



SERODUS

SERODUS ASA

**Interim report
Third quarter 2019
and subsequent events
(Unaudited)**

October 2019

Q3-2019 Highlights

- New financing for next clinical studies is prepared
- SER150 long-term toxicological testing in 2 animal species ongoing

SER150 for Diabetic Kidney Disease

Toxicological, long-term studies in two animal species were initiated early first quarter 2019 and are still running successfully with weekly updates. Dosing period of one of the species has been finalized and Serodus receives a draft report with detailed description of individual organs early December. An interim draft report after 6-month dosing of the other species will also be sent to Serodus early December.

Serodus has decided to change the inclusion criteria of Type 2 Diabetes patients in the next clinical study. Patients must be well controlled type 2 diabetic patients with high urinary albumin concentration instead of being selected based on fast decline of the kidney function.

A workshop sponsored of FDA, EMA and US National Kidney Foundation and published in August in the high ranked Journal of the American Society of Nephrology documented that early change of urinary albumin excretion corrected for creatinine (ACR) is a strong surrogate marker of loss of kidney function. The analysis was based on a meta-analysis of a number of large clinical studies and the outcome was highly significant.

Based on these published results Serodus has decided to include Type 2 Diabetic patients with high ACR (macro albuminuria) in the next SER150 clinical study and demonstrate that SER150 statistically significantly reduce the ACR. This will be seen as a clinically relevant effect after treatment with SER150.

The next clinical study in patients is in the planning phase and discussions with Clinical Contract Houses are ongoing

SER130 for Diabetic Retinopathy

Diabetic retinopathy is a microvascular disease localized in the retina leading to hypertension in the small arteries and capillaries. Thrombus formation and microaneurysm is leading to dysfunction and degeneration



of the retinal vasculature and is causing reduced vision and finally causing blindness.

It is believed that retinopathy is caused by low-grade inflammation in diabetic patients and as SER130 has shown anti-inflammatory propensities SER130 could be a new treatment modality in diabetic patients with retinopathy.

Serodus will initiate literature search and study relevant pharmacological test models.

SER140 for Newly Diagnosed Type 1 diabetes

The insulin producing cells in pancreas disappear rapidly in some patients who develop type 1 diabetes and slower in some patients. Serodus has in a preclinical diabetes model found that SER140 prevent the loss of the insulin synthesizing cells in pancreas.

The aim with SER140 is to slow down or stop of further loss of insulin synthesis. The development of SER140 for treatment of Type 1 Diabetes will be initiated as soon as Serodus has the sufficient capabilities, i.e. staff and financing.

Financials

Financial statement for the third quarter 2019 compared to same quarter 2018.

Serodus is able to finance development activities into 2020 but in order to initiate the next clinical study additional funding is needed. Both a non-confidential and a confidential presentation directed towards the financial community has been prepared. Information has been sent to a group of larger investors and meetings with investors are expected to take place during Q4 2019.

Profit & Loss

(All figures in thousand NOK)	Q3 '2019	Q3 '2018	YTD 2019	YTD 2018
Operating income				
Revenue	-	-	-	58
Operating expenses				
Cost of sales	-	-	-	-
Project cost	(2.212)	146	(12.487)	(5.536)
Personnel expenses	(1.845)	(1.583)	(4.475)	(4.188)
Depreciation and Amortization of assets	(45)	(55)	(134)	(166)
Other Operating Expenses	(795)	(522)	(3.084)	(2.771)
Total Operating Expenses	(4.896)	(2.014)	(20.180)	(12.662)
Operating result	(4.896)	(2.014)	(20.180)	(12.603)
Net finance	(109)	(15)	(255)	(402)
Profit/ (loss) before tax	(5.005)	(2.030)	(20.435)	(13.005)
Tax	-	-	-	-
Profit/ (loss) after tax	(5.005)	(2.030)	(20.435)	(13.005)



Balance sheet		
(All figures in NOK)	30/09/2019	30/09/2018
ASSET		
Assets		
Intangible assets	2.108.389	2.287.392
Goodwill	599.230	599.230
Sum intangible assets	2.707.618	2.886.622
Current assets		
Inventories	4.298.484	-
Other short term receivables	91.457	1.679.840
Bank	16.600.411	17.642.213
Sum Current assets	20.990.352	19.322.053
Sum Assets	23.697.970	22.208.675
EQUITY AND DEBT		
Share capital	10.455.442	106.125.964
Share premium reserve	(0)	50.948.410
Other equity	34.480.374	(4.461.445)
Retained earnings	(22.370.761)	(131.289.036)
Sum Equity	22.565.056	21.323.893
Long term debt		
Convertible loan	-	-
Deferred tax	361.593	391.726
Sum long term debt	361.593	391.726
Short term debt		
Accounts payables	390.061	18.875
Other short term debt	381.261	474.181
Sum Short term debt	771.322	493.056
Sum equity and debt	23.697.970	22.208.675

Cash flow

(All figures in thousand NOK)	Q3 '2019	Q3 '2018	YTD 2019	YTD 2018
Cash flow from operating activities				
Ordinary profit/(loss) before tax	(5.005)	(2.030)	(20.435)	(13.005)
Amortization of assets				
Depreciation of assets	45	55	134	166
Placement expenses booked booked directly to equity				
Share based payments				
Changes in accounts receivables, creditors and inventory	(916)	(808)	(9.243)	(2.375)
Changes in accruals	159	39	(489)	(4.949)
Net cash flow from operating activities	(5.718)	(2.744)	(30.033)	(20.164)
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	-	-	29.502	45.148
Capital not registered				
Convertible loan	-	-	-	(21.574)
Emmision acquisition of shares Phlogo				
Issue expences recognized directly in equity				
Repayment of loans				
Net cash flow from financing activities	-	-	29.502	23.573
Net changes in cash and cash equivalents	(5.718)	(2.744)	(530)	3.410
Cash and cash equivalents at the beginning of the period	22.318	20.386	17.131	14.233
Cash and cash equivalents at the end of the period	16.600	17.642	16.600	17.642

YTD 2019

(All figures in thousand NOK)	Share capital	Share premium reserve	Other paid inn equity	Retained earnings	Total equity
Equity 01.01.2019	106.418	50.948	(4.461)	(139.408)	13.497
- Profit/(loss) for the period				(20.435)	(20.435)
- Other revenue/expenses				-	-
<i>Total comprehensive income</i>	-	-	-	(20.435)	(20.435)
<i>Transaction costs</i>					-
Sharebased payments					-
Conversion of debt					-
Capital not registered	-				-
Issue of shares	29.502				29.502
Foreign exchange change Equity					
Capital reduction	(125.465)	(50.948)	38.942	137.472	-
Equity 30.09.2019	10.455	()	34.480	(22.371)	22.565

Key Figures

(All figures in thousand NOK)	Q3 '2019	Q3 '2018	YTD 2019	YTD 2018
Total operating revenue	-	-	-	58
Net operating expenses	(4.896)	(2.014)	(20.180)	(12.662)
Operating profit (loss)	(4.896)	(2.014)	(20.180)	(12.603)
Total comprehensive income(loss) for the period	(5.005)	(2.030)	(20.435)	(13.005)
Diluted earnings (loss) per share	(0,47)	(0,02)	(1,92)	(0,16)
Number of employees	3	3	3	3
Cash and equivalents at end of period	16.600	17.642	16.600	17.642

Board of Directors and CEO

October 2019

Serodus ASA