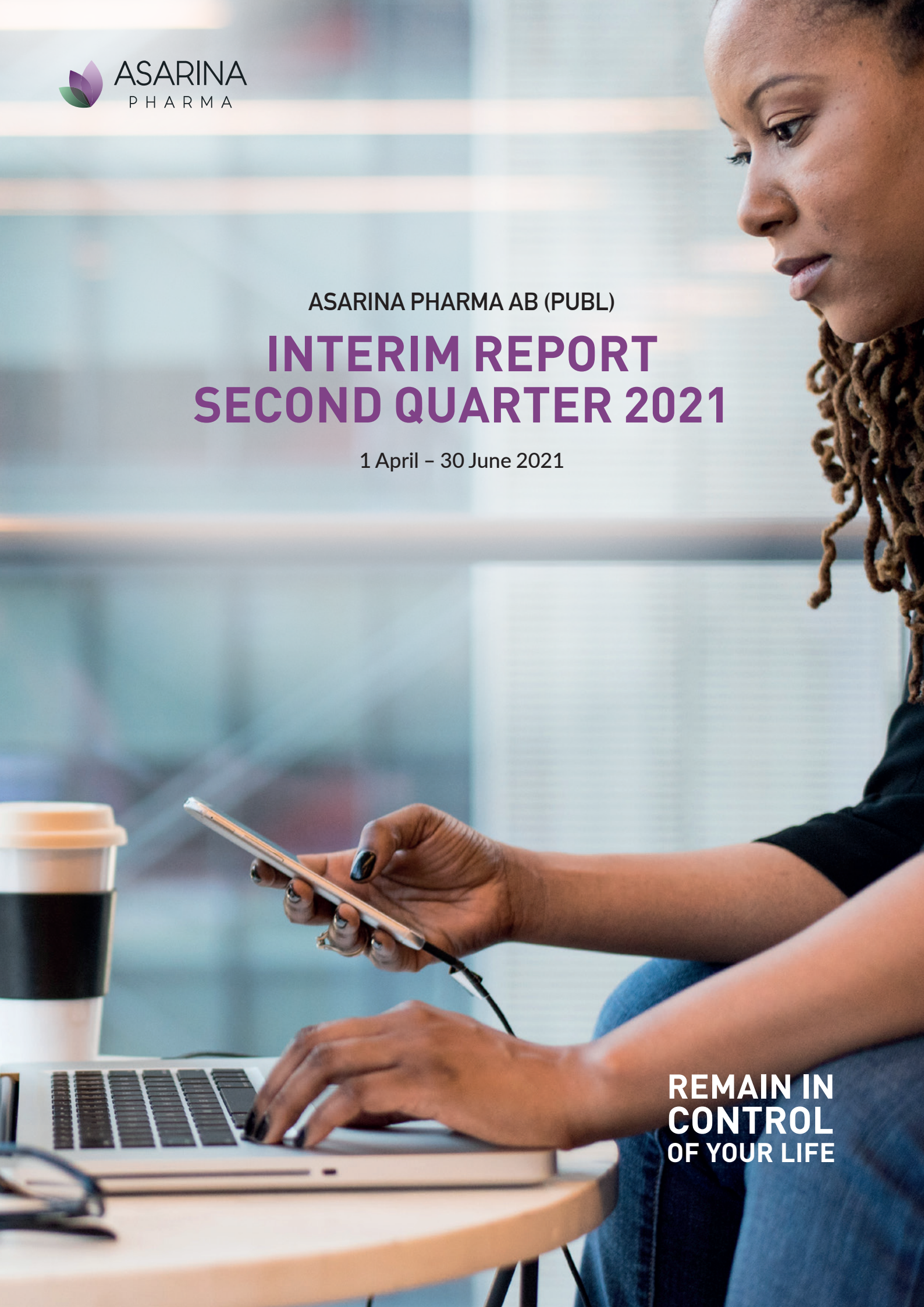
ASARINA PHARMA

ASARINA PHARMA AB (PUBL)

INTERIM REPORT SECOND QUARTER 2021

1 April – 30 June 2021



ASARINA PHARMA AB

(PUBL) 556698-0750

INTERIM REPORT, SECOND QUARTER 2021

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ABOUT ASARINA PHARMA

We are a Swedish biotech company developing Sepranolone for allopregnanolone-induced stress and compulsivity-driven disorders. Our product pipeline is built on over 40 years of research into allopregnanolone-related neurological disorders. With our new family of GAMSA compounds ($GABA_A$ Modulating Steroid Antagonists) we aim to deliver a new generation of safe, efficacious drugs for neurological conditions from Tourette syndrome to Obsessive-compulsive disorder that still lack safe, efficacious pharmaceutical treatments.

ASARINA PHARMA AB

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Peter Nordkild, CEO | Phone +45 25 47 16 46

SECOND QUARTER 2021

OVERVIEW

Jakob Dynnes Hansen
Chief Financial Officer

FINANCIAL HIGHLIGHTS

- Operating costs (SEK 16.0 million) follow budget
- Convertible loan of SEK 5.3 million from Östersjöstiftelsen
- Cash position (SEK 33.6 million) sufficient to cover the Phase IIa study in Tourette Syndrome

R&D HIGHLIGHTS

✔ **MENSTRUAL MIGRAINE**
Phase IIa study failed to confirm the hypothesis that withdrawal of allopregnanolone just prior to menstruation is a major cause of menstrual migraine. Results confirmed Sepranolone's positive safety and tolerability profile.

✔ **TOURETTE SYNDROME**
Our Clinical trial application (CTA) was approved by the Danish Medical authority (DKMA) in May. First patient first dose of Sepranolone expected at the beginning of September.

✔ **OCD**
US Patent and Trademark Office granted a patent for Sepranolone for the treatment of Tourette, Obsessive-compulsive Disorder (OCD) and pathological gambling, valid until 2038. Tourette and OCD are common co-morbidities..

CEO STATEMENT

DEAR SHAREHOLDER

Q2 2021 was a difficult quarter for us and our shareholders. It was also a definitively transformative one. The failure of our Phase IIa study in Menstrual Migraine coincided with the approval of our CTA in Tourette syndrome by the Danish Medicines Agency, and the granting of our first US patent for Sepranolone for the treatment of Tourette, OCD and pathological gambling. Together, these developments signal the end of an important chapter in our history, and the beginning of a new journey.

I've written before about the need in pharma development to hold one's nerve and always keep the big picture in view, scientifically and strategically. After all, we all know that the world's most important pharma therapies takes years, even decades, not quarters, to develop. Nevertheless, this has been a tough quarter for Asarina and we're well aware of the losses that you have experienced as shareholders.

As CEO it is my job to remind us all to keep in mind how strong our case is in stress-related, compulsion-based neurology, based on the preclinical data we have in Tourette, and how large the potential is for a safe, effective treatment for Tourette and many of its comorbidities such as OCD, which affects 1.5% of all women and 1% of men worldwide. Let's not forget, research on SSRIs began in 1968, the first paper was published in 1974 and the first treatment launched in 1988. Yet no one could dispute the eventual rewards for patients and shareholders.(1)

With that in mind, my sincere thanks for your ongoing commitment – and let's look at the highlights for the Quarter.

Peter Nordkild,
CEO Asarina Pharma

THE QUARTER'S HIGHLIGHTS

- **MENSTRUAL MIGRAINE**
  Our Phase IIa study failed to confirm the scientific hypothesis that withdrawal of allopregnanolone just prior to menstruation is a major cause of menstrual migraine - and that prophylactic treatment with Sepranolone would prevent menstrual migraine. The study did however confirm Sepranolone's positive safety and tolerability profile.

- **TOURETTE SYNDROME**
  Our Clinical trial application (CTA) was approved by the Danish Medical authority (DKMA) on May 19. The study will be initiated as soon as approval from the ethics committee has been received. We expect the first patient to receive their first dose of Sepranolone at the beginning of September.

- **OCD**
  On June 8, we announced that the US Patent and Trademark Office granted a patent for Sepranolone for the treatment of Tourette, Obsessive-compulsive Disorder (OCD) and pathological gambling. The new patent is valid until 2038. Tourette and OCD are common co-morbidities, both with strong compulsion mechanisms.

THE QUARTER IN-DEPTH

MENSTRUAL MIGRAINE

Our well-designed Phase IIa study in Menstrual Migraine, with first-patient-first-visit in August 2019, completed recruitment despite the Covid-19 restrictions with a total of 164 women enrolled and 86 subjects randomized. There was unfortunately no effect demonstrated from two weeks' prophylactic treatment with Sepranolone - as neither the 10 mg nor the 16 mg groups showed any difference to placebo in the number of attacks occurring or the intensity of attack.

The hypothesis for the role of Sepranolone in this indication followed intense study, discussion and analysis. It was well-reasoned, scientifically consistent and strongly supported by our CSO, our team and relevant KOLs. Sadly, the hypothesis ultimately failed to be proved. Accordingly, Asarina will not be pursuing menstrual migraine with additional studies. Instead we will focus future efforts on neuro-developmental disorders such as Tourette and Obsessive-compulsive Disorder. Importantly, we already have robust preclinical data in several animal models on these (from the team of Marco Bortolato, Assoc Prof of Pharmacology and Toxicology, Univ. of Utah) supporting the role of allopregnanolone in exacerbating stress-induced tics and compulsion, and the ability of our endogenous substance Sepranolone in modulating and inhibiting these [2].

TOURETTE SYNDROME

The Danish Medical Agency approved our CTA in May and we expect approval by the ethics committee shortly. The Phase IIa study will include 30 patients with or without OCD from the age of 12 to 45 years. 20 patients will receive 10 mg Sepranolone twice weekly for 16 weeks in addition to their standard Tourette treatment and 10 patients will continue on their standard Tourette treatment.

The study will be conducted at the Danish National Center for Tourette at Herlev and Bispebjerg University hospitals. Bispebjerg will primarily treat adults with Tourette; whilst Herlev University Hospital, a leading research hospital with Scandinavia's largest Tourette department, is expected to focus on children and teenagers. We expect the first patient to receive the first injection in early September and to be able to publish topline results in Q3 2022.

OBSESSIVE-COMPULSIVE DISORDER

On June 8 we announced that we had received the approval of our patent application for Tourette, OCD and pathological gambling from the US patent authorities, valid until 2038. OCD is a highly common co-morbidity with Tourette. Up to 60% of TS patients have been reported to have OCD symptoms as well, and 50% of children with OCD are reported to have had tics [3] according to the International OCD Foundation. Globally OCD affects 1.5% of women and 1.0% of men worldwide.

On May 31 we announced we had obtained a convertible loan of 5.3 MSEK from a key shareholder for further exploration of the potential of Sepranolone within neurological diseases, including OCD.

FINANCES

As a result of the disappointing results in menstrual migraine almost all CMC and auto-injector activities have been put on hold and the working time of all employees reduced further. The team and thus the competencies are still intact which I personally find the best guarantee for the future of Asarina. With these changes we have managed to reduce our cash burn significantly and the present cash will cover the cost of the Tourette study and last at least till the end of 2022.

MOVING FORWARD

We move forward with renewed focus and an even stronger commitment to stress-related, compulsion-based neurological developmental disorders – a leaner organization with a compact, cohesive portfolio strongly grounded in preclinical evidence –headed by our lead indication, Tourette syndrome.

On behalf of the entire Asarina team I'd like to thank all of you again for your continued support despite this quarter's disappointing setback. We're keenly aware of the challenges our many investors, partners, scientists and patients currently face. Like them, we remain committed to working together with renewed determination to achieve positive results in our ongoing vital projects, delivering a renewed, prosperous future for all of us.

Thanks again for your commitment, and we look forward to moving ahead – together.

WARM WISHES,

Peter Nordkild,
CEO Asarina Pharma

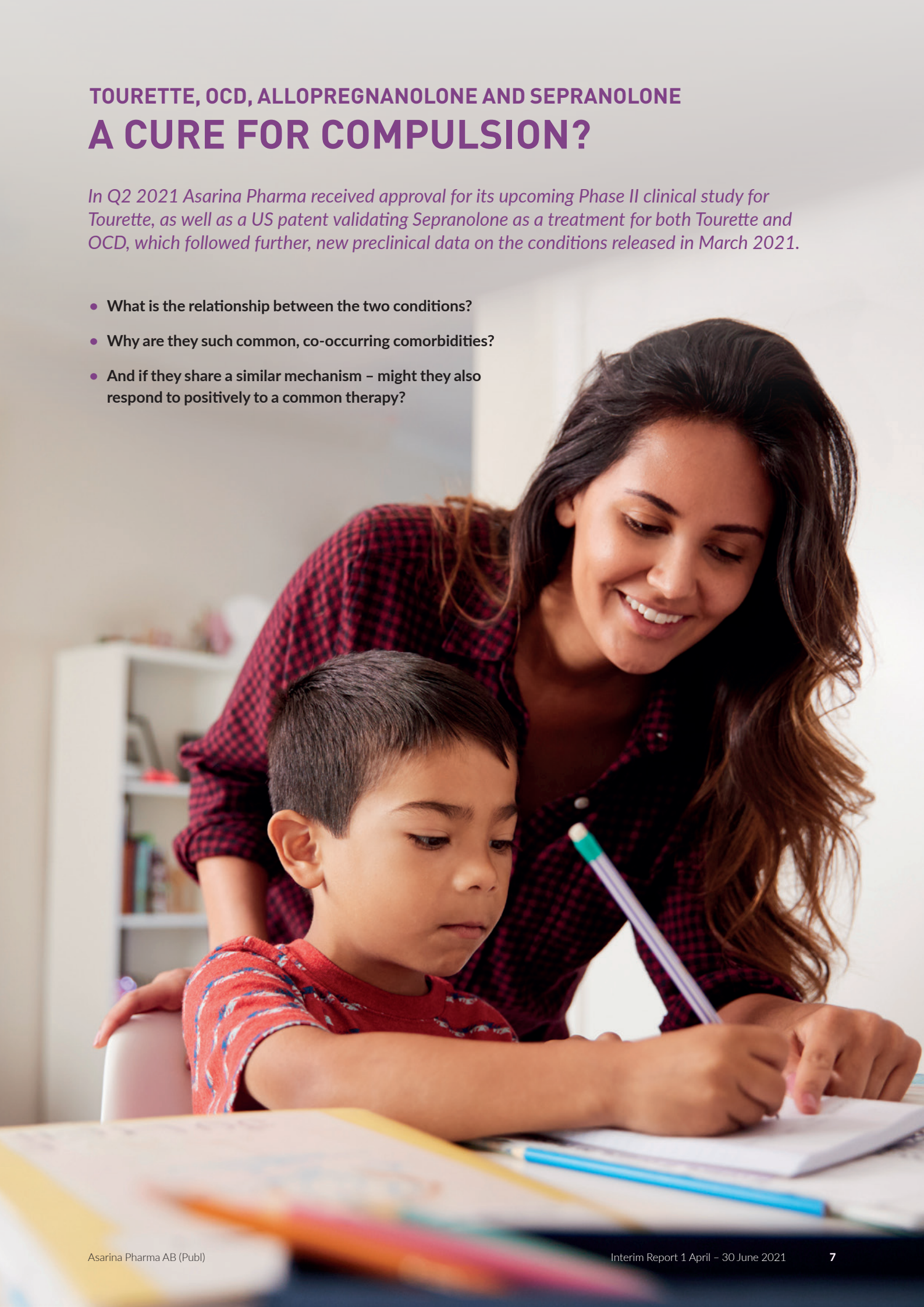
We move forward with renewed focus and an even stronger commitment to stress-related, compulsion-based neurological developmental disorders – a leaner organization with a compact, cohesive portfolio strongly grounded in preclinical evidence –headed by our lead indication, Tourette syndrome.

TOURETTE, OCD, ALLOPREGNANOLONE AND SEPRANOLONE

A CURE FOR COMPULSION?

In Q2 2021 Asarina Pharma received approval for its upcoming Phase II clinical study for Tourette, as well as a US patent validating Sepranolone as a treatment for both Tourette and OCD, which followed further, new preclinical data on the conditions released in March 2021.

- **What is the relationship between the two conditions?**
- **Why are they such common, co-occurring comorbidities?**
- **And if they share a similar mechanism – might they also respond to positively to a common therapy?**



TS AND OCD

COMPULSION IN COMMON

At first sight Tourette and OCD can appear to be separate entities. Take age of onset for example: TS symptoms first appear in early childhood, between 5-10 years, whilst the average age for OCD symptoms appearing, though it can arrive during childhood, is 19 years old (American Psychiatric association.) So - first impressions are deceptive, and in fact 86% of Tourette patients have at least one additional behavioral or developmental disorder, and OCD is one of the most common. Despite the apparent differences between the indications they share many key factors - perhaps the most prominent of which is compulsion.

TS AND OCD: COMPULSION IN COMMON

60%
OF TS PATIENTS HAVE BEEN REPORTED TO ALSO HAVE OCD SYMPTOMS

50%
OF CHILDREN WITH OCD ARE REPORTED TO HAVE HAD TICS

15%
OF CHILDREN WITH OCD MEET THE CLINICAL CRITERIA FOR TS

("OCD and Tourette Syndrome: Re-examining the Relationship", Dr Charles Mansueto, International OCD Foundation)

COMPULSION IS KEY IN BOTH MECHANISMS

Compulsion plays a pivotal role in the mechanisms that trigger both TS and OCD. Both conditions are compounded of stress, anxiety – and compulsion.

- **IN OCD** patients suffer from recurring, intrusive thoughts or images that cause extreme anxiety – immediately followed by the compulsive need to carry out repetitive, ritual acts to reduce that anxiety.
- **IN TOURETTES** too, obsessive compulsive symptoms are well recognized as part of the TS spectrum, with tics themselves defined as involuntary compulsions performed to reduce stress [4]. In stress situations many TS patients feel a premonitory urge to tic, directly before the tic itself. For most, supressing the tic increases this urge, carrying the tic out reduces it, and relieves stress.

Although patients can temporarily suppress their tics, doing so tends to increase the stress, and ultimately the severity of tics. According to Assoc Prof of Pharmacology and Toxicology at the University of Utah Marco Bortolato, a long-time Tourette researcher, "many adult patients report that they compulsively enact their tics in order to relieve themselves of a premonitory urge. It is likely that, when Tourette sufferers suppress their tics, the levels of the neurosteroid allopregnanolone in the brain rise, to the point where they may just not be able to stop from acting on them."

COMPULSION, DSM-V AND IDC-11

- In 2013 in the US DSM-V OCD was re-classified from an 'anxiety disorder' to an 'Obsessive-Compulsive Related Disorder' (OCDR) (American Psychiatric Association Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition).
- In 2018 in the WHO ICD-11 (International Classification of Diseases 11) OCD was reclassified as an OCDR too, within the broader category of neuro-developmental disorder to "encourage clinicians in diverse settings worldwide to identify these disorders early and offer timely interventions". [5]

CONTROL AND COMPULSION

THE ROLE OF ALLOPREGNANOLONE

So if compulsion is central to the mechanisms that trigger TS and OCD - might the same treatment have an effect in both indications too? If so, what might that treatment look like? And how is allopregnanolone implicated?

Assoc Prof Marco Bortolato and his team of researchers at the University of Utah have carried out extensive preclinical research into TS and OCD models, and their link to the potent neurosteroid allopregnanolone.

Over the course of three papers [(2)] they have established a clear link between allopregnanolone - a potent neuro-steroid widely implicated in stress responses produced by the brain's $GABA_A$ receptors - and the exacerbation of both TS and OCD symptoms.

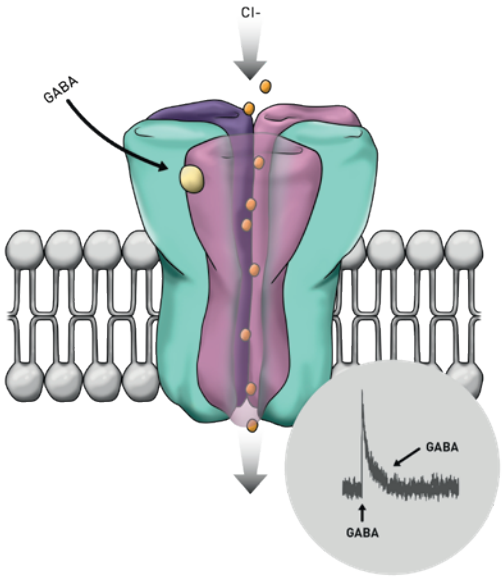
Not only that. Data published by the team in June 2019 in the Journal of Neuroendocrinology showed that the endogenous neurosteroid that moderated and inhibited allopregnanolone - Isoallopregnanolone (patented by Asarina as Sepranolone) - reduced tics in an animal model of Tourette *without inducing any motor side effects*.

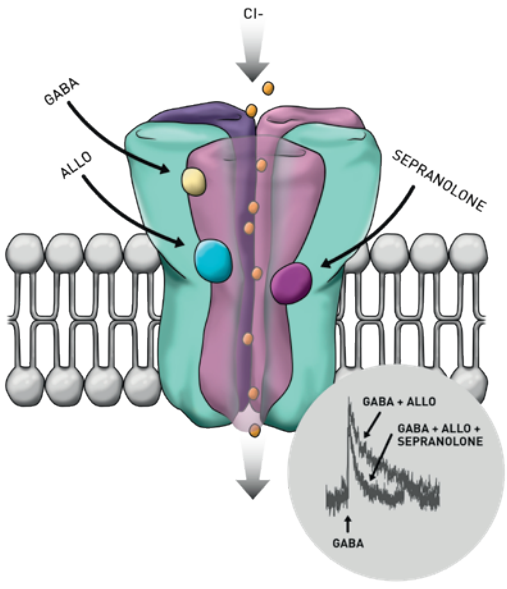
In March 2021 a further paper confirmed that Sepra-nolone's effect on both Tourette and OCD symptoms were on a par with the most efficacious approved treatments in compulsivity animal models. The new data confirmed 2019's data from a previous D1CT-7 transgenic mouse model, and presented new improved Pre-pulse inhibition (PPI) data in a rat model of TS/OCD. (Significantly reduced PPI is a feature in TS and OCD and a commonly used metric in preclinical psychiatric tests).

Bortolato believes that allopregnanolone may be crucial in the brain's central mechanism for balancing obsession with compulsion—and our need to act on compulsion.

"Allopregnanolone is crucial to the compulsion to tic and keep ticcing", he says "the role of allopregnanolone may be crucial in the mechanism by which individuals feel the urge to carry out a tic – in a sequence that is similar to the link between obsessions and compulsion.

"This type of research represents a new direction in the treatment of Tourette. If a highly targeted, endogenous neurosteroid like Sepranolone could be efficacious without any of the side effects commonly caused by antipsychotics it would be a promising result for TS patients and perhaps even a first line pharmaceutical intervention."





Allopregnanolone is crucial to the compulsion to tic and keep ticcing.

Assoc Prof of Pharmacology and Toxicology at the University of Utah Marco Bortolato

TS AND OCD

THE UNMET NEED FOR A PHARMACUETICAL SOLUTION

So if compulsion is a crucial factor in not only the mechanism, but potentially the treatment, of both TDS and OCD, what is the current need for pharmaceutical treatments? What are the present first-line treatments for TS and OCD? And how well do they serve patients?

There is currently a major unmet need for a safe, effective pharmacological treatment for both TS and OCD, with the indications sharing profound similarities when it comes to treatments – and the lack of them.

Today's first-line treatments for both TS and OCD are forms of CBT (cognitive-behavior therapy): ERP (Exposure and Response therapy) for OCD, and CBIT (Comprehensive Behavioural Intervention for tics) for TS.

As with most forms of CBT, both ERP and CBIT are time-consuming, demanding, require enormous commitment and in many countries not widely available. Relapse can be common. In ERP patients are taught in the first stages that although their specific fear may be successfully overcome, the same pattern of obsession and compulsion could resurface around a different fear, years later, particularly in high-stress situations.

For Tourette patients CBIT can be difficult to maintain too, despite having a favorable tolerability and side-effect profile. In a 2010 randomized controlled trial of CBIT vs supportive therapy for children with tics, almost half (48%) treated with CBIT failed to respond and/or were unbale to maintain improvements at a 6-months follow-up. In a 2012 study with adult participants, only 38% of those treated with CBIT were able to sustain similar maintenance gains through treatment.[6]

59 %

OF CHILDREN AND ADOLESCENTS TAKE PRESCRIPTION MEDICATION TO MANAGE TS

44 %

OF PARENTS FEEL THEIR CHILD'S SYMPTOMS ARE NOT ADEQUATELY CONTROLLED BY EXISTING MEDICATION

29 %

OF CHILDREN AND ADOLESCENTS HAVE TRIED FIVE OR MORE DIFFERENT MEDICATIONS*

*2018 Impact Survey. Tourette Association of America

TS AND OCD

MEETING THE NEED

Given the scale of prevalence, both Tourette and OCD suffer from a marked lack of a safe and/or effective pharmaceutical medication. An effective pharmaceutical treatment in both treatments would be readily embraced.

OCD AND PHARMA: LOWER THAN 50% EFFICACY

- SSRIs remain the most commonly prescribed pharma treatment **for OCD** (despite 50% of patients diagnosed being seriously impaired and unable to lead uninterrupted lives).
- SSRIs have an overall **efficacy of < 50% for OCD.**
- The lack of pharmaceutical options can lead to some physicians prescribing off-label medication with serious side effects (from second-line central nervous treatments like atypical neuroleptics or antipsychotics like Haloperidol).

TOURETTE AND PHARMA: SEVERE SIDE EFFECTS FOR CHILDREN AND YOUNG ADULTS

- For TS patients, many of whom are children or teenagers, severe side effects remain major obstacles to pharmaceutical treatment.
- With potent anti-psychotic neuroleptics like haloperidol (Haldol) still commonly prescribed, side effects can range from blurred vision, nausea and diarrhoea to irregular heartbeat, tremors and involuntary movement disorders so severe that they can themselves be mistaken for Tourette.

Parents want to give their kids something that will maximize their quality of life, but not take anything away. If pharma could develop an effective Tourette drug that had no negative side effects, I think it would have a winner.

Amanda Talty, CEO Tourette Association America

Despite the side effects of today's pharma treatments for TS, the interest in a pharmaceutical solution amongst parents of patients remains high. Amanda Talty, the President of the Tourette Association of America stressed that given the severity and stigma of ticcing, many parents were still actively looking for a safe pharma therapy: "Parents want to give their kids something that will maximize their quality of life, but not take anything away" she said, "if pharma could develop an effective Tourette drug that had no negative side effects, I think it would have a winner."

SEPRANOLONE – TOWARDS A CURE FOR COMPULSION

It is no coincidence that neither treatment (SSRIs nor anti-psychotics) tackle the compulsive core of the mechanism in either TS or OCD.

Whilst SSRIs can undoubtedly be effective at reducing OCD anxiety, they have little effect in treating the compulsive mechanism at the core of the indication. With the safe effects revealed in Asarina Pharma's preclinical animal studies, Sepranolone could potentially represent an important new treatment option for both conditions – not only as a stand-alone treatment but also an adjunct therapy, supporting CBIT in TS or SSRIs in OCD.

> *Sepranolone could potentially represent an important new treatment option for both conditions – not only as a standalone treatment but also an adjunct therapy, supporting CBIT in in TS or Selective serotonin reuptake inhibitors (SSRIs) in OCD.*

CEO PETER NORDKILD: "Compulsivity impacts on so many different conditions, from Tourette to OCD through to eating disorders and addiction. Our preliminary data lead us to believe that these processes are not limited just to Tourette, they point to a much broader biological mechanism that speaks directly to the relationship between obsession and compulsion."

"It's early days, but If we can prove that mechanism clinically, then Sepranolone would be relevant to a far wider set of problems. After all, 30 years ago, few people had heard of Serotonin. Now we know it is implicated not just in depression but mood, anxiety, sleep disorders and more. 20 years ago nobody knew about allopregnanolone's potent effect on $GABA_A$ receptor mediated actions in the brain either.

"Today, that has changed. We're proud to be leaders in this field and this patent is an important step forward."

2ND QUARTER 2021

FINANCIAL OVERVIEW AND OTHER INFORMATION

KEY FINANCIALS

SEK '000	2021 APRIL - JUNE	2020 APRIL - JUNE	2021 JAN. - JUNE	2020 JAN. - JUNE	2020 FULL YEAR
Net income, KSEK	0	0	0	0	0
Operating profit/loss, KSEK	-16,012	-17,938	-22,787	-38,959	-81,406
Profit/loss for the period, KSEK	-16,131	-20,776	-22,468	-39,048	-82,994
Earnings per share, fully-diluted, SEK	-0.81	-1.06	-1.14	-2.00	-3.84
Total assets (end of period), KSEK	43,290	95,730	43,290	95,730	68,285
Cash and cash equivalents (end-of-period), KSEK	33,552	83,827	33,552	83,827	58,501
Equity ratio, %	69.8	95.4	69.8	95.4	77.0
Return on equity, %	-42.2	-40.5	-54.3	-37.1	-87.5
Return on total assets, %	-33.7	-18.4	-40.0	-32.4	-78.2

REVENUE

Net income in Q2/2021 amounted to 0.0 (0.0) MSEK.

OPERATING EXPENSES

Total operating expenses for the 2nd quarter 2021 amounted to 16.0 (17.9) MSEK reflecting the various savings that the Company implemented in 2020.

Research and development costs amounted to 12.9 (13.1) MSEK comprising primarily costs for the final part of the Phase IIa study in menstrual migraine as well as CMC costs in preparation for the Phase IIa study in Tourette Syndrome. Staff costs declined to 1.5 (2.9) MSEK, reflecting the headcount reduction in the 3rd quarter 2020. General and administration costs declined to 1.5 (1.9) MSEK.

FINANCIAL ITEMS AND TAX

Financial items which comprise interest expenses as well as currency gains and losses resulted in a net loss of 0.1 (2.8) MSEK.

In May 2021, Asarina Pharma AB obtained a convertible loan of SEK 5.3 million from Östersjöstiftelsen (ÖSS), a key shareholder in the Company. The loan has an interest rate of 10% p.a. and the maturity date is 30 June 2023. ÖSS can at any time request that the loan be converted to Asarina shares at the share price prevailing at the time of the conversion.

No tax income was booked at the Group level in the 2nd quarter. The Company expects to receive DKK 5.5 million from the Danish tax credit scheme for R&D costs in November 2021.

RESULT AND FINANCIAL POSITION

The net result for the 2nd quarter 2021 amounted to -16.1 (-20.8) MSEK.

The operating cash outflow was 8.1 MSEK, down from 25.6 MSEK in the same quarter in 2020. The lower cash outflow reflects both cost reductions and the convertible loan obtained from ÖSS. On 30 June 2021, Asarina had a consolidated cash balance of 33.6 (95.7) MSEK which management considers sufficient to finance the upcoming study in Tourette Syndrome. The shareholders' equity on 30 June 2021 amounted to 30.2 (91.2) MSEK equal to an equity ratio of 89.7 (90.8) %.

STAFF

As of 30 June 2021, Asarina's operating team comprised 8 members (incl. employees and permanent consultants), corresponding to 3½ (5½) FTEs. Due to the discontinuation of the menstrual migraine project, the working time for all team members will be reduced with effect as of 1 September 2021.

NOTE: Amounts in brackets refer to the 2nd quarter in 2020 unless otherwise stated.

THE ASARINA PHARMA SHARE

As of 30 June 2021, Asarina had a total of 18,744,524 issued shares, which are held by an estimated 4,375 shareholders. In the 2nd quarter, the holdings of the top 10 shareholders changed only moderately.

OWNERSHIP AS OF 30 JUNE 2021*

SHAREHOLDER	COUNTRY	NO. OF SHARES	OWNERSHIP %
Kurma Biofund	France	3,145,132	16.8
Östersjöstiftelsen (Baltic Foundation)	Sweden	2,667,092	14.2
Idinvest Patrimonie	France	1,639,824	8.7
Fjärde AP-fonden (AP4)	Sweden	1,585,000	8.5
Handelsbanken Läkemedelsfond	Sweden	855,952	4.6
Avanza Pension	Sweden	432,542	2.3
Torbjörn Bäckström	Sweden	324,989	1.7
Torbjörn Persson	Sweden	292,262	1.6
Peter Nordkild (CEO)	Denmark	263,124	1.4
Nordnet Pension	Sweden	183,908	1.0
Others		7,354,699	39.2
TOTAL		**18,744,524**	**100.0**

**Source: Euroclear, company estimates*

The Company has established three warrant programs for board and staff members comprising a total of 1,560,822 warrants.

This includes a new program in May 2021 by which all staff members purchased a total of 700,000 warrants at a price of SEK 0.53 per warrant. Each warrant entitles the holder to subscribe one new Asarina share at a fixed price of SEK 9.87 in the second half of May 2023.

EVENTS AFTER THE END OF THE REPORT PERIOD

No event has happened after the end of the 2nd quarter which could significantly change the financial position.

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 the parent company´s financial position and result of operations and describes material risks and uncertainties facing the Group.

Stockholm, 19 August 2021

Asarina Pharma AB

Board of directors

FINANCIAL CALENDAR FOR 2021

25 November: Interim report for 3rd quarter 2021

PUBLICATION

The report was submitted for publication by the CEO at 08.00 CET on 19 August 2021.

This report has not been reviewed by the company's auditors.

CONSOLIDATED INCOME STATEMENT

SEK '000	2021 APRIL - JUNE	2020 APRIL - JUNE	2021 JAN. - JUNE	2020 JAN. - JUNE	2020 FULL YEAR
Net sales	0	0	0	0	0
Other income	0	0	0	0	0
Total operating income	**0**	**0**	**0**	**0**	**0**
Research and development costs	-12,918	-13,057	-16,912	-29,228	-63,749
Other external costs	-1,499	-1,926	-2,310	-4,070	-7,444
Staff costs	-1,498	-2,858	-3,371	-5,661	-10,124
Depreciation	-97	-97	-194	0	-89
Total operating costs	**-16,012**	**-17,938**	**-22,787**	**-38,959**	**-81,406**
Operating profit/loss	**-16,012**	**-17,938**	**-22,787**	**-38,959**	**-81,406**
Financial income (interest income, currency gains)	25	-2,170	476	741	6
Financial cost (interest expenses, currency losses)	-144	-668	-157	-830	-1,594
Net financial items	**-119**	**-2 838**	**319**	**-89**	**-1,588**
Profit/loss before tax	**-16,131**	**-20,776**	**-22,468**	**-39,048**	**-82,994**
Tax on profit/loss	0	0	0	0	7,738
Profit/loss for the period	**-16,131**	**-20,776**	**-22,468**	**-39,048**	**-75,256**

EARNINGS PER SHARE

	2021 APRIL - JUNE	2020 APRIL - JUNE	2021 JAN. - JUNE	2020 JAN. - JUNE	2020 FULL YEAR
Number of shares, average (non-diluted)	18,744,524	18,744,524	18,744,524	18,661,633	18,703,305
Number of shares, average (fully-diluted)	19,881,885	19,620,346	19,751,838	19,524,598	19,572,734
Earnings per share, non-diluted, (SEK)	-0.86	-1.11	-1.20	-2.09	-4.02
Earnings per share, fully-diluted, (SEK)	-0.81	-1.06	-1.14	-2.00	-3.84
Number of shares, end of period (non-diluted)	18,744,524	18,744,524	18,744,524	18,744,524	18,744,524
Number of shares, end of period (fully-diluted)	20,320,346	19,620,346	20,320,346	19,620,346	19,620,346

CONSOLIDATED BALANCE SHEET

SEK '000	30-06-2021	30-06-2020	31-12-2020
ASSETS			
Non-current assets			
Property, plant and equipment	1,655	1,999	1,832
Financial non-current assets	1	1	1
Total non-current assets	**1,656**	**2,000**	**1,833**
Current assets			
Current receivables			
Current tax asset	7,539	7,811	7,532
Other receivables	453	1 914	247
Prepaid expenses and accrued income	90	178	172
Total current receivables	**8,082**	**9,903**	**7,951**
Cash and cash equivalents	33,552	83,827	58,501
Total current assets	**41,634**	**93,730**	**66,452**
TOTAL ASSETS	**43,290**	**95,730**	**68,285**
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	4,686	4,686	4,686
Total restricted equity	**4,686**	**4,686**	**4,686**
Unrestricted equity			
Share premium reserve	272,813	272,813	272,813
Retained earnings	-224,801	-147,157	-149,731
Profit/loss for the period	-22,468	-39,048	-75,170
Total unrestricted equity	**25,544**	**86,608**	**47,912**
TOTAL EQUITY	**30,230**	**91,294**	**52,598**
Non-current liabilities			
Convertible loan	5,300	0	0
Total non-current liabilities	**5,300**	**0**	**0**
Current liabilities			
Accounts payable	3,888	2,884	11,308
Other current liabilities	28	83	107
Accrued expenses and prepaid income	3,844	1,469	4,272
Total current liabilities	**7,760**	**4,436**	**15,687**
Total liabilities	**13,060**	**4,436**	**15,687**
TOTAL EQUITY AND LIABILITIES	**43,290**	**95,730**	**68,285**

STATEMENT OF CHANGES IN EQUITY FOR THE GROUP

SEK '000	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULATED LOSSES INCL LOSS FOR THE PERIOD	TOTAL EQUITY
Opening balance 1 January 2020	4,611	264,500	-149,641	119,470
Share issue	75	8,313		8,388
Issue of warrants			504	504
Translation difference			-508	-508
Loss for the period			-75,256	-75,256
Closing balance 31 December 2020	**4,686**	**272,813**	**-224,901**	**52,598**
Opening balance 1 January 2021	**4,686**	**272,813**	**-224,901**	**52,598**
Share issue				0
Issue of warrants		371		371
Translation difference			-271	-271
Loss for the period			-22,468	-22,468
Closing balance 30 June 2021	**4,686**	**273,184**	**-247,640**	**30,230**

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK '000	2021 APRIL - JUNE	2020 APRIL - JUNE	2021 JAN. - JUNE	2020 JAN. - JUNE	2020 FULL YEAR
Operating activities					
Operating profit/loss	-16,012	-17,841	-22,787	-38,959	-81,406
Adjustment for non-cash flow affecting items					
Depreciation	96	0	193	0	89
Interest received	21	-2,529	476	372	6
Interest paid	-140	-192	-158	-354	-1,580
Paid taxes	-30	-31	61	-61	7,641
Cash flow for operating activities before changes in working capital	**-16,065**	**-20,593**	**-22,215**	**-39,002**	**-75,250**
Cash flow from changes in working capital					
Decrease(+)/Increase(-) in receivables	-128	-182	-119	-1 219	496
Decrease(-)/Increase(+) in liabilities	2,396	-4,572	-8,068	-13,702	-4,314
Cash flow from operating activities	**-13,797**	**-25,347**	**-30,402**	**-53,923**	**-79,068**
Investing activities					
Acquisition of equipment, tools and installation	0	-218	0	-218	-218
Cash flow from investment activities	**0**	**-218**	**0**	**-218**	**-218**
Financing activities					
Convertible loan received	5,300	0	5,300	0	0
Share issue	0	0	0	8,388	8,388
Share issue costs	0	0		0	0
Issue of warrants	371	0	371	0	0
Cash flow from financing activities	**5,671**	**0**	**5,671**	**8,388**	**8,388**
Cash flow for the period	**-8,126**	**-25,565**	**-24,731**	**-45,753**	**-70,898**
Cash and cash equivalents at the beginning of the period	41,782	109,997	58,501	129,505	129,505
Translation difference	-104	-605	-218	75	-106
Cash and cash equivalents at the end of the period	**33,552**	**83,827**	**33,552**	**83,827**	**58,501**

PARENT COMPANY INCOME STATEMENT

SEK '000	2021 APRIL - JUNE	2020 APRIL - JUNE	2021 JAN. - JUNE	2020 JAN. - JUNE	2020 FULL YEAR
Net sales	0	0	0	0	0
Other income	0	465	0	1,064	1,454
Total operating income	**0**	**465**	**0**	**1,064**	**1,454**
Research and development costs	-294	-397	-709	-1,001	-1,822
Other external costs	-1,132	-1,752	-1,763	-3,284	-4,766
Staff costs	-656	-1,123	-1,281	-2,327	-2,712
Total operating costs	**-2,082**	**-3,272**	**-3,753**	**-6,612**	**-9,300**
Operating profit/loss	**-2,082**	**-2,807**	**-3,753**	**-5,548**	**-7,846**
Financial income (interest income, currency gains)	-34	-2,083	384	432	338
Financial cost (interest expenses, currency losses)	-21	-48	-21	-87	-821
Net financial items	**-55**	**-2,131**	**363**	**345**	**-483**
Profit/loss before tax	**-2,137**	**-4,938**	**-3,390**	**-5,203**	**-8,329**
Tax on profit/loss	0	0	0	0	0
Profit/loss for the period	**-2,137**	**-4,938**	**-3,390**	**-5,203**	**-8,329**

PARENT COMPANY BALANCE SHEET

SEK '000	30-60-2021	30-06-2020	31-12-2020
ASSETS			
Non-current assets			
Financial non-current assets			
Shares in subsidiaries	226,365	171,343	191,715
Other non-current financial assets	1	1	1
Financial non-current assets	**226,366**	**171,344**	**191,716**
Current assets			
Current receivables			
Receivables from group companies	3,122	11,628	13,994
Current tax asset	51	77	112
Other receivables	233	70	107
Prepaid expenses and accrued income	90	178	172
Total current receivables	**3,496**	**11,953**	**14,385**
Cash and cash equivalents	21,034	67,474	42,303
Total current assets	**24,530**	**79,427**	**56,688**
TOTAL ASSETS	**250,896**	**250,771**	**248,404**
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	4,686	4,686	4,686
Total restricted equity	**4,686**	**4,686**	**4,686**
Unrestricted equity			
Share premium reserve	272,813	272,813	272,813
Retained earnings	-31,972	-24,518	-24,518
Profit/loss for the period	-3,391	-5,203	-7,825
Total unrestricted equity	**237,450**	**243,092**	**240 470**
TOTAL EQUITY	**242,136**	**247,778**	**245,156**
Non-current liabilities			
Convertible loan	5,300	0	0
Total current liabilities	**5,300**	**0**	**0**
Current liabilities			
Accounts payable	225	401	372
Liabilities to group companies	0	0	0
Other current liabilities	28	83	107
Accrued expenses and prepaid income	3,207	2,509	2,769
Total current liabilities	**3,460**	**2,993**	**3,248**
Total liabilities	**8,760**	**2,993**	**3,248**
TOTAL EQUITY AND LIABILITIES	**250,896**	**250,771**	**248,404**

NOTES

1. GENERAL INFORMATION

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

2. 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 2019 Annual Report and should be read in conjunction with that annual report.

3. RISKS AND UNCERTAINTIES

RISK MANAGEMENT

The Board of Directors of the Company continuously and systematically assess risks in order to identify risks and to take action on them. The internal control environment is primarily comprised of the following five components: control environment, risk assessment, control activities, information and communication and review. Mitigating actions are developed for each identified material risk.

OPERATIONAL RISKS

At the current stage of development, Asarina's main operations consist of pre-clinical and clinical studies in order to demonstrate safety and clinical efficacy in its pharmaceutical candidates. There is no guarantee that a certain (pre-) clinical trial will generate the required data to enable Asarina to progress to the subsequent development phase of the pharmaceutical candidate. Consequently, Asarina's goal is to gradually generate a portfolio of different pharmaceutical candidates for other indications, thereby reducing risk.

Also, clinical trials may be delayed and costs for the trial may exceed budget. Prior to initiating a clinical trial, Asarina conducts a detailed assessment of the trial period and budget to ensure sufficient funding to conclude the trial, including delays and increased costs for the trial.

Asarina develops medical products and is dependent on assessments and decisions by relevant authorities such as the EMA in Europe and the FDA in the USA. Asarina cannot guarantee that it will obtain the regulatory approvals required to continue clinical studies and to obtain market approval. In order to mitigate this risk regarding regulatory risks, the Company retains leading experts concerning regulatory issues and preparation of protocol of clinical studies.

Asarina focuses on therapeutic areas in which few other companies are active. The company conducts extensive monitoring of potential competitive activity within the IP-area, in relevant publications and through participation in biotech conferences.

FINANCIAL RISKS

Asarina does not at present generate any income from product sales or licensing of the Company's IP-assets and is therefore dependent upon raising new capital from investors. Asarina aims to have sufficient liquidity for its planned activities for the next 1-2 years. Therefore, Asarina may at any point have discussions with current or potential new investors, which may be interested in injecting new finance into the Company.

Asarina incurs costs mainly in three currencies: Swedish kronor, Euro, and Danish kronor (which is closely linked to EUR). The Company mitigates its exchange rate risk by allocating its financial reserves between EUR and SEK mirroring Asarina's future costs in the three currencies.

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

EQUITY RATIO

SEK '000	2021 APRIL - JUNE	2020 APRIL - JUNE	2021 JAN. - JUNE	2020 JAN. - JUNE	2020 FULL YEAR
Equity	30,230	91,294	30,230	91,294	52,598
+ Untaxed reserves	0	0	0	0	0
- Deferred tax liability	0	0	0	0	0
Adjusted equity	**30,230**	**91,294**	**30,230**	**91,294**	**52,598**
Adjusted eqity	30,230	91,294	30,230	91,294	52,598
Total assets	43,290	95,730	43,290	95,730	68,285
Equity ratio, %	**69.8**	**95.4**	**69.8**	**95.4**	**77.0**

RETURN ON EQUITY

SEK '000	2021 APRIL - JUNE	2020 APRIL - JUNE	2021 JAN. - JUNE	2020 JAN. - JUNE	2020 FULL YEAR
Result for the period	-16,131	-20,776	-22,468	-39,048	-75,256
Average adjusted equity[1]	38,224	51,320	41,414	105,382	86,034
Return on equity, %	**-42.2**	**-40.5**	**-54.3**	**-37.1**	**-87.5**

RETURN ON TOTAL ASSETS, %

SEK '000	2021 APRIL - JUNE	2020 APRIL - JUNE	2021 JAN. - JUNE	2020 JAN. - JUNE	2020 FULL YEAR
Result before tax	-16,131	-20,776	-22,468	-39,048	-82,994
+ Interest costs	144	668	157	830	1 594
Average total assets[1]	47,394	109,186	55,788	117,812	104,090
Return on total assets, %	**-33.7**	**-18.4**	**-40.0**	**-32.4**	**-78.2**

CERTIFIED ADVISER

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