

Phlogo ApS

Ole Maaløes Vej 3, 2200 København N

CVR no. 31 88 82 63

Annual report 2022

Approved at the Company's annual general meeting on 20 January 2023

Chair of the meeting:

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Eva Steiness

Contents

Statement by the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Phlogo ApS for the financial year 1 January - 31 December 2022.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

20 January 2023
Executive Board:

.....
Eva Steiness

Independent auditor's report

To the shareholders of Phlogo ApS

Opinion

We have audited the financial statements of Phlogo ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 20 January 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Ulrik Benedict Vassing
State Authorised Public Accountant
mne32827

Management's review

Company details

Name	Phlogo ApS
Address, Postal code, City	COBIS Ole Maaløes Vej 3, 2200 København N
CVR no.	31 88 82 63
Registered office	København
Financial year	1 January - 31 December
Executive Board	Eva Steiness
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea Bank Danmark A/S

Management's review

Business review

The company's activities is to engage in research and development of biopharmaceutical products targeting the treatment diabetic nephropathy for type 2 with SER130 (il-4 receptor partial agonistic and il-13 antagonistic peptide) and SER140 (il-1 ? receptor antagonistic peptide).

Financial review

The income statement for 2022 shows a loss of DKK 368,158 against a loss of DKK 1,437,939 last year, and the balance sheet at 31 December 2022 shows equity of DKK 2,804,133. Which is 99,0% of the balance sheet total.

Capital ratio and liquidity

The company undertook a debt conversion with the norwegian mother company, Serodus ASA in January 2022 leaving the company debt free except for trading creditors and other short term debt. It is expected that the mothercompany Serodus ASA will outsource the management of the SER150 (lead compound of Serodus ASA) research and development activities to Phlogo APS. The agreement will lead to a increase in earnings and cost in 2023. The agreement is expected to contribute with a positive result.

The debt conversion has provided the company with a solid equity position and the available cash is expected to cover the activities for 2023.

The going concern assumption is considered to be fulfilled, and management has prepared the financial statements on this basis.

Events after the balance sheet date

No events have occurred after the balance sheet date significantly affecting the company's financial position.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2022	2021
	Gross loss	-351,399	-1,807,720
	Financial expenses	-16,759	-114,380
	Profit/loss before tax	-368,158	-1,922,100
3	Tax for the year	0	484,161
	Profit/loss for the year	-368,158	-1,437,939

Recommended appropriation of profit/loss

Retained earnings/accumulated loss	-368,158	-1,437,939
	-368,158	-1,437,939

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2022	2021
	ASSETS		
	Fixed assets		
	Investments		
	Deposits, investments	23,184	23,184
		23,184	23,184
	Total fixed assets	23,184	23,184
	Non-fixed assets		
	Receivables		
	Other receivables	44,838	367,687
		44,838	367,687
	Cash	2,763,913	2,817,058
	Total non-fixed assets	2,808,751	3,184,745
	TOTAL ASSETS	2,831,935	3,207,929
	EQUITY AND LIABILITIES		
	Equity		
4	Share capital	500,000	314,920
	Retained earnings	2,304,133	-2,891,551
	Total equity	2,804,133	-2,576,631
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Payables to group entities	0	5,748,922
		0	5,748,922
	Current liabilities other than provisions		
	Trade payables	27,802	1,388
	Other payables	0	34,250
		27,802	35,638
	Total liabilities other than provisions	27,802	5,784,560
	TOTAL EQUITY AND LIABILITIES	2,831,935	3,207,929

- 1 Accounting policies
- 2 Staff costs
- 5 Contractual obligations and contingencies, etc.
- 6 Collateral
- 7 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2021	314,920	-1,453,612	-1,138,692
Transfer through appropriation of loss	0	-1,437,939	-1,437,939
Equity at 1 January 2022	314,920	-2,891,551	-2,576,631
Capital increase	185,080	5,563,842	5,748,922
Transfer through appropriation of loss	0	-368,158	-368,158
Equity at 31 December 2022	500,000	2,304,133	2,804,133

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Phlogo ApS for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/ expenses.

Income statement

Gross loss

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit/loss'.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Balance sheet

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payable and receivable is recognised in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

2 Staff costs

The Company has no employees.

DKK	2022	2021
3 Tax for the year		
Estimated tax charge for the year	0	-484,161
	0	-484,161

Financial statements 1 January - 31 December

Notes to the financial statements

4 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK	2022	2021	2020	2019	2018
Opening balance	314,920	314,920	314,920	314,920	313,920
Capital increase	185,080	0	0	0	313,920
Capital reduction	0	0	0	0	313,920
	500,000	314,920	314,920	314,920	941,760

5 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	2022	2021
Rent and lease liabilities	13,043	11,975

Rent and lease liabilities include a rent obligation totalling DKK XX in interminable rent agreements with remaining contract terms of X-X years. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK XX, with remaining contract terms of X-X years.

6 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2022.

Financial statements 1 January - 31 December

Notes to the financial statements

7 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Serodus ASA	Oslo, Norway	www.serodus.com

Related party transactions

Phlogo ApS was engaged in the below related party transactions:

DKK	2022	2021
Payables to Serodus ASA	0	2,310,092

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Eva Steiness

Client Signer

På vegne af: Phlogo ApS

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Ulrik B Vassing

EY Signer

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