



SERODUS

SERODUS ASA

**Interim report
Third quarter 2020
and subsequent events
(Unaudited)**

November 2020

Q3-2020 Highlights

- Documents to Australian ethical committee and authority for next clinical study are finalized.
- The Covid19 pandemic has changed daily work for all involved in planning and executing filing of SER50 relevant documents to Australian ethical committee and authorities.
- The 100% owned Australian subsidiary Serodus (AUS) Pty Ltd was incorporated in August
- The Full Work Order with Parexel for the SER150 CL-009 was signed in September

SER150 for Diabetic Kidney Disease

The world-wide prevalence of type 2 diabetes is increasing. One of the complications seen in patients with type 1 as well as type 2 diabetes is the progressive and under-recognized loss of kidney function. Global prevalence of stage III chronic kidney disease due to type 2 diabetes is 14.545.000 in 2017. At this stage of the diseases approximately half of the kidney function is destroyed. Patients will often suffer from other diseases associated with increased risk of death.

Standard care of these patients is tight control of blood glucose as well as blood pressure control. No specific treatment of the diabetes induced renal inflammation is currently available. When only 10-15% of renal function is left the patients has reached the “end stage chronic kidney disease” and chronic dialysis or kidney transplantation may be introduced. This stage of kidney disease is a serious burden to both the patients and their families and in addition also a serious health economic burden to society.

SER150 is aiming at stopping the ongoing non-infectious renal diabetic inflammation. The renal inflammatory process is diagnosed by identifying albumin in the urine. SER150 has in the first clinical study demonstrated a significant reduction in urinary albumin after treatment of patients with type 2 diabetes in only 4 weeks.

SER150 now continue the development.

Status of SER150 study: The detailed information about SER150, the Investigator Brochure, Protocol, and information about pregnancy both to the woman and partner have all been commented by Serodus in addition to Investigational Medicinal Product Dossier. These documents are all finally approved during this quarter by the CRO's internal QA's and by Serodus.

Parexel is the clinical contract house to whom Serodus has outsourced the day-to-day management of the clinical study. Serodus and Parexel have finalized the feasibility letter with questionnaires which early in October was sent to 25 Australian clinical centers. The centers are asked whether they have the patient population described in the study protocol and whether the center would like to participate in the study. When answers are received from the first centers they will be called for a more detailed interview. As soon as possible thereafter relevant documents will be filed with the ethical committees.

Due to Covid-19 and the significant changes in how the day-to-day work process is planned, Serodus still have to adjust the schedule of the next clinical study like everybody else in the pharma industry.

SER130 and SER140

Nothing new to report

Financials

Financial statement for the third quarter 2020 compared to same quarter 2019.

Please note that the reverse share split 10:1 in June 2019 was registered with the corporate register in Norway in July 2020. This makes the number of shares figures comparable from this quarter onwards.

In August Serodus ASA incorporated the 100% owned Australian subsidiary Serodus (AUS) Pty Ltd which will be the official sponsor of the SER150 CL-009 study.

At the end of the third quarter Serodus (AUS) Pty Ltd signed the Full Work Order for CL-009 with the contract research laboratory Parexel Intl. Ltd. The Full Work Order describes in detail the steps and procedures for the study that will take place in Australia.

Serodus continues to look for further financing in order to potentially strengthen the development plan.

The difference in personnel cost is due to retirement among senior staff.

At the end of 2020-Q3 Serodus had app. 42,0 M in cash.

Profit & Loss

(All figures in thousand NOK)	Q3 '2020	Q3 '2019	YTD 2020	YTD 2019
Operating income				
Revenue	-	-	-	-
Operating expenses				
Cost of sales	-	-	-	-
Project cost	(13,829)	(2,212)	(20,229)	(12,487)
Personnel expenses	(674)	(1,845)	(2,435)	(4,475)
Depreciation and Amortization of assets	(11)	(45)	(32)	(134)
Other Operating Expenses	(721)	(795)	(3,502)	(3,084)
Total Operating Expenses	(15,233)	(4,896)	(26,197)	(20,180)
Operating result	(15,233)	(4,896)	(26,197)	(20,180)
Net finance	(12)	(109)	(125)	(255)
Profit/ (loss) before tax	(15,245)	(5,005)	(26,322)	(20,435)
Tax	-	-	-	-
Profit/ (loss) after tax	(15,245)	(5,005)	(26,322)	(20,435)

Balance Sheet

(All figures in thousand NOK) **30-09-2020** **30-09-2019**

ASSETS

Assets

Intangible assets	607	2,108
Goodwill	-	599
Sum intangible assets	607	2,708

Current assets

Inventories	7,892	4,298
Other short term receivables	4,747	91
Bank	42,043	16,600
Sum Current assets	54,681	20,990

Sum assets	55,288	23,698
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EQUITY AND DEBT

Share capital	14,302	10,455
Share premium reserve	-	-
Other equity	80,634	34,480
Capital not registered		
Retained earnings	(53,448)	(22,371)
Sum equity	41,487	22,565

Long term debt

Convertible loan	-	-
Deferred tax	(11)	362
Sum long term debt	(11)	362

Short term debt

Accounts payable	13,554	390
Other short term debt	258	381
Sum short term debt	13,812	771

Sum equity and debt	55,288	23,698
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Cash flow

(All figures in thousand NOK	Q3 '2020	Q3 '2019	YTD 2020	YTD 2019
Cash flow from operating activities				
Ordinary profit/(loss) before tax	(15,245)	(5,005)	(26,322)	(20,435)
Amortization of assets				
Depreciation of assets	11	45	32	134
Placement expenses booked directly to equity				
Share based payments				
Changes in accounts receivables, creditors and inventory	11,387	(916)	7,360	(9,243)
Changes in accruals	193	159	(1,155)	(489)
Net cash flow from operating activities	(3,655)	(5,718)	(20,086)	(30,033)
Cash flow from investing activities				
Investment in assets	-	-	-	-
net cash flow from investing activities	-	-	-	-
Cash flow from financing activities				
Proceeds from issue of share capital	-	-	49,999	29,502
Capital not registered				
Convertible loan	-	-	-	-
Emmision acquisition of shares Phlogo				
Issue expences recognized directly in equity				
Repayment of loans				
Net cash flow from financing activities	-	-	49,999	29,502
Net changes in cash and cash equivalents	(3,655)	(5,718)	29,914	(530)
Cash and cash equivalents at the beginning of the period	45,698	22,318	12,129	17,131
Cash and cash equivalents at the end of the period	42,043	16,600	42,043	16,600

Equity
YTD 2020

(All figures in thousand NOK)	Share capital	Share premium reserve	Other paid inn equity	Retained earnings	Total equity
Equity 01.01.2020	10,455	-	34,480	(27,035)	17,901
- Profit/(loss) for the period				(26,322)	(26,322)
- Other revenue/expenses				-	-
<i>Total comprehensive incom</i>	-	-	-	(26,322)	(26,322)
<i>Transaction costs</i>					-
Sharebased payments					-
Conversion of debt					-
Capital not registered	315		3,780		4,095
Issue of shares	3,531		42,373		45,904
Foreign exchange change Equity				(91)	(91)
Capital reduction					-
Equity 30.09.2020	14,302	-	80,634	(53,448)	41,487

Key Figures

(All figures in thousand NOK)	Q3 '2020	Q3 '2019	YTD 2020	YTD 2019
Total operating revenue	-	-	-	-
Net operating expenses	(15,233)	(4,896)	(26,197)	(20,180)
Operating profit (loss)	(15,233)	(4,896)	(26,197)	(20,180)
Total comprehensive income(loss) for the period	(15,245)	(5,005)	(26,322)	(20,435)
Diluted earnings (loss) per share	(1.07)	(0.47)	(1.84)	(1.92)
Number of employees	2	3	2	3
Cash and equivalents at end of period	42,043	16,600	42,043	16,600

Board of Directors and CEO
September 2020
Serodus ASA