



# SERODUS

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## SERODUS ASA

**Interim report  
First quarter 2018  
and subsequent events  
(Unaudited)**

May 2018

## Q1-2018 Highlights

- Conversion of loan to shares is close to be registered at Brønnøysund
- The last share issue is close to be registered at Brønnøysund
- Follow up after meetings with potential pharma partners and international investors

## Serodus pipeline

Type 2 Diabetes (T2D) is a large and rapidly growing worldwide health problem. After 10-20 years with diabetes a majority of the patients develop different complications which are severely hampering their Quality of Life. Treatment of these complications such as stroke, blindness, heart attack, sudden death, chronic foot ulcer often followed by amputation and loss of kidney function ending with dialysis are all a serious economic health burden that will increase dramatically over the next decades.

Serodus' compound, SER150, is aimed at stopping the loss of kidney function in patients with T2D Diabetic Kidney Disease. SER150 is the most advanced compound in Serodus' pipeline.

### SER150 for Diabetic Kidney Disease

SER150 has demonstrated a significant reduction of protein in urine after only 4 weeks treatment of patients suffering from diabetic kidney disease. Protein in urine in patients with T2D is a strong biomarker of kidney damage. SER150 was well tolerated with no safety signals at all in the patients with diabetic kidney disease

Synthesis of the active substance of SER150 is ongoing.

The pharmacological study was initiated beginning of Q1-18 and treatment of the animals is close to finalization. During the coming months Serodus will see the results of urine analysis and microscopy of the kidney in diabetic animals dosed with placebo or with different doses of SER150.

Current preclinical toxicological data allow Serodus to dose patients for three months with SER150. In our discussions with potential pharma partners, pharma companies suggested longer treatment periods, e.g. 6 months dosing to see the long term clinical effect of SER150.

The next clinical study will include more T2D patients with diabetic kidney disease than the previous phase 2a safety study. The patients will at baseline have lower kidney function and higher concentration of albumin in their urine, indicating a more severe diabetic kidney disease. The clinical endpoint will be a combination of loss of protein in urine and a number of different kidney specific markers.

Discussion of the next clinical study design is continuing with advisors from different scientific fields.

Due to some delay in production of SER150 compound the IND for next clinical study is also expected to be somewhat delayed. As a result, it is thus difficult to come up with a reliable time schedule.

Serodus organized meetings with potential pharma partners and international investors during the 1<sup>st</sup> quarter to keep them updated on development progress of SER150.

## **Remaining pipeline**

Due to sparse financial capability, the other pipeline projects have not been prioritized.

## **Financing**

Serodus has had a minimum of financial resources during the last years which has allowed Serodus to do only the minimal development activities with the focus on SER150 for the treatment of Diabetic Kidney Disease and stopping loss of kidney function.

As mentioned in the Q4-2017 report Serodus is able to continue the manufacturing of clinical trial materials thanks to the latest increase in share capital. Serodus has a positive cash flow until mid-first quarter 2019.

## **Financials**

Comments to the first quarterly 2018 financial report:

Serodus has used same accounting principles as last year.

Total operating expenses are well below last year's expenses. This is due to the finalization of the SER150 clinical study in 2017 and a reduction in the number of employees from 6 to 3. Other costs are lower mainly due to postponed receipt of invoices.

The Balance sheet shows a positive liquidity due to the capital increase (loan from shareholders) and the equity is positive (NOK 30.217 M).

The positive cash flow is caused by a conversion of the loan to equity (NOK 29.312K) which will enable Serodus to operate until first half of 2019.

Financial statement for first quarter 2018 compared to the same quarter 2017.

**Profit & Loss**

(All figures in thousand NOK)	Q1 '2018	Q1 '2017	YTD 2018	YTD 2017
<b>Operating income</b>				
Revenue	-	-	-	-
<b>Operating expenses</b>				
Cost of sales	-	-	-	-
Project cost	(289)	(2.300)	(289)	(2.300)
Personnel expenses	(1.952)	(2.408)	(1.952)	(2.408)
Depreciation and Amortization of assets	(11)	(11)	(11)	(11)
Other Operating Expenses	(800)	(1.569)	(800)	(1.569)
<b>Total Operating Expenses</b>	<b>(3.051)</b>	<b>(6.288)</b>	<b>(3.051)</b>	<b>(6.288)</b>
<b>Operating result</b>	<b>(3.051)</b>	<b>(6.288)</b>	<b>(3.051)</b>	<b>(6.288)</b>
<b>Net finance</b>	<b>(573)</b>	<b>(30)</b>	<b>(573)</b>	<b>(30)</b>
<b>Profit/ (loss) before tax</b>	<b>(3.624)</b>	<b>(6.318)</b>	<b>(3.624)</b>	<b>(6.318)</b>
Tax	-	-	-	-
<b>Profit/ (loss) after tax</b>	<b>(3.624)</b>	<b>(6.318)</b>	<b>(3.624)</b>	<b>(6.318)</b>

## Balance Sheet

(All figures in thousand NOK)

31.03.2018

31.03.2017

### ASSETS

#### Assets

Intangible assets	662	704
Goodwill	-	-
<b>Sum intangible assets</b>	<b>662</b>	<b>704</b>

#### Current assets

Other short term receivables	242	2.763
Bank	29.312	1.874
<b>Sum Current assets</b>	<b>29.554</b>	<b>4.637</b>

<b>Sum assets</b>	<b>30.217</b>	<b>5.341</b>
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### EQUITY AND DEBT

Share capital	100.304	57.853
Share premium reserve	54.420	53.857
Other equity	(9.518)	(9.678)
Capital not registered		
Retained earnings	(123.296)	(102.887)
<b>Sum equity</b>	<b>21.909</b>	<b>(856)</b>

#### Long term debt

Convertible loan	5.677	3.854
Deferred tax	-	-
<b>Sum long term debt</b>	<b>5.677</b>	<b>3.854</b>

#### Short term debt

Accounts payable	720	1.273
Other short term debt	1.911	1.070
<b>Sum short term debt</b>	<b>2.630</b>	<b>2.343</b>

<b>Sum equity and debt</b>	<b>30.217</b>	<b>5.341</b>
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**Cash flow**

(All figures in thousand NOK)	Q1 '2018	Q1 '2017	YTD 2018	YTD 2017
<b>Cash flow from operating activities</b>				
Ordinary profit/(loss) before tax	(3.624)	(6.318)	(3.624)	(6.318)
Amortization of assets				
Depreciation of assets	11	11	11	11
Placement expenses booked booked directly to equity				
Share based payments				
Changes in accounts receivables, creditors and inventory	(1.694)	(1.206)	(1.694)	(1.206)
Changes in accruals	(3.073)	(67)	(3.073)	(67)
<b>Net cash flow from operating activities</b>	<b>(8.380)</b>	<b>(7.581)</b>	<b>(8.380)</b>	<b>(7.581)</b>
<b>Cash flow from investing activities</b>				
Investment in assets	-	-	-	-
<b>net cash flow from investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flow from financing activities</b>				
Proceeds from issue of share capital	42.451	-	42.451	-
Capital not registered				
Convertible loan	(19.023)	3.854	(19.023)	3.854
Emmision acquisition of shares Phlogo				
Issue expences recognized directly in equity				
Repayment of loans				
<b>Net cash flow from financing activities</b>	<b>23.428</b>	<b>3.854</b>	<b>23.428</b>	<b>3.854</b>
<b>Net changes in cash and cash equivalents</b>	<b>15.048</b>	<b>(3.727)</b>	<b>15.048</b>	<b>(3.727)</b>
Cash and cash equivalents at the beginning of the period	14.264	5.601	14.264	5.601
<b>Cash and cash equivalents at the end of the period</b>	<b>29.312</b>	<b>1.874</b>	<b>29.312</b>	<b>1.874</b>

**YTD 2018**

(All figures in thousand NOK)	Share capital	Share premium reserve	Other paid inn equity	Retained earnings	Total equity
Equity 01.01.2017	57.853	54.420	(9.518)	(119.672)	(16.918)
- Profit/(loss) for the period				(3.624)	(3.624)
- Other revenue/expenses				-	-
<i>Total comprehensive income</i>	-	-	-	(3.624)	(3.624)
<i>Transaction costs</i>					-
Sharebased payments					-
Conversion of debt					-
Capital not registered	42.451				42.451
Issue of shares		-	-		-
Capital reduction					-
<b>Equity 31.12.2017</b>	<b>100.304</b>	<b>54.420</b>	<b>(9.518)</b>	<b>(123.296)</b>	<b>21.909</b>

**Key Figures**

(All figures in thousand NOK)	Q1 '2018	Q1 '2017	YTD 2018	YTD 2017
Total operating revenue	-	-	-	-
Net operating expenses	(3.051)	(6.288)	(3.051)	(6.288)
<b>Operating profit (loss)</b>	<b>(3.051)</b>	<b>(6.288)</b>	<b>(3.051)</b>	<b>(6.288)</b>
<b>Total comprehensive income(loss) for the period</b>	<b>(3.624)</b>	<b>(6.318)</b>	<b>(3.624)</b>	<b>(6.318)</b>
<b>Diluted earnings (loss) per share</b>	<b>(0,08)</b>	<b>(0,14)</b>	<b>(0,08)</b>	<b>(0,14)</b>
<b>Number of employees</b>	<b>3</b>	<b>6</b>	<b>3</b>	<b>6</b>
<b>Cash and equivalents at end of period</b>	<b>29.312</b>	<b>1.874</b>	<b>29.312</b>	<b>1.874</b>

The Board of Directors and CEO  
 May 9, 2018  
 Serodus ASA