006	CA 2633878		Pending
China	200680048866.3	22/12/2006	ZL200680048866.3	27/03/2013	Granted
Hong Kong	09101443.2	22/12/2006			Pending
Sweden	0502900-4).	23/12/2005	0502900-4).	18/03/2008	Granted
India	5142/DELNP/2008	22/12/2006			Pending
Israel	191994	22/12/2006	191994	31/12/2013	Granted
Japan	2008-547188).	22/12/2006	5425471	06/12/2013	Granted
Mexico	MX/a/2008/007839	22/12/2006			Pending
Norway	20083226	22/12/2006			Pending
New Zealand	569261	22/12/2006	569261	11/12/2012	Granted
South Korea	10-2008-7018096	22/12/2006			Pending
Russian Federation	2008130391	22/12/2006	2445977	27/03/2012	Granted
South Africa	2008/05287	22/12/2006	2008/05287	25/11/2009	Granted
USA	12/158472	22/12/2006	US 8,759,282 B2	24/06/2014	Granted

* Countries included: AL, AT, BA, BE, BG, CH, CY, CZ, DE, DK, EE, ES, FI, FR, GB, GR, HR, HU, IE, IS, IT,

Scientific Advisory Board

Klaria has established a Scientific Advisory Board comprising well renowned researchers and physicians. The Board's task is to act as a consultant to Klaria's Board and management on research-related issues based on the current project portfolio, as well as to provide recommendations regarding future research.

Robert L. Holland, BM BCh MA DPhil FFPM

Bob Holland is a medical doctor and has a Ph.D in neurobiology from Oxford University. After practising medicine in Northampton, Oxford and at The London Hospital, he started working in the pharmaceutical industry as a clinical pharmacologist and clinical researcher, with a particular interest in psychiatry, neurology and oncology. He has contributed to the approval and launch of several important medications in these areas.

In 1999, Bob acquired global responsibility for Experimental Medicine at AstraZeneca, and as such is responsible for all early clinical studies. In 2005, he assumed global responsibility for Astra Zeneca's research in the therapeutic field of neuromedicine. In this role, he was responsible for all non-clinical research and clinical development activities within neurology, psychiatry, pain treatment and anaesthesia, as well as for licensing and business development activities. For example, Bob led the work on licensing Naloxegol – a medication that is now marketed in the US and EU for the treatment of opioid-induced constipation.

Bob retired from Astra Zeneca at the end of 2012, but since then has remained active in various ways within medicine development, biomarkers and diagnostics. He is now the Chief Medical Officer at Oxford Gene Technology, as well as providing consultancy services to a number of small and medium-sized pharmaceutical companies. He is also board member of Newron Pharmaceuticals, which has recently acquired EU approval for safinamide for the treatment of Parkinson's disease. During 2014 and 2015, he has also held a senior position within Karolinska Development. Bob is a member of the Faculty for Pharmaceutical Medicine and the Royal Society of Medicine. He has lived and worked in the UK, the Netherlands, Belgium and Sweden.

Robert C. Glen, FRSC CChem

After graduating from the University of Stirling (Ph.D in chemistry), Bobby Glen has continued to develop new areas within chemistry, pharmacology and biology from a holistic perspective, based on computerised computational methods.

By integrating knowledge in the fields of chemistry, biology and software development, he has created new methods for solving problems related to medicine development – methods that are now used both in the academic world and in industry. These methods have formed the basis for the development of both candidate medications and approved medications. The latter include zolmitriptan, one of the world's most successful medications to date for the treatment of migraine.

Bobby has founded a number of biotechnology companies, including Arena, which is listed on Nasdaq and has a market value of around USD 2 billion. More recently, Bobby's research has resulted in patents for medications in the therapeutic field of pulmonary hypertension.

Since 1999, Bobby has been a Professor of Chemistry at Cambridge University. He has led and developed the Unilever Centre for Molecular Informatics, which has established itself as one of the world's leading innovation centres within molecular design with the aid of computational tools. Under Bobby's leadership, the centre has produced more than 450 publications and patents, including drugs, skincare and healthcare products.

Bobby is also the Chairman of Computational Medicine at Imperial College in London. He develops new methods for Phenome analysis and also works with new cancer medications at the Institute of Cancer Research.

Karsten Ahlbeck, MD PhD DNAPM

Karsten Ahlbeck graduated from Umeå University in 1996, and then carried out his work experience in Örnsköldsvik in 2003 and became a specialist in anaesthesia and intensive care. He subsequently came to work at the multidisciplinary pain unit at Karolinska University Hospital, and became a specialist in pain treatment in 2008. He defended his doctoral thesis at the Karolinska Institute in 2011.

After having worked at Karolinska University Hospital for 11 years, Karsten moved to Capio S:t Görans hospital. After working as a senior consultant and medical advisor at the Multidisciplinary Pain Unit for 3 years, he was appointed Head of Department in 2014. The department treats acute and chronic pain, both malignant and non-malignant.

Since 2008, Karsten has also worked as a consultant in the field of pain at the Neurology Clinic (NC) in Stockholm (Sophiahemmet), one of Scandinavia's largest specialised neurology clinics. Karsten is responsible for the NC pain unit, known as Sophiahemmets Smärtmottagning. The largest patient group here comprises migraine patients. Alongside these assignments, Karsten also works as a consultant within anaesthesia in the UK.

Karsten Ahlbeck is greatly appreciated as a teacher and lecturer. Since 2009, he has been an Advisory Board Member for the multinational "Change Pain" initiative (www.change-pain.com).

Financial Overview

The Group's parent company is Klaria Pharma Holding AB. The Group was established as a result of Uppsalagruppen Medical AB, which owns the Film patent (see page 17), hiving off a licence to a separate company, Klaria Pharma AB, regarding the rights to critical molecules within the therapeutic fields of migraine and cancer-related pain. In conjunction with this, the parent company, Klaria Pharma Holding AB, conducted a new share issue totalling SEK 50 million (7.5 million shares at an issue price of SEK 6.67 after the split) and then acquired Klaria Pharma AB's parent company, Klaria AB, through a non-cash issue (19.5 million shares at an issue price of SEK 6.67 after the split). The Group consequently comprises three companies: Klaria Pharma Holding AB (parent company), Klaria AB (subsidiary company) and Klaria Pharma AB (sub-subsidiary company).

The parent company, Klaria Pharma Holding AB, was established in 2014, but did not conduct any operations before the acquisition of Klaria AB through a non-cash issue and the new share issue totalling SEK 50 million. These share issues were registered by the Swedish Companies Registration Office on 30 June 2015 and 17 June 2015 respectively. The parent company's annual report for 2014 (at which point the company was called Annodam AB) is available at www.klaria.com.

Klaria AB was established specifically for the acquisition of Klaria Pharma AB, which took place on 1 June 2015. Klaria AB has not prepared an annual report.

Klaria Pharma AB, in which the operational activities are principally conducted, was established in 2014. The company's annual report for 2014 (at which point the company was called FFT Pharmaceuticals AB) is available at www.klaria.com.

Below is a pro forma set of accounts for the Group, based on the assumption that the Group was established on 1 January 2015. The pro forma accounts have been reviewed by the company's auditor. Up until now, the operation has not generated any income other than contributions from the State-owned Vinnova totalling SEK 781,000. Vinnova's task is to promote sustainable growth though financing of needs-oriented research. At the time of drawing up this Prospectus, Klaria has not received any further contributions from Vinnova.

The costs have primarily comprised research and development.

The acquisition of the licence for the Film patent took place through the non-cash acquisition of Klaria AB and its wholly-owned subsidiary company Klaria Pharmaceuticals AB. The licence for the Film patent is owned by Klaria Pharmaceuticals AB. In the non-cash issue, Klaria issued 19.5 million shares (after the split). In parallel with the non-cash acquisition, a new share issue was conducted against a cash payment totalling 7.5 million shares (after the split) at an issue price of SEK 6.67 per share. The shares in Klaria AB have thereby been included at a value of SEK 130 million (19.5 million shares x SEK 6.67) in the parent company Klaria's balance sheet. In the pro forma consolidated balance sheet, this value corresponds to the entry "Goodwill and intellectual property rights", at SEK 129,958 thousand.

The accounting principles are specified on page 27.

Financial resources

The Board of Directors' assessment is that Klaria's current operating capital and liquidity are sufficient for the Company's operations for the 12-month period following the drawing up of this Company Description. This assessment is based on the Company's short-term financial resources, which primarily comprise available liquid assets and which, on the date of signing this Company Description, amount to approx. SEK 46,5 million.

Klaria estimates that market approval for the company's products will be obtained during 2018-19. The bulk of Klaria's costs up until then will primarily comprise the development work on the formulation, a dosing study and a bioequivalence study for the company's substances (see also page 15). Klaria is expected to become profitable when the company, after implementing the development work, receives licence income from partners, as well as through the sale of the company's products. The company's operations until that time will be financed with existing liquid funds and, if required, through the approval of further financing through e.g. advance licence payments, new share issues, loans or other external financing.

Financial development in summary (pro forma)

Klaria Group	pro forma 1 Jan-31 Aug 2015
(SEK thousand)	
Other operating income	761
Operating expenses	–1,783
Research and development expenses	–711
Operating profit/loss	–1,022
Profit/loss after financial items	–1,022
Profit/loss after tax	–1,022
Cash flow from current operations	–806
Profit/loss per share, SEK	–0.09
Cash and cash equivalents incl. long-term financial investments on the closing date	49,418
Equity/assets ratio	100%
Key figures	
Return on equity, %	neg.
Return on capital employed, %	neg.
Investments in intangible fixed assets	—
Equity/assets ratio	100%
Number of employees at the end of the period	5
Profit/loss per share, before dilution, SEK	–0.09
Profit/loss per share, after dilution, SEK	–0.09
Equity per share, SEK	22.00
Cash flow from current operations per share, SEK	–0.07

Statement of comprehensive income (pro forma)

Klaria Group	pro forma 1 Jan-31 Aug 2015
(SEK thousand)	
Operating income	
Net sales	**–**
Other operating income	761
Total operating income	**761**
Operating expenses	
Administrative expenses	–776
Sales expenses	–296
Research and development expenses	–711
Total operating expenses	**–1,783**
Operating profit/loss	**–1,022**
Profit/loss from financial investments	
Net financial items	
Profit/loss after financial items	**–1,022**
Tax on profit/loss for the year	–
Profit/loss for the period	**–1,022**
Of which attributable to the parent company's shareholders	–1,022
Of which minority share	–
Average number of shares (thousands) before dilution	
Profit/loss per share before and after dilution, SEK	–0.09

	1 Jan–31 Aug 2015
SEK thousand (unless otherwise indicated)	
Statement of comprehensive income	
Profit/loss for the period	–1,022
Other comprehensive income for the period, net before tax	
Comprehensive income for the period	–1,022
Attributable to the parent company's shareholders	–1,022
Minority interest	–

Statement of financial position (pro forma)

Klaria Group	pro forma 1 Jan-31 Aug 2015
(SEK thousand)	
Klaria Group	
Assets	
Fixed assets	
Intangible assets	
Balanced development expenditure	
Goodwill & Intellectual property rights	129,944
Financial assets	
Long-term investment	
Total fixed assets	**129,944**
Current assets	
Accounts receivable and other receivables	**225**
Cash and cash equivalents	49,418
Total current assets	**49,643**
TOTAL ASSETS	**179,587**
Equity and liabilities	
Shareholders' equity	
Shareholders' equity	179,160
Provisions and liabilities	
Long-term liabilities	
Current liabilities	**427**
Total provisions and liabilities	**427**
TOTAL EQUITY and LIABILITIES	**179,587**

Statement of changes in equity (pro forma)

(SEK thousand)	Share capital	Other contributed capital	Retained loss	Total equity
Klaria Group 1 Jan 2015–31 August 2015				
Opening balance 01/01/2015	50			50
Total profit/loss				
Profit/loss for the period				
Transactions with shareholders				
New share issues	—	—		0
Closing balance 31/03/2015	**50**	**0**	**0**	**50**
Total profit/loss				
Profit/loss for the period			–1,022	–1,022
Transactions with shareholders				0
New share issue, cash	125	50,007		50,132
Non-cash issue	325	129,675		130,000
Closing balance 30/06/2015	**500**	**179,682**	**-1,022**	**179,160**

Cash flow statement (pro forma)

Klaria Group	pro forma 1 Jan-31 Aug 2015
(SEK thousand)	
Current operations	
Operating profit/loss after financial items	–1,022
Depreciation	
Unrealised changes in value of investments	
Cash flow from current operations	**–1,022**
before changes in operating capital	
Changes in operating capital	216
Cash flow from current operations	**–806**
Investment operations	
Net investments in intangible fixed assets	—
Acquisition of subsidiaries, net impact on liquidity	42
Investments in intangible fixed assets	—
Investments in financial fixed assets	—
Cash flow from investment operations	**42**
Net cash flow before financial items	**–764**
Financing operations	
Contributed capital	50,132
Cash flow from financing operations	**50,132**
CASH FLOW FOR THE PERIOD	**49,368**
Cash and equivalents at the start of the period	50
Cash and equivalents at the end of the period	49,418

Income statement (pro forma)

PARENT COMPANY

(SEK thousand)	1 Jan–31 Aug 2015
Parent company Klaria Holding AB	
Operating income	
Net sales	**–**
Income	–
Operating expenses	
Administrative expenses	–612
Sales expenses	–41
Research and development expenses	–98
Other income and expenses	
Total operating expenses	**–751**
Operating profit/loss	**–751**
Profit/loss from financial investments	
Net financial items	
Profit/loss after financial items	**–751**
Tax on profit/loss for the year	–
Profit/loss for the period	**–751**

Balance sheet (pro forma)

PARENT COMPANY

(SEK thousand)	31 Aug 2015	31 Dec 2014
Parent company Klaria Holding AB		
Assets		
Fixed assets		
Financial fixed assets		
Participations in Group companies	130,000	
Long-term investments		
Total fixed assets	**130,000**	**0**
Current assets		
Receivables from Group companies	5,000	
Accounts receivable and other receivables	179	
Cash and cash equivalents	44,759	50
Total current assets	**49,938**	**50**
TOTAL ASSETS	**179,938**	**50**
Equity and liabilities		
Shareholders' equity		
Restricted equity	500	50
Unrestricted equity	178,800	—
Total equity	**179,300**	**50**
Provisions and liabilities		
Long-term liabilities	—	
Liabilities to Group companies		
Current liabilities	638	
Total provisions and liabilities	**638**	**0**
TOTAL EQUITY and LIABILITIES	**179,938**	**50**

Accounting principles

The Klaria Group is newly established and the Group has not drawn up any interim reports or an annual report. Starting from the annual report for 2015 and the interim report for the third quarter of 2015, the Group will report in accordance with International Financial Reporting Standards (IFRS) as they have been adopted by the EU, and in accordance with the Annual Accounts Act and RFR 1 Supplementary rules for consolidated financial statements.

Klaria's accounting principles will otherwise be based on the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for legal entities.

RFR 2 means that Klaria will apply all EU-approved IFRS statements, as far as this is possible within the framework of the Annual Accounts Act and the Act on Safeguarding Pension Commitments, as well as with consideration to the link between accounting and taxation. The recommendation specifies which exemptions and additions to IFRS are required. Consolidated accounting in Klaria will cover the annual report and the interim reports of Klaria and its subsidiaries. The subsidiaries' annual reports and interim reports will be drawn up for the same reporting year as for the parent company using the same accounting principles. All internal transactions, income and expenses, profits and losses within the Group, as well as balance sheet items that derive from internal transactions, are fully eliminated in the consolidated accounts. A subsidiary is a company in which the parent company has a controlling influence, generally as a result of a shareholding that, directly or indirectly, gives the parent company control over more than 50 percent of the voting rights. A subsidiary is included in the consolidated accounts from the time of its acquisition, which is the day on which the parent company gains a controlling influence, and remains in the consolidated accounts until the time when the controlling influence ceases.

Company acquisitions and goodwill

Acquisitions of subsidiaries will be reported according to the acquisition method. The acquisition is considered to be a transaction through which the Group indirectly acquires the assets in the subsidiary company and assumes its liabilities and other commitments. The acquisition value for an acquisition comprises the actual value of assets that have been provided as payment, issued equity instruments as well as liabilities that have arisen or been taken over on the transfer date, plus any costs that are directly attributable to the acquisition.

Identifiable, acquired assets and assumed liabilities and contingent liabilities in an operating acquisition are initially valued at their actual values on the date of acquisition. The surplus that comprises the difference between the acquisition value and the actual value of the Group's share of identifiable, acquired assets, liabilities and contingent liabilities is reported as goodwill. Goodwill is reported as an asset in the consolidated balance sheet. If the difference is negative, this is reported directly in the consolidated income statement. Equity in the subsidiary company is eliminated entirely at the time of the acquisition. The Group's equity covers the parent company's equity and that portion of the subsidiary companies' equity that has been earned after the acquisition.

Foreign currency translation

Functional currency and presentation currency

Items that will be included in the financial reports for the various companies in the Group will be valued in the currency that is used in the financial environment where each company has its primary operations (functional currency). Klaria's functional currency is the SEK, which will also constitute the presentation currency for the parent company and the Group. This means that the financial reports will be presented in SEK, rounded to the nearest thousand, unless otherwise indicated.

Transactions and balance sheet items

Transactions in foreign currencies will be translated to the functional currency, SEK, at the exchange rates that apply at the time of the transaction. Monetary assets and liabilities in foreign currencies will be translated to the functional currency at the exchange rate that applies on the closing date. The exchange rate different that will arise during the translation will be reported under net financial items in the income statement. Non-monetary assets and liabilities will be reported at their historical acquisition values and will be translated at the exchange rate that applies at the time of the transaction.

Translation of foreign subsidiaries

Assets and liabilities in foreign operations, including goodwill and any surplus and deficit values, will be translated at the exchange rate that applies on the closing date. Income and expenses in a foreign operation will be translated to SEK at a monthly average exchange rate that applies at the time of a transaction. Translation differences that arise during currency translation for foreign operations will be reported directly against shareholders' equity in the statement of comprehensive income as a translation difference.

Share capital and ownership structure

Share capital

Klaria's share capital amounts to SEK 500,000 divided between 30,000,000 outstanding shares. According to the Articles of Association, the share capital must amount to a minimum of SEK 500,000 and a maximum of SEK 2,000,000 kronor, and the number of shares must amount to a minimum of 30,000,000 and a maximum of 120,000,000. The shares' quota value is 1.67 (1 2/3) öre. The Company has only one share type, and all the shares grant the same right to dividends and surplus in the event of liquidation, as well as granting the entitlement to one vote per share.

The shares in Klaria are not, and have not been, subject to offers as a result of a mandatory bid provision, right of redemption or right of sell-out. The shares have not been subject to any public purchase offer.

The shares have been issued in accordance with Swedish legislation and are denominated in Swedish kronor. There are no restrictions to the right to freely transfer shares.

Incentive programme

Klaria has 2,258,000 outstanding warrants. Each warrant grants the entitlement, no later than 31 January 2017, to subscribe for a new share in Klaria for (rounded off) SEK 1.06. If all the warrants are used to subscribe for 2,258,000 shares, the new shares would constitute 7 percent of the share capital in Klaria, based on the current number of outstanding shares. The warrants are held by the CEO, Scott Boyer.

Authorisation

The Board of Directors of Klaria is authorised, on one or more occasions during the period up until the next Annual General Meeting, to decide on new share issue with payment by cash and/or with a provision regarding subscription or set-off, and consequently to be able to depart from the shareholders' preferential rights. The purpose of the authorisation and the reason for the departure from the shareholders' preferential rights are to facilitate the procurement of capital for expansion and new business opportunities. If a new share issue takes place against a cash payment and with departure from the shareholders' preferential rights, the price must be a market price and the number of newly issued share may not exceed 20 percent of the number of shares in the company after implemented new share issues.

Trading centre

Klaria has applied for and received approval for its shares to be admitted for trading on Nasdaq Stockholm First North. The first day of trading on First North is 21 October 2015. The Company's shares will have the abbreviation KLAR.

Shareholders

The table below presents Klaria's ten largest shareholders as of 30 September 2015. On 30 September 2015, Klaria had approximately 5,400 shareholders.

Shareholder	Number of shares	Ownership share
Nordea Luxemburg	10,999,032	36.7%
Handelsbanken Luxemburg	3,999,613	13.3%
Fredrik Hübinette	3,999,516	13.3%
UBS AG Zürich	3,750,000	12.5%
Banque Internationale à Luxemburg	750,000	2.5%
Alarik Förvaltning AB	450,000	1.5%
Fredrik Sjöö	322,843	1.1%
Peter Åsberg	322,843	1.1%
Gryningskust Holding AB	300,000	1.0%
Mats Eriksson	300,000	1.0%
Others	4,806,153	16.0%
Total	**30,000,000**	**100%**

Development of the share capital

Since Klaria was established, its share capital has changed as set out in the table below.

Action	Change in share capital (SEK)	Accumulated share capital (SEK)	Change in number of shares	Accumulated number of shares	Quota value (SEK)
Formation of company (2014)	+50,000	50,000	+50,000	50,000	1.00
Split (2014)	—	50,000	+950,000	1,000,000	0.05
New share issue (2015)	+125,000	175,000	+2,500,000	3,500,000	0.05
Non-cash issue (2015)	+325,000	500,000	+6,500,000	10,000,000	0.05
Split (2015)	—	500,000	+20,000,000	30,000,000	0.0167

Board of Directors

Klaria's Board of Directors comprises three members. The work of the Board is led by its Chairman. The Chairman of the Board receives an annual director's fee of SEK 150,000, and the Board member who is not an employee of the Company receives an annual director's fee of SEK 100,000.

The shareholdings indicated below relate to 30 September 2015.

Erik Nerpin
Chairman of the Board of Directors
Born: 1961
Education Bachelor of Law, Uppsala University, LL.M. International Banking Law, Boston University
Main occupation: Lawyer
Other current engagements: Chairman of the Board of Kancera AB, Karessa Pharma Holding AB, Diamyd Medical AB WYA Holding AB, Blasieholmen Investment Group Equity AB and Blasieholmen Investment Group Seed AB. Board member of Niccocino Holding AB, Effnetplattformen AB, Blasieholmen Investment Group AB and Otirol Art AB.
Shareholding: 60,000
Option holding: 0
Independent: Independent of both the Company and major shareholders.

Scott Boyer
Director and CEO
Born: 1962
Education Ph.D, University of Colorado, Boulder – Toxicology. NIH Fogarty International Center Postdoctoral Fellow – Karolinska Institute
Main occupation: CEO of Klaria Pharma Holding AB
Other current engagements: Director – Computational Toxicology, Karolinska Institute, Board member, Karessa Pharma Holding AB
Shareholding: 0
Option holding: 2,258,000
Independent: Not independent in relation to the Company or major shareholders in the Company.

Thomas Olin
Board member
Born: 1958
Education Ph.D in physiology and M.Sc. in biology, chemistry and earth science.
Main occupation: CEO of Kancera AB.
Other current engagements: Board member of Kancera AB
Shareholding: 0
Option holding: 0
Independent: Independent of both the Company and major shareholders.

Management and auditors

Scott Boyer
CEO
Born: 1962
Education Ph.D, University of Colorado, Boulder – Toxicology. NIH Fogarty International Center Postdoctoral Fellow – Karolinska Institute
Previous experience: Senior Research Scientist, Pfizer; Chief Scientist, AstraZeneca
Other current engagements: Director – Computational Toxicology, Karolinska Institute, Board member, Karessa Pharma Holding AB
Previous directorships: -
Shareholding: 0
Option holding: 2,258,000
Independent: Not independent in relation to the Company or major shareholders in the Company.

Susan Suchdev
Chief Operating Officer
Born: 1972
Education M.Sc., Karolinska Institute and Stockholm University, Nutrition and Clinical Development
Previous experience: Head Nordic Reg. Affairs, Nestlé; Country Manager, IRW; Unit Manager, TFS; Clinical Research, Pfizer AB.
Other current engagements: -
Previous directorships: -
Shareholding: 0
Option holding: 0
Independent: Independent of the Company's major shareholders but dependent on the Company.

Hans Richter
CFO on a consultant basis
Born: 1949
Education: MBA, Uppsala University, BA from Stockholm University
Past experience: Professional board member and CFO for hire
Other current engagements: Chairman of the Board of Magelhusen AB, Hela Sveriges Assistans AB, Anti-Snore Sweden AB, board member of Icehotel AB, Gällöfsta Utbildning och Konferens, Professionell Ägarstyrning AB.
Previous directorships: Chairman of IPQ IP Specialists AB, ID-Entity AB, Zuera AB, board member of Vivaldi AB, COOD Investments AB
Shareholding: 0
Option holding: 0
Independent: Independent of the Company's major shareholders but dependent on the Company.

Leif Ingemarsson
Chief Technical Officer
Born: 1959
Education B.Sc. Chemistry, Uppsala University
Previous experience: Section Manager/Project Manager/Product Manager, GE Healthcare
Other current engagements: -
Previous directorships: -
Shareholding: 0
Option holding: 0
Independent: Independent of the Company's major shareholders but dependent on the Company.

Auditor
Authorised Public Accountant Hans Brorsson, born 1959, is the auditor of Klaria and its subsidiaries.
Shareholding: 0
Option holding: 0

Other information about Board members and senior executives in respect of circumstances since 1 January 2010.
None of the Board's members or the Company's senior executives have been involved in bankruptcy or liquidation (where the issue has involved insolvency) in their capacity as Board members or senior executives. None of the Board's members or the Company's senior executives have been convicted in any prosecution relating to fraud. Furthermore, no accusations and/or sanctions have been levelled against any of these individuals by any public authority or professional association. None of the Board's members or the Company's senior executives have been prohibited by a court of law from being a member of a company's administrative, management or control bodies, or from holding managerial or senior functions in a company. None of the Board's members or the Company's senior executives are entitled to any benefits in conjunction with the termination of an assignment as a Board member or senior executive (other than that set out in provisions in the senior executives' employment contracts regarding employment benefits during the period of notice). None of the Board's members or the Company's senior executives have any family ties with any of the other Board members or senior executives. The Company is not aware of any conflicts of interest between the Board members' or the senior executives' obligations in relation to the Company and such Board members' or senior executives' private interests and/or other obligations.

Legal issues and supplementary information

Legal structure
Klaria is a Swedish registered limited liability company, with corp. reg. no. 556959-2917. The Company was registered by the Swedish Companies Registration Office on 22 January 2014 under the then name Goldcup 9443 AB. The Company's form of association is a limited liability company, and it is regulated by the Swedish Companies Act (2005:551). The Board of Directors has its registered office in Stockholm. Klaria is the parent company of a Group comprising a total of three companies: Klaria Pharma Holding AB (parent company), Klaria AB (subsidiary company) and Klaria Pharma AB (sub-subsidiary company).

Shareholder agreements
As far as the Board of Klaria is aware, no shareholder agreements exist between any of the Company's major shareholders.

Lock-up agreement
Klaria's founder, Fredrik Hübinette, has entered into a lock-up agreement with the Company whereby he has undertaken not to transfer any shares in the Company, nor to enter into agreements or participate in transactions that would have a corresponding effect to a transfer, during the period up to and including 31/03/2016. As far as the Board of Klaria is aware, no other lock-up agreements exist.

Certified Advisor at First North
First North is an alternative marketplace run by the various stock exchanges in Nasdaq. It does not have the same legal status as a regulated market. Companies on First North are regulated by First North's rules and not by the legal requirements set for trading on a regulated market. An investment in a company trading on First North generally involves more risk than an investment in a company on a regulated market.

All companies whose shares are traded on First North have a certified advisor who monitors that the Company is complying with First North's regulations regarding the provision of information to the market and investors. Remium, which is a member of and has an agreement with Nasdaq Stockholm AB, is the certified advisor for Klaria. A certified advisor reviews companies whose shares are to be admitted for trading on First North. Nasdaq Stockholm AB approves applications regarding admission for such trading. Nasdaq Stockholm AB's surveillance function is responsible for checking that both companies and certified advisors comply with First North's regulations. Surveillance also monitors trading on First North. Remium does not own any shares in Klaria, other than that which follows from the undertaking as a liquidity guarantor (see below).

Trading on First North
Klaria's shares will be traded on First North under the abbreviation KLAR. The shares have ISIN code SE0007280326. Klaria's ICB classification is 4577 Läkemedel.

Liquidity guarantor
Klaria has entered into an agreement with Remium whereby Remium acts as liquidity guarantor for Klaria's shares in respect of trading on First North. This undertaking primarily entails that the liquidity guarantor undertakes, where possible, to set the prices on both the buying and the selling side, with the effect that the difference between the purchase and the sales price does not exceed a certain level. The purpose of the agreement is consequently to promote the liquidity of Klaria's shares.

VPC-registered company
Klaria is a VPC-registered company and its shares are registered in a control register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479). Klaria and its shares are affiliated to the VPC system with Euroclear as the central clearing house and clearing organisation. Euroclear also maintains Klaria's shareholders' register. The shareholders do not receive a physical share certificate, rather transactions involving the shares are performed electronically through registration in the VPC system by authorised banks and other securities depositories.

Dividend policy
The size of any future dividends to Klaria's shareholders is dependent on a number of factors, such as profits, financial position, cash flow and operating capital requirement. Dividends will only be paid to the shareholders when long-term profitability can be predicted. No dividends are expected to be paid over the next few years, as available funds will be used for continued expansion. Decisions regarding dividends will be taken by the Annual General Meeting and payment will be handled by Euroclear. Individuals who are registered as shareholders in the share register kept by Euroclear on the closing day for dividends determined by the Annual General Meeting are entitled to receive dividends.

Dividends are normally paid as a cash sum per share, but can take a form other than cash, such as distribution in kind. If a

shareholder cannot be contacted for the receipt of a dividend, the shareholder's claim on the Company remains and is only limited by general regulations regarding the statute of limitations. In the event the statute of limitations applies, the entire amount goes to the Company. Klaria does not apply any restrictions or particular procedures in relation to cash dividends to shareholders living outside of Sweden. With the exception of any limitations relating to banking and clearing systems, payment is made in the same way as for shareholders living in Sweden. For shareholders whose fiscal domicile is not in Sweden, however, normal Swedish coupon tax applies.

Patents
The technology behind Klaria's drug delivery film is patented. The patent (Swedish patent no. 0502900-4, designated the "Film patent" in this Company Description) is owned by Uppsalagruppen Medical AB. The patent is exclusive and, for its entire remaining period of validity and without restrictions, is licensed to the Company in respect of critical molecules within the field of migraine and cancer-related pain. The Company pays no royalties nor any form of milestone payments for the license, but will be responsible for costs related to upholding the patent. The application for the Film patent, the PCT application (PCT/SE2006/050626), was submitted in 2006. The subsequent national phase covers a total of 42 countries, including the EU. To date, the patent application has been approved in Sweden, the USA ("notice of allowance"), China, Russia, Japan, Australia, New Zealand, South Africa and Israel. The licence for the invention applies worldwide. The extent of the protection for the invention is regulated by the relevant patent that has been applied for and granted in each country. In those countries where the patent is approved, protection is obtained until 2026. Klaria anticipates that the company’s IP will provide the company’s products with the required intellectual property protection.

Significant agreements
Klaria licenses the Film patent according to an agreement with Uppsalagruppen Medical AB (see above under the heading "Patents"). Other than this, Klaria currently has no agreements that are not considered possible to replace with a different contractual party on corresponding commercial terms.

Agreements with related parties
The current Group structure has been created as a result of FFT Medical AB hiving off Klaria Pharma AB to its shareholders through the newly formed company Klaria AB, after which the current Group parent company Klaria Pharma Holding AB acquired Klaria AB through a non-cash issue. Following this, there are no ownership ties between FFT Medical AB and Klaria. Furthermore, there are no other transactions with related parties, and Klaria is not party to any agreement that has not been entered into on commercial terms.

Disputes and legal procedures
Klaria is not party to any disputes, legal proceedings or arbitration proceedings that could affect the Company's operations to a significant extent.

Insurance
The Board of Directors considers that Klaria has sufficient insurance cover for its current operation. The Board will continually review the insurance cover as the operation expands.

Permits for the operation
The Company does not require any particular permits to conduct its operations.

Taxation issues in Sweden

The following summary outlines certain tax rules which may become topical in connection with the holding and trading in shares in Klaria. This summary refers in the first instance to shareholders with unlimited tax liability in Sweden. This summary is not intended to be exhaustive , nor does it cover situations where the shares are held by partnerships or as stock in trade. In addition, it does not deal with the special rules that apply when shareholders hold shares deemed held for business purposes, or the special rules which apply to natural persons' holdings of what are termed restricted shares held in a close company.

Special tax consequences may also arise for other categories of shareholders, such as investment companies, investment funds and persons whose tax liability in Sweden is limited. Holders of shares in Klaria are recommended to seek advice from tax advisers regarding the tax consequences that may arise in each individual case, including their applicability and the effects of foreign tax and tax agreements.

Natural persons

For natural persons and deceased estates, any returns, such as dividends and capital gains, are taxed as income from capital when the shares are sold. The tax rate is 30 percent. Preliminary tax in respect of dividends is withheld by Euroclear or, for nominee holdings, by the nominee. The company paying the dividend is not responsible for withholding any tax at source. Capital gains and capital losses are normally calculated as the difference between the sale payment, after deductions for selling costs, and the cost amount.

The cost amount for all shares of the same class and type is calculated jointly, applying the average method. Alternatively, for listed shares, the cost amount may be determined according to a standard method at 20 percent of the sale payment after deductions for selling costs. Capital losses on the disposal of listed shares are fully deductible against taxable capital gains on other listed shares and partnership rights the same year, except for shares in investment funds that contain only Swedish rights to make claims (fixed income funds). Capital losses that cannot be offset in this way may be 70 percent deducted against other income from capital. If a deficit arises in income from capital, a tax credit is allowed against municipal and state income taxes, as well as against state property tax and municipal property charges. A tax credit is allowed of 30 percent of the part of the deficit that does not exceed SEK 100,000 and of 21 percent for the remainder. The deficit cannot be saved for a later tax year.

Legal persons

Legal persons, except deceased estates, are normally taxed on all income, including taxable capital gains and dividends, under income from business activities. The tax rate is currently 22 percent. If the shares are shares deemed to be held for business purposes, special rules apply. Calculation of the capital gain or loss occurs in the same way as for natural persons as indicated above. Deductions for capital losses are normally only allowed against capital gains on shares or other partnership rights. Provided certain conditions are met, a loss can also be offset against capital gains in companies within the same group, on the condition that the right to group contributions exists between the companies. Capital losses that have not been able to be used for a given year may be saved and deducted against capital gains on shares and other partnership rights in subsequent tax years without limitation in time, termed the aktiefållan (pen for shares).

Shareholders with limited tax liability in Sweden

For shareholders, natural as well as legal persons, with limited tax liability in Sweden, normal Swedish dividend tax is payable at the rate of 30 percent on dividends from the Swedish limited company.

However, this rate is generally reduced by double taxation relief agreements between Sweden and other countries. Special rules apply for dividends on share which are deemed held for business purposes. Exemption from dividends tax also applies for shareholders within the EU who are legal persons and who meet the criteria in the EU directive 2011/96/EU if the shareholding amounts to at least 10 percent of the share capital in the company issuing the dividends. Dividends tax is withheld at the time of paying the dividends by Euroclear or, for nominee holdings, by the nominee. If dividends tax is withheld at too high an amount, repayment can be requested from Skatteverket (the Swedish Tax Agency) before the end of the fifth calendar year after the dividend payout. Shareholders with limited tax liability in Sweden and who do not carry out activities from a permanent establishment in Sweden are not normally taxed in Sweden for capital gains on the sale of shares and other partnership rights. Shareholders may, however, become the subject of such taxation in their fiscal domicile. Natural persons with limited tax liability in Sweden can be the subject of Swedish taxation on the disposal of securities if at any time during the calendar year in which the sale takes place, or at any time during the ten preceding calendar years, they have been resident in Sweden or have had their habitual abode here. However, the applicability of this rule in most cases is limited by double taxation relief agreements between Sweden and other countries.

Articles of association

Klaria Pharma Holding AB
Corp. reg. no. 556959-2917).

ARTICLES OF ASSOCIATION
adopted at the Extraordinary General Meeting on 5 June 2015

§ 1
The corporate name of the company is Klaria Pharma Holding AB (publ).

§ 2
The Board of Directors shall have its registered office in Stockholm Municipality.

§ 3
The company shall, directly or through wholly or partially owned subsidiaries, conduct research and development in the field of medicine, market and sell medical services and products, as well as carry out activities associated with this.

§ 4
The share capital shall be a minimum of SEK 500,000 and a maximum of SEK 2,000,000.

§ 5
The number of shares shall be a minimum of 30,000,000 and a maximum of 120,000,000. All the shares are of the same type.

§ 6
The Board shall consist of a minimum of 3 and a maximum of 8 members without deputy members.

§ 7
The company shall have one or two auditors with or without deputy auditors. A registered auditing company can be appointed as auditor and/or deputy auditor.

§ 8
Notices convening general meetings shall take place through advertisements in Post- och Inrikes Tidningar and on the company's website as well as through advertising in Svenska Dagbladet stating that a meeting has been convened.

Notices convening annual general meetings and extraordinary general meetings where the question of changes to the Articles of Association is to be discussed shall be issued no more than six weeks and no later than four weeks before the meeting. Notices convening an extraordinary general meeting shall be issued no more than six weeks and no later than two weeks before the meeting.

In order to be allowed to take part in the general meeting, the shareholder shall be recorded in a printout of the entire share register regarding the situation five working days before the meeting, and register himself and the number of representatives by the date stated in the notice convening the meeting. This day must not be a public holiday, a Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and must not fall more than five working days before the meeting.

A shareholder may take one or two representatives to a general meeting, but only if the shareholder has notified this in accordance with the previous paragraph.

§ 9
The company's financial year shall be 1 January – 31 December (calendar year).

§ 10
The Company's shares shall be registered in a control register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479).

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