

Asarina Pharma AB (Publ)

Interim report July 1 - September 30, 2018

Third quarter (Jul-Sep) 2018

- Net sales 0 KSEK (0)
- Operating profit - 14 640 KSEK (-3 553)
- Earnings per share, before and after dilution, -1.84 SEK (-0.54)

Significant events during the third quarter (Jul-Sep) 2018

Asarina's phase 2b study in PMDD progressed during the third quarter with a steady increase in the recruitment of patients. The company expects as previously communicated to have topline results before year-end 2019.

During the third quarter, the Company intensified its preparations for the phase 2a study in menstrual migraine. The study will be initiated in the second quarter of 2019 and the company expects to have topline results before the end of 2020.

On 24 September 2018, Asarina Pharma achieved a major corporate milestone when the Company's shares started trading on NASDAQ First North Stockholm following a successful share issue which generated net proceeds (after transaction costs) of approx. SEK 140.4 million. The Company now has a total of approx. 650 shareholders.

Prior to the IPO, the Company raised a convertible loan of SEK 10 million from one of its existing shareholders. In connection with the listing of the company's shares, the loan was converted to 415,000 new shares. Furthermore, the company issued 362,000 new shares to Ergomed (the CRO responsible for the phase 2b study in PMDD) as partial payment for the achievement of one of the phase 2b milestones.

Significant events after the reporting period

In connection with the listing of the Company's shares on 24 September 2018, Asarina granted Penser Bank an over-allotment option which gave Penser the right to sell 350,000 additional shares at the IPO price (SEK 21 per share). On 25 October, Penser decided to exercise the over-allotment option in full which generated additional net proceeds of SEK 6.5 million to the Company

Selected financial data

	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full year
Net sales, SEK '000	0	0	0	0	0
Operating profit, SEK '000	-14,640	-3,553	-31,115	-25,167	-32,531
Result after financial items, SEK '000	-15,228	-3,553	-29,978	-25,185	-32,305
Earnings per share, before and after dilution, SEK	-1.84	-0.54	-3.88	-3.87	-4.28
Total assets, SEK '000	147,766	7,257	147,766	7,257	12,875
Equity ratio, %	96.2	91.6	96.2	91.6	76.6
Return on equity, %	-20.0	-53.4	-39.4	-255.2	-219.8
Return on total assets, %	-18.2	-49.0	-37.3	-346.8	-250.7

Asarina Pharma in brief

Asarina Pharma AB (publ) is a biotech company based in Stockholm. Asarina Pharma's shares have been traded on Nasdaq First North Stockholm since 24 September, 2018 (ticker: **ASAP**) with Erik Penser Bank as Certified Adviser.

Asarina Pharma focuses on research and development of new drugs for women's health indications. The company's lead drug candidate, Sepranolone is in a phase 2b study for treatment of premenstrual dysphoric disorder (PMDD). The Company's second clinical program is targeting menstrual migraine - another women's health indication with high unmet medical need – for which the Company plans to initiate a phase 2a study in the second quarter of 2019.

Asarina Pharma AB is the parent company in a group, which includes the wholly-owned subsidiaries, Asarina Pharma Aps (Denmark) and Asarina Pharma Finans AB.

Message from Peter Nordkild, CEO of Asarina Pharma

The entire Asarina team is grateful for the strong support that was provided by both institutional and not least a vast number of private investors in connection with the IPO. It was very encouraging to observe the general interest in Asarina and in particular the interest in what we do to help the many women whose lives are ruined by this serious condition with little or no treatment options today.

While we were busy preparing and executing the IPO, we also invested major efforts in progressing our phase 2b study. Recruitment of patients slowed over the summer due to vacation but has now picked up again and we are on schedule for delivery of topline results before the end of 2019.

The proceeds from the IPO have enabled us to accelerate the key activities for the future of Asarina. The protocol for the phase 2a study in menstrual migraine has been finalized and a CRO to perform the study will be selected before the end of the year. The first patient is expected to be included in the study before summer 2019 and topline results are expected before year-end 2020.

Activities have been initiated to screen and test alternative delivery technologies with the aim to identify a technology that would enable non-injectable administration of Sepranolone. With the appointment of a Head of CMC (Production) we have also accelerated the upscaling of Sepranolone production to be ready for the phase III study.

Description of Asarina Pharma's development projects

Asarina Pharma's lead project is the development of Sepranolone in Pre-menstrual Dysphoric Disorder (PMDD) which is a serious women's health indication with a significant unmet need. Asarina is currently conducting a phase 2b study with the aim of demonstrating the efficacy of Sepranolone in the treatment of PMDD. The current study is expected to be completed before the end of 2019.

In addition to PMDD, Sepranolone can potentially be used for treatment of menstrual migraine which also is a major indication without current effective treatment options. Asarina Pharma plans to initiate a clinical phase 2a study in menstrual migraine during the second quarter of 2019.

In parallel to the clinical development of Sepranolone, Asarina Pharma aims to develop a Sepranolone analogue, i.e. a similar compound which would allow oral administration through a tablet or a capsule. The Company estimates that this will significantly increase the market potential for Asarina's products. In order to prepare for future major clinical studies and eventually commercial production the Company plans to invest resources in process development and upscaling of the production of Sepranolone.

Risk and uncertainties in summary

Research and Development: The development of the Company's candidate drug is associated with significant risks, such as it proving to be ineffective, dangerous or in any other way failing to meet the relevant requirements, or proving difficult to develop into a commercially viable product that will generate revenue for the Company. Asarina Pharma is highly dependent on the development project of its main candidate Sepranolone, and on the successful completion of its clinical Phase II study in PMDD. In the case of the development of the Company's candidates drug failing or deviating from the Company's plan, Asarina Pharma's operations, results and financial position will be significantly negatively affected.

Clinical trials: Asarina Pharma is conducting a Phase IIB trial with Sepranolone for PMDD, expected to be completed by the Fourth Quarter 2019. Additionally, Asarina Pharma plans to conduct clinical trials of Sepranolone for other indications, such as menstrual migraine. All clinical studies are associated with significant risks, including schedule, results and outcome. If the Company's ongoing or planned clinical studies fail to indicate sufficient efficacy, or deviate in other ways from the desired results, then this could have a significant negative impact on the Company's operations, results and financial position.

Related party transactions

Asarina Pharma has not granted loans, guarantees or other financial commitments to any member of the board of directors or management except as described below.

During the third quarter, the Company had a consulting agreement with Ola Flink, member of the board of directors. Furthermore, the Company has a Clinical Trial Agreement (established in October 2016) with Ergomed plc which is a shareholder in Asarina. Dr Miroslav Reljanovic, who is a director at Asarina Pharma is a director of Ergomed.

Financial calendar

Year-end Report 2018	February 25, 2019
Annual Report 2018	April 17, 2019
Annual General meeting 2019	May 8, 2019

Certified Adviser

The company's certified adviser is Erik Penser Bank, tel. +46 (08) 463 80 00

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Publication

The report was submitted for publication by the CEO at 08.00 am CET on November 14, 2018

This report has not been subject to review by the company's auditors.

Financial development third quarter (Jul-Sep) 2018 (the Group)

Amounts are reported in KSEK (thousand SEK). Amounts in parenthesis refer to the same period in the previous year unless stated otherwise.

Costs

Operational costs amounted to 14 640 (3 553), of which costs for the ongoing phase 2b study in PMDD amounted to 11 296 (1 885).

Other external costs amounted to 1 923 (707).

Staff costs amounted to 1 421 (961)

Result and financial position

The operational result amounted to -14 640 (-3 553) and the result before and after taxes amounted to -15 228 (-3 553).

Cash flow for the period amounted to 132 912 (-3 446).

The Group's cash balance on September 30, 2018 amounted to 142 523 compared to 8 384 on December 31, 2017.

The Group's shareholder's equity on September 30, 2018 amounted to 142 126 compared to 9 868 on December 31, 2017.

The Group's equity ratio amounted to 96.2 % compared to 76.6% on December 31, 2017.

Financial development Jan-Sep 2018 (the Group)

Costs

Total operational costs amounted to 31 115 (25 167), of which costs for the ongoing phase 2b study in PMDD amounted to 22 539 (16 408).

Other external costs amounted to 4 774 (2 166).

Personnel costs amounted to 3 802 (2 715).

Result and financial position

The operational result for the first 9 months of 2018 amounted to -31 115 (-25 167) and the result before and after taxes amounted to -29 978 (-25 185).

The company had a positive cash flow for the period of 133 916 (-16 191).

The Group's cash balance on September 30, 2018 amounted to 142 523 compared to 8 384 on December 31, 2017.

The Group's shareholder's equity on September 30, 2018 amounted to 142 126 compared to 9 868 on December 31, 2017.

The Group's equity ratio amounted to 96.2% compared to 76.6% on December 31, 2017.

Shares

As of 12 November 2018, Asarina has 16,037,218 shares, which are held by approx. 650 shareholders.

Ownership as of 30 September 2018 (incl. subsequent changes as available)

Shareholder	Country	No. of shares	Ownership (%)
Kurma Biofund	France	3,145,132	19.6
Östersjöstiftelsen	Sweden	2,352,092	14.7
Rosetta Capital	United Kingdom	2,058,329	12.8
Idinvest Patrimoine	France	1,639,824	10.2
Sectoral Asset Management	Canada	1,190,476	7.4
Swedbank Robur Fonder	Sweden	1,190,476	7.4
Catella Fonder	Sweden	715,470	4.5
Ergomed plc	United Kingdom	391,898	2.6
Handelsbanken Fonder	Sweden	380,952	2.5
Nordnet Pensionsförsäkring	Sweden	274,727	1.8
Others		2,697,842	16.8
TOTAL		16,037,218	100.0

Asarina Pharma has established an incentive program for the board of directors and management. Under this program, the independent directors and members of management have been granted warrants which entitle them to subscribe for a total of 758,822 new Asarina shares at the end of 2021 at the IPO price plus 20%.

Statement by the Board of directors

The board of Directors and the CEO hereby certify that this report gives a true and fair presentation of the Group's and parent company's operations, financial position and result of operations, and describes material risks and uncertainties facing the Group.

Stockholm 14 November 2018

Consolidated income statement

<i>SEK '000</i>	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full year
Net sales	0	0	0	0	0
Other income	0	0	0	0	1,674
Total sales	0	0	0	0	1,674
Research and development costs	-11,296	-1,885	-22,539	-16,408	-22,988
Other external costs	-1,923	-707	-4,774	-2,166	-3,460
Personell costs	-1,421	-961	-3,802	-2,715	-3,878
Depreciation	0	0	0	-3,878	-3,879
Total costs	-14,640	-3,553	-31,115	-25,167	-34,205
Operating profit	-14,640	-3,553	-31,115	-25,167	-32,531
Financial income	0	0	1,137	0	251
Financial cost	-588	0	0	-18	-25
Financial net	-588	0	1,137	-18	226
Result before taxes	-15,228	-3,553	-29,978	-25,185	-32,305
Taxes	0	0	0	0	4,009
Result for the period	-15,228	-3,553	-29,978	-25,185	-28,296

Earnings per share

	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full year
Earnings per share, before and after dilution, SEK	-1.84	-0.54	-3.88	-3.87	-4.28
Number of shares, weighted average ¹	8,261,005	6,589,021	7,720,623	6,493,437	6,607,210
Number of share, end of period ¹	15,211,028	7,127,203	15,211,028	7,127,203	7,127,203

Consolidated balance sheet

<i>SEK '000</i>	2018-09-30	2017-09-30	2017-12-31
ASSETS			
Non-current assets			
Financial non-current assets			
Other long-term financial assets	1	1	1
Total non-current assets	1	1	1
Current assets			
Inventory	0	1,571	0
Current tax asset	4,426	224	4,227
Other receivables	765	126	160

Prepaid expenses and accrued income	51	69	103
Total current receivables	5,242	1,990	4,490
Cash and cash equivalents	142,523	5,266	8,384
Total current assets	147,765	7,256	12,874
TOTAL ASSETS	147,766	7,257	12,875
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	3,803	1,646	1,782
Total restricted equity	3,803	1,646	1,782
Unrestricted equity			
Share premium reserve	207,371	39,598	46,264
Accumulated losses, incl loss for the period	-69,048	-34,593	-38,178
Total unrestricted equity	138,323	5,005	8,086
Total equity	142,126	6,651	9,868
Current liabilities			
Accounts payable	1,331	95	1,812
Other current liabilities	670	153	677
Accrued expenses and prepaid income	3,639	358	518
Total current liabilities	5,640	606	3,007
TOTAL EQUITY AND LIABILITIES	147,766	7,257	12,875

Statement of changes in equity for the Group

<i>SEK '000</i>	Share capital	Share premium reserve	Accumulated losses, incl. loss for the period	Total equity
Opening balance 1 January 2017¹	1,601	34,520	-9,438	26,683
Share issue	45	5,078		5,123
Translation difference			30	30
Result for the period			-25,185	-25,185
Closing balance 30 September 2017	1,646	39,598	-34,593	6,651
Opening balance 1 October 2017	1,646	39,598	-34,593	6,651
Share issue	136	6,666		6,802
Translation difference			-474	-474
Result for the period			-3,111	-3,111
Closing balance 31 December 2017	1,782	46,264	-38,178	9,868
Opening balance 1 January 2018	1,782	46,264	-38,178	9,868
Share issue	2,021	171,962		173,983
Share issue costs		-10,855		-10,855
Translation difference			-892	-892
Result for the period			-29,978	-29,978
Closing balance 30 September 2018	3,803	207,371	-69,048	142,126

¹The figures relates to the parent company Asarina Pharma AB, the group was formed during 2017

Consolidated statement of Cash Flows

<i>SEK '000</i>	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full year
Operating activities					
Operating profit/loss	-14,640	-3,553	-31,115	-25,167	-32,531
Adjustment for non-cash lflow affecting items					
Depreciation	0	0	0	30	31
Write-downs	0	0	0	3,848	3,848
Interest received	0	0	0	0	729
Interest paid	0	0	0	-18	-503
Paid taxes	-20	-33	-20	-87	-81
Cash flow for operating activities before changes in working capital	-14,660	-3,586	-31,135	-21,394	-28,507
Cash flow from changes in working capital					
Decrease (+)/Increase(-) in inventory	0	0	0	0	1,571
Decrease(+)/Increase(-) in receivables	-469	150	-615	269	-66
Decrease(-)/Increase(+) in liabilities	2,673	-2,091	2,538	-189	2,004
Cash flow from operating activities	-12,456	-5,527	-29,212	-21,314	-24,998
Financing activities					
Share issue	156,223	2,081	173,983	5,123	11,925
Share issue costs	-10,855	0	-10,855	0	0
Cash flow from financing activities	145,368	2,081	163,128	5,123	11,925
Cash flow for the period	132,912	-3,446	133,916	-16,191	-13,073
Cash and cash equivalents in the beginning of the period	9,681	8,712	8,384	21,457	21,457
Translation difference	-70	0	223	0	0
Cash and cash equivalents at the end of the period	142,523	5,266	142,523	5,266	8,384

Parent company income statement

<i>SEK '000</i>	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full year
Net sales	0	0	0	0	0
Other income	484	694	1,610	1,141	1,674
Total sales	484	694	1,610	1,141	1,674
Research and development costs	-278	-434	-1,059	-3,786	-5,715
Other external costs	-1,812	-571	-4,052	-1,596	-1,932
Personell costs	-595	-382	-1,706	-1,360	-1,801
Depreciation	0	0	0	-3,878	-3,878
Total costs	-2,685	-1,387	-6,817	-10,620	-13,326
Operating profit	-2,201	-693	-5,207	-9,479	-11,652
Financial income	1,057	0	1,057	0	0
Financial cost	-614	0	-11	0	509
Financial net	443	0	1,046	0	509

Result before taxes	-1,758	-693	-4,161	-9,479	-11,143
Taxes	0	0	0	0	0
Result for the period	-1,758	-693	-4,161	-9,479	-11,143

Parent company balance sheet

SEK '000	2018-09-30	2017-09-30	2017-12-31
ASSETS			
Non-current assets			
Financial non-current assets			
Shares in subsidiaries	51	1	1
Other long-term financial assets	1	1	1
Total non-current assets	52	2	2
Current assets			
Inventory	0	1,571	0
Receivables on group companies	49,297	16,476	24,775
Current tax asset	133	224	111
Other receivables	198	18	86
Prepaid expenses and accrued income	51	15	48
Total current receivables	49,679	18,304	25,020
Cash and cash equivalents	139,010	4,441	3,254
Total current assets	188,689	22,745	28,274
TOTAL ASSETS	188,741	22,747	28,276
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	3,803	1,647	1,782
Total restricted equity	3,803	1,647	1,782
Unrestricted equity			
Share premium reserve	207,371	37,518	46,264
Accumulated losses	-20,580	-7,358	-9,437
Result for the period	-4,161	-9,479	-11,143
Total unrestricted equity	182,630	20,681	25,684
Total equity	186,433	22,328	27,466
Current liabilities			
Accounts payable	319	0	230
Other current liabilities	526	62	62
Accrued expenses and prepaid income	1,463	357	518
Total current liabilities	2,308	419	810
TOTAL EQUITY AND LIABILITIES	188,741	22,747	28,276

Notes

This interim report includes the parent company Asarina Pharma AB (publ), Corp. Reg. No 556698-0750 and the subsidiaries Asarina Pharma ApS and Asarina Pharma Finans AB.

Accounting principles

This interim report has been prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 (K3).

The accounting principles adopted in this interim report are consistent with those of the 2017 Annual Report and should be read in conjunction with that annual report.

Definition Alternative KPIs

KPI	Definition	Objective
Solidity	Calculated on adjusted equity divided by total assets. Adjusted equity comprises of equity including untaxed reserves deducted with deferred tax liabilities.	The company believes the KPI gives investors information regarding the relation between equity and external financing of the company. The company also believes that the KPS gives investors information about the financial stability and long-term ability.
Return on equity	Result for the period divided by average adjusted equity.	The KPI is included to show the return on the owners invested capital.
Return on total assets	Result before tax with reversal of interest cost in relation to average total assets.	The KPI is included to show the return on the total assets in the company.

Reconciliation Alternative KPIs

	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full year
SEK '000					
Equity	142,126	6,651	142,126	6,651	9,868
+ Untaxed reserves	0	0	0	0	0
- Deferred tax liability	0	0	0	0	0
Adjusted equity	142,126	6,651	142,126	6,651	9,868
Adjusted equity	142,126	6,651	142,126	6,651	9,868
Total assets	147,766	7,257	147,766	7,257	12,875
Solidity, %	96.2	91.6	96.2	91.6	76.6

Return on equity

	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full year
SEK '000					
Result for the period	-15,228	-3,553	-29,978	-25,185	-28,296
Average adjusted equity ¹	75,997	6,651	75,997	9,868	12,875
Return on equity, %	-20.0	-53.4	-39.4	-255.2	-219.8

¹2017 figures are not average, due to opening balance is missing for the Group.

Return on total assets, %

	2018	2017	2018	2017	2017
<i>SEK '000</i>	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full year
Result before tax	-15,228	-3,553	-29,978	-25,185	-32,305
+ Interest costs	588	0	0	18	25
Average total assets ¹	80,321	7,257	80,321	7,257	12,875
Return on total assets, %	-18.2	-49.0	-37.3	-346.8	-250.7

¹2017 figures are not average, due to opening balance is missing for the Group.