



SERODUS

ANNUAL REPORT 2020

NEXT SER150
CLINICAL STUDY
HAS BEEN
PREPARED FOR
REGULATORY
APPROVAL IN
AUSTRALIA

Serodus is a
Scandinavian
private, mid-
stage clinical
company.

Serodus focuses
on novel
treatments for
patients with
diabetic kidney
disease.

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Serodus in brief

Serodus is a Scandinavian private mid-stage clinical biotech company with anti-inflammatory compounds that will fundamentally change the treatment paradigm for patients with diabetic kidney disease. The pipeline contains three compounds with different mechanisms of action.

SER150 is Serodus's lead compound and is about to enter the second well-controlled and randomized clinical study.

The next clinical study was originally planned to be carried out in the US. However, due to a very positive research atmosphere in Australia along with a world-renowned highly qualified clinical research level, the easy decision was made to conduct the next SER150 study in Australia.

Serodus planned the clinical study and identified the clinical research organization (CRO) to collaborate with. Serodus and the CRO updated all the documents needed for filing the application for the next clinical study in Australia. These documents describe the full toxicological program, which was finalized in Q2 2020, all chemistry for the synthesis of the drug substance, the preparation of capsules and the know-how from previous clinical, toxicological, and pharmacological studies.

The study protocol describes in detail the inclusion and exclusion criteria established for the patients with type 2 diabetes who are willing and interested in being involved in the clinical study.

The Covid-19 pandemic has delayed the progress of Serodus's next clinical study, but Serodus and the CRO will hopefully be able to catch up once more people have been vaccinated.

Serodus operates in a lean management structure and manages outsourced activities. The Company has no research facilities of its own but collaborates with internationally recognized CROs. All required non-clinical activities and clinical studies in addition to other activities are outsourced through a network of CROs, contract manufacturer organizations (CMOs) and consultants.

The management is experienced, with a proven track record of taking new compounds from the drug discovery phase to the preclinical and clinical development phases and of getting new products registered. In addition, the management has been successful in concluding major partnering deals.

Based on Serodus's know-how, it was decided to also focus SER140 and SER130 on the treatment of patients suffering from diabetic kidney disease.

A small group of shareholders decided to invest in Serodus with the aim of using the proceeds to evaluate the anti-inflammatory effect of SER140 in a suitable pharmacological model of diabetic kidney disease. The study has been initiated.

Letter from the CEO

We are very grateful for the tremendous ongoing support Serodus receives from our current shareholders, who continued to support the Company financially during 2020.

In 2020, a contract research organization successfully completed the nine-month toxicological study. The collaboration continued to be successful, with many contacts during the six and nine months of the study. All study reports are now in our files.

Serodus decided to focus all our projects on the treatment of patients with diabetic kidney disease, where there is a tremendous need for new therapies to stop the low-grade inflammation found in patients with diabetes.

The next SER150 clinical study will be in patients with type 2 diabetes and macroalbuminuria, who are significantly more ill than the patients in our first clinical study of patients with diabetic kidney disease.

In February 2021, all relevant documents describing the SER150 compound in full and the six clinical centers that, following a careful feasibility study, have been selected to participate in the next SER150 study, were filed with the Australian Human Ethical Committee.

Serodus has established a subsidiary in Melbourne, Australia, which will serve as our local office.

Another project, SER140, was financed by a small group of investors, allowing Serodus to initiate a specific pharmacological study. This is planned to take place in the first half of 2021.

Eva Steiness, MD, Professor, DSc
Chief Executive Officer

Pipeline

Type 2 diabetes (T2D) is a multifactorial, metabolic, low-grade inflammatory disorder that leads to serious debilitating and fatal complications, such as diabetic kidney disease. T2D and its complications develop slowly over time, and it is most common in middle-aged and elderly people. T2D does not have a clear etiological background. However, there is a strong correlation with increased bodyweight, and the prevalence of diabetes is growing globally in parallel with obesity.

Oxidative stress and other metabolic changes are found in patients with diabetes, followed by an activation of several both pro- and anti-inflammatory endogenous agents. The balance between the two opposite pro- and anti-inflammatory agents is not maintained, and the consequence is low-grade inflammation.

Through a combination of acquisition and licensing, Serodus has created an interesting, innovative pipeline consisting of three anti-inflammatory compounds. They inhibit the inflammatory processes, so-called low-grade inflammation, seen in patients with diabetes. Two compounds, SER150 and SER140, reduce the pro-inflammatory processes directly, and one compound, SER130, inhibits the inflammation indirectly by stimulating the body's own production of the anti-inflammatory protein interleukin-4 (IL-4).

The pro-inflammatory thromboxane and various interleukins are some of the important pro-inflammatory agents involved in the different complications seen in long-term diabetic patients.

Serodus's products act as anti-inflammatory entities, and the compounds re-establish the balance between pro- and anti-inflammatory endogenous processes. This addresses one of the core components in patients with diabetes and is especially interesting as a treatment target.

All currently available treatment options for diabetic patients are effective at reducing blood glucose and controlling blood pressure, thereby delaying the onset of complications. However, they all lack the ability to halt the chronic, low-grade systemic inflammation driving the pathophysiological processes of diabetes and its complications.

SER150 and diabetic kidney disease

Serodus has finalized the first clinical efficacy, safety and tolerability study with the lead candidate SER150 in patients with T2D and diabetic kidney disease.

Patients treated with SER150 for four weeks showed a statistically significant reduction in urinary albumin. The amount of urinary albumin is a predictable biomarker of the severity of the kidney disease, i.e., the amount of urinary albumin reflects the severity of the kidney damage. Therefore, an important clinical effect of SER150 treatment would

be to diminish or halt the loss of proteins and further prevent the degradation of the kidney function.

SER150 was well tolerated, and no safety concerns were observed.

SER150 targets a large, growing and poorly treated market segment

The diabetic kidney disease market is significant, with a large unmet clinical need and a growing patient population worldwide. The prevalence of type 2 diabetes is about 1 in 11 adults worldwide now have diabetes, 90% of whom have type 2 diabetes. Asia is a major area of the rapidly emerging T2DM global epidemic, with China and India the top two epicentres.

Approximately 150 million patients are suffering from diabetic kidney disease worldwide, and approximately 30 million patients have a high albumin content in their urine (macroalbuminuria). Diabetic kidney disease is the leading cause of end-stage renal disease, which is treated with chronic dialysis. Some patients will be candidates for kidney transplantation, but they are in the minority. The disease causes the progressive loss of renal function, and changes are localized in both the kidneys' glomeruli and proximal tubules, characterized by persistent albuminuria, a progressive decline in the glomerular filtration rate and, often, elevated arterial blood pressure. However, the patient does not have clinical symptoms before 85-90% of renal function is lost, i.e., end-stage kidney disease.

The treatment cost of dialysis and concomitant medical treatment for a patient with end-stage kidney disease is approximately EUR 90,000 annually, both in Europe and the US.

What is SER150?

SER150 is an orally administered, new chemical entity – a potent dual-acting competitive thromboxane receptor antagonist and thromboxane synthesis inhibitor.

Thromboxane is a pro-inflammatory endogenous mediator, and thromboxane is increased in patients with type 2 diabetes. SER150 reduces the effect of thromboxane through its dual blockade of the thromboxane synthase and the thromboxane receptor. This mode of action reduces the inflammation in all glomerular cells.

SER150 is expected to inhibit the inflammatory processes in all kidney cells. It is expected to inhibit the renal invasion of inflammatory cells and a number of pro-inflammatory agents. More fundamentally, SER150 is expected to reduce or stop the progression of renal impairment typically seen in patients with diabetic kidney disease.

Clinical study and continued development

Results from the SER150 efficacy, safety and tolerability study in 72 patients with diabetic kidney disease evaluated at two dose strengths sequentially administered for one

month (15 mg and 30 mg; administered twice daily versus placebo treatment) were announced in January 2017.

The data confirmed a statistically significant reduction in urine albumin, and no biochemical abnormalities or bleeding tendencies were identified. Only a few adverse events (all mild or moderate) were reported, and events were distributed evenly between active treatment and placebo groups.

Successful good manufacturing practice (GMP) production of drug substances took place in 2018.

The new GMP-grade SER150 batch has been used for the preparation of capsules with a content of 15 mg for the next clinical study. It was also used to finalize the preclinical six- and nine-month toxicological studies in two animal species. The final reports were received in April and May 2020.

Next clinical study

The next SER150 clinical study will target patients with type 2 diabetes and macro-albuminuria, i.e., significantly damaged kidney function. This will be a randomized, placebo-controlled study. 100 patients will be treated for three months, and the effect on urinary albumin excretion, safety and tolerability will be followed up frequently during the treatment. The study will be carried out in Australia, and six centers have been invited to participate. All relevant documents were filed for regulatory approval in early 2021.

Corporate strategy

Serodus's strategy is to inlicense or acquire early-phase drug candidates and mature the candidates to "proof of clinical concept." Serodus plans to outlicense the projects ahead of the final, larger clinical studies.

Management has extensive experience and knowledge of qualifying and evaluating early-stage drug candidates, as well as expertise in maturing the individual candidates from the early drug discovery stages through to the various preclinical, clinical and regulatory phases.

The Company has a dedicated focus treatment of patients with type2 diabetes and diabetic kidney disease on diabetes-induced complications and has a broad, chemically diversified basket of compounds.

Serodus is striving for risk mitigation by ensuring:

1. A multiple drug pipeline.
2. Different modes of action of the individual drug candidates
3. Drug candidates at different development stages

Serodus's strategy is to collaborate with contract research organizations, contract manufacturer organizations and consultants.

Currently, the Company has a primary focus on the development of SER150 addressing diabetic kidney disease.

Corporate governance

Serodus has adopted the Norwegian Code of Practice for Corporate Governance dated October 1, 2018. The purpose of this code of practice is to clarify the respective roles of shareholders, the Board of Directors and executive officers beyond the requirements of the legislation.

Overall objectives

Serodus's objective is first and foremost to help patients with diabetic kidney disease. Furthermore, Serodus aims to ensure long-term value creation for its shareholders through clinical and preclinical achievements.

We believe that the best way to achieve these goals is through a value-based performance culture, stringent ethical requirements and a code of conduct that promotes personal integrity and respect.

We believe that good corporate governance is more than just a technical exercise - it is a fundamental element of the practical work of the Company's governing bodies, and it defines the criteria on which the trust of the Company's shareholders is based.

The following principles underline our approach to corporate governance:

- All shareholders will be treated equally.
- Serodus will ensure that all shareholders have access to up-to-date, reliable and relevant information about the Company's activities.
- Serodus has a Board of Directors that is independent of the Group's management. Consequently, the Board can ensure that there are no conflicts of interest between owners, the Board of Directors and the Company's management.
- The Board of Directors will base its practical work on the principles for good corporate governance at all times.

Code of ethics and conduct

Serodus intends to comply with the Norwegian Code of Practice for Corporate Governance. Its social responsibility statement is available on the Company's website.

Business

Serodus's business is defined in the articles of association available on the Company's website. The focus areas are presented in the annual report.

Equity

Serodus intends to always have sufficient equity to carry out its plans. Initiatives without sufficient equity will not be initiated. Combining strategy, risks and cash is key to making Serodus a successful company.

The Company does not expect to pay recurring dividends. Serodus intends to use its equity to develop products.

Equal treatment of shareholders and transactions with related parties

Serodus has one class of share.

All material transactions between the Company and shareholders, members of the Board of Directors, key employees or parties closely associated with the above will be assessed by an independent third party. Members of the Board of Directors and the management are required to notify the Board of Directors if they have any material interest - directly or indirectly - in any agreement entered by the Company. The Board of Directors will report any transactions with related parties in its annual report.

If the Board of Directors proposes that existing shareholders' pre-emptive rights should be waived in the event of share capital increases, this waiver will be based on the common interests of the Company and the shareholders.

Freely negotiable shares

All shares are freely negotiable with no form of restriction.

General meetings

The Board of Directors is responsible for ensuring that as many shareholders as possible can participate in the Company's general meetings. The Board of Directors is also responsible for ensuring that the general meeting is an effective forum for shareholders and the Board of Directors.

The chair of the Board of Directors and the CEO must attend the annual general meeting. Shareholders who are not able to participate themselves can appoint another person as a proxy.

Notice of the general meeting and relevant documents are made available on the Company's website two weeks in advance of the meeting. Notice of the meeting is sent to all shareholders individually, or to their depository banks, two weeks in advance.

Composition and independence of the Board of Directors

The Board of Directors consists of between three and seven members. The composition of the Board of Directors is designed to ensure that it can attend to the common interests of all shareholders and that it meets Serodus's requirements for expertise, capacity, and diversity.

Board members are elected for a two-year period. All members are elected at the annual general meeting. All members of the Board of Directors are independent of the Company's day-to-day management, main shareholders, and material business connections.

The work of the Board of Directors

The Board of Directors prepares an annual plan for its work.

The Board of Directors provides instructions for the CEO.

Risk management

The Board of Directors is responsible for ensuring that the Company has sound internal controls and systems for risk management that are appropriate in view of the extent and nature of Serodus's activities. Risks include strategic risks, financial risks, liquidity risks and operational risks related to the development of products within Serodus's portfolio. The Board assesses these risks on an ongoing basis.

The finance function is responsible for the financial statements and for ensuring that they are prepared and reported according to applicable laws and regulations and in accordance with IFRS. The Board of Directors receives monthly reports from management that include financial updates. The Board reviews the quarterly interim reports and annual financial statements with a particular focus on significant transactions and estimates.

Audit committee

Serodus does not have an audit committee.

Remuneration of the Board of Directors

The Board's remuneration should reflect the responsibilities, expertise, and time commitments of its members, as well as the complexity of Serodus's activities. The Board's remuneration is not linked to Serodus's profits or product development progress. The Board's remuneration includes share options. Giving share options to Board members deviates from the recommendations of the Norwegian Code of Practice for Corporate Governance. Nevertheless, Serodus wants to give options to Board members in order to attract competent people onto the Board.

Remuneration committee

Serodus does not have a remuneration committee.

Information and communication

Serodus's reporting of financial and other information is based on openness and considers requirements relating to the equal treatment of investors. Serodus publishes a financial calendar on an annual basis featuring the release dates of quarterly reports.

The Chairman of the Board and the CEO are authorized to speak on behalf of the Company. They can delegate this authorization to other members of the Board or Executive Management.

Company takeovers

The Board will always focus on what is in the best interests of its shareholders. Any bid will be evaluated based on that principle.

Auditor

The auditor provides the Board with an annual presentation of the audit work performed. The auditor participates in a meeting with the Board of Directors that deals with the annual financial statements. At this meeting, the auditor also presents a review of Serodus's internal control procedures.

For more information on corporate governance, please visit www.serodus.com.

Board of Directors



Søren Elmann Ingerslev
Chairman

Elected as a Board member in 2013 and as Chairman in 2017

Mr Ingerslev is an attorney and a partner in the Danish law firm Elmann Advokatpartnerskab. He has extensive international experience and business acumen within mergers and acquisitions, company law, business development and international business agreements. He is head of Elmann's Corporate and M&A department and serves as a non-executive member of the board of directors of several listed and privately held companies, including Immudex ApS, Immumap ApS and Biostrip ApS.



Terri Sebree
Board member

Elected as a Board member in 2014

Ms Sebree is an experienced pharmaceutical and biotechnology entrepreneur who has successfully founded, financed, grown and taken public three biopharmaceutical companies. She is currently President of Zynerba Pharmaceuticals (Nasdaq: ZYNE) based in Devon, PA, US. She co-founded NuPathe Inc. (Nasdaq: PATH) and served as its President from February 2005 to March 2014. Prior to NuPathe, she served as Senior Vice President, Development, of Auxilium Pharmaceuticals (Nasdaq: AUXL) from January 2000 to January 2005. Prior to joining Auxilium, she served as Executive Vice President, United States Operations, at IBAH, Inc., a contract research organization. Prior to that, she served in a variety of management roles with Abbott Laboratories for more than nine years, including as its development head for psychopharmacology products. She holds a BSc from Texas A&M University, US.



Kathrin Kortschak
Board member

Elected as a Board member
in 2018

Kathrin Kortschak is Director of Hestia Investments Ltd., an early-stage biotechnology investment company, as well as co-founder of EB Europe Ltd., a lifestyle drinks manufacturing start-up. Prior to joining Hestia in 2012, she worked as a technology consultant at FimpactT AG in Switzerland. She has a BA in History & French Literature from the University of Oxford, UK.



Arnstein Endresen
Board member

Elected as a Board member
in 2016

Arnstein Endresen has had a long career in Norwegian and international finance and investment activities. He has 10 years of banking experience. He has served as CFO of two companies and has headed a family office investing in health-related companies and other sectors.

He is a board member of several private companies and the chairman of Nelea AS, which is a significant shareholder of Serodus.

Executive management



Eva Steiness
CEO

Professor Eva Steiness was the first female dean of the Faculty of Health Science, University of Copenhagen, Denmark, Professor in Clinical Pharmacology and Senior Vice President and Deputy CEO of Lundbeck A/S. She holds an MD and a DSc in Medicine from the University of Copenhagen, Denmark.

During her time at Lundbeck A/S, she created a broad discovery and clinical pipeline, including registering and launching both Cipramil® (citalopram), an antidepressant drug that reached blockbuster status, and Serdolect® (sertindole), a neuroleptic drug.

She later founded Zealand Pharma A/S in 1998. Under her leadership, a GLP-1 agonist (lixisenatide) for the treatment of type 2 diabetes was developed and licensed to Aventis (Sanofi) in 2003. Lyxumia® (lixisenatide) was first launched on the European market in 2013.

She became CEO of Serodus in 2011, at a time when Serodus had no pipeline.

She has held a string of leadership positions, including chairman of the board of Genmab and other biotech start-up companies in the Copenhagen area of Denmark and in Norway. She was a board member of several of Lundbeck's affiliates and has also been a member of the board of directors of the Oticon Foundation, a member of the Danish Medical Research Council and chairman of the Danish Governmental Advisory Board on Research Politics.



Henrik Mordhorst
CFO

Mr Mordhorst holds an MSc in Economics from Copenhagen Business School, Denmark. He has worked in financial positions within real estate, investment banking, project financing, portfolio management and start-ups for 30 years.

Starting out in real estate in Denmark straight out of business school, he then went to London, UK, for six years, working for Merrill Lynch and Nomura. He then took on a position as CFO with a development company in New York, US.

After the US contract expired, he went to Switzerland, where he settled for 15 years, working for UBS as client advisor and for a family office as CIO.

He then returned to Denmark to co-found and act as CEO of Dansk Farm Management A/S, a fund management company specializing in the acquisition of Danish farms (farmland and buildings only) and selecting highly skilled young farmers as tenants.

He is the founder and CEO of HeMo ApS, a consulting company providing financial advice, management, and support to SMEs. Since 2016, he has worked as CFO of several start-ups and of the Caladonian Group of companies in the UK.

He joined Serodus in 2019.

Board of Directors' report

Operational review

Serodus is a lean, virtual, clinical-stage biotech company. The lead program has a completed phase 2 study in patients with diabetic kidney disease. Serodus's goal is to mature its pipeline candidates up to late, larger clinical studies, and subsequently to enter into partnerships for the remaining development, regulatory market approvals and global marketing.

During 2020, the company finalized the last part of the toxicological testing and planned the next clinical study. Serodus negotiated the collaboration with a CRO.

An Australian subsidiary was set up in August 2020 to act as sponsor for the planned clinical study there.

Future outlook

During 2021, Serodus will initiate the next clinical studies in patients with type 2 diabetes and severe albuminuria.

Serodus will continue efforts to outlicense the individual compounds in the pipeline to the pharmaceutical industry through one-to-one meetings.

Working environment and human resources

Serodus is mindful of expectations regarding equal opportunities, and ensures that all applicants for positions are treated equally. As of the end of 2020, the Company employs one woman, the CEO.

The Board of Serodus ASA is made up of two women and two men and meets the requirements laid down by § 6-6a of the Norwegian Public Limited Liability Companies Act.

Environment

Serodus does not pollute the environment other than what is normal for this kind of business, which is not considered to be material.

Financial review

Income statement

Serodus did not have any revenue in 2020.

The Group's operating expenses for 2020 amounted to NOK 32.0 million for the full year, compared to NOK 25.2 million for 2019. The net loss for the Group in 2020 was NOK 32.3 million, compared to a net loss of NOK 25.2 million in 2019.

Serodus ASA (the Parent Company) posted a net loss of NOK 33,5 million in 2020, compared to a net loss of NOK 27.5 million in 2019.

Cash flow and statement of financial position

On December 31, 2020, the Serodus Group had total assets of NOK 45.0 million, compared to NOK 22.5 million at year-end 2019. For Serodus ASA, total assets on December 31, 2020, were NOK 41.2 million, against NOK 22.1 million in 2019. Serodus increased the share capital in 2020 generating app. NOK 50.6 million in cash.

On December 31, 2020, total equity for the Group was NOK 42.0 million, compared to NOK 17.9 million at year-end 2019. The registered share capital of Serodus ASA at December 31, 2020, was NOK 14,664,053, divided into 14,664,053 shares, each with a nominal value of NOK 1.

The unrestricted cash balance at December 31, 2020, was NOK 34.0 million, compared to NOK 11.9 million at year-end 2019.

Going concern assumption

In accordance with section § 3-3a of the Norwegian Accounting Act, the Board confirms that the going concern assumptions are valid.

Serodus successfully raised NOK 45.9 million in new equity from private investors in June 2020 through a private placement, with the purpose of financing the next SER150 clinical study and general G&A costs.

In December 2020, Serodus raised NOK 4.7 million in new equity from private investors through a private placement, with the purpose of financing a pharmacological study of SER140.

Financial risks

Serodus is exposed to financial risks in various areas. The long-term goal is to reduce this exposure where possible. At present, the Company does not use financial derivatives to hedge this risk.

Currency risk

Serodus operates in an international market and is exposed to various currencies. A substantial part of the project expenses is in foreign currency. Most of the exposure is related to transactions in USD, AUD, EUR and DKK. The Company does not currently hedge positions to reduce this risk but monitors the situation carefully.

Interest risk

Serodus does not have any loans. There is thus no interest risk associated with loans.

Liquidity risk

Serodus is exposed to significant liquidity risk through its capital-intensive development projects. The Company seeks to minimize this risk by securing sustained financing that enables the Company to reach key development milestones, which are expected to generate licensing interest from potential partners.

Market risk

Serodus operates in an international market and is exposed to market fluctuations across the world. The general economic situation may influence the progress in projects but is not expected to influence the overall need for the product candidates developed by Serodus. The market risk is thus considered limited.

Subsequent events after year-end

The Australian ethical committee has approved the next clinical study of SER150 in patients with type 2 diabetes and macroalbuminuria. Agreements with the clinical centers involved in performing the study has been initiated.

Covid-19

Covid-19 emerged close to the turn of the year 2019/2020 and was declared a global public health crisis on January 30, 2020. In the subsequent period, it spread quickly and its consequences escalated, and on March 11, was declared a global pandemic.

The pandemic has led to major social and economic consequences worldwide, with extensive restrictions imposed by the authorities. However, there is still considerable

uncertainty about the long-term consequences of the pandemic, both in terms of further spread or possible control of the virus, and the severity of the impact on the global economy.

This may result in a delay in starting planned studies, as patient checks and monitoring may be affected.


Allocation of the net result for the year

The Serodus Group generated a net loss for the 2020 financial year of NOK 32,345,382, while the Parent Company's loss for the year was NOK 33,483,151. The Parent Company had no distributable reserves on December 31, 2020. The Board proposes the following allocation of the net result for the year for Serodus ASA:

Net loss	NOK -33,483,151
Transferred from other equity	NOK -33,483,151

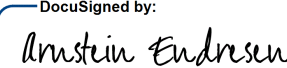
Oslo, May 11th, 2021

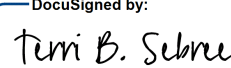
Board of Directors, Serodus ASA

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 Søren Eimann Ingerslev
 Chairman of the Board

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 Kathrin Kortschak
 Board member

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 Arnstein Endresen
 Board member

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 Terri Sebree
 Board member

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 Eva Steiness
 CEO

Statement of income and comprehensive income

NOK

Group		Note	Note	Serodus ASA	
2020	2019			2020	2019
<i>Operating income</i>					
-	-	4	4	-	-
-	-			-	-
-	-			-	-
<i>Operating expenses</i>					
18,855,249	18,279,033	7	7	1,158,038	18,279,033
4,728,435	5,107,819	5.6	5.6	4,728,435	5,121,191
92,037	2,234,875	9	9	42,038	42,038
8,351,119	(437,577)	2.8	2.8	7,926,898	(690,009)
32,026,841	25,184,149			13,855,410	22,752,252
(32,026,841)	(25,184,149)			(13,855,410)	(22,752,252)
<i>Financial income</i>					
31,525	16,622	16	16	142,380	16,622
204,187	70,383	16	16	174,513	55,901
235,712	87,005			316,893	72,523
<i>Financial expenses</i>					
2,281	1,365	16	16	15	12
547,642	382,802	16	16.18	19,944,619	4,806,378
549,923	384,167			19,944,634	4,806,390
(314,211)	(297,162)	16	16	(19,627,741)	(4,733,867)
(32,341,052)	(25,481,311)			(33,483,151)	(27,486,119)
(11,000)	(350,594)	8	8	-	-
(32,330,052)	(25,130,718)			(33,483,151)	(27,486,119)
(15,330)	(66,053)				
(32,345,382)	(25,196,771)			(33,483,151)	(27,486,119)

Statement of financial position

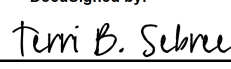
NOK

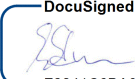
Group			Serodus ASA		
Dec. 31, 2020	Dec. 31, 2019	Note	Note	Dec. 31, 2020	Dec. 31, 2019
ASSETS					
<i>Fixed assets</i>					
546,488	638,525	9	9	546,488	588,525
-	-			-	-
-	-	16	16	521,496	-
546,488	638,525			1,067,984	588,525
<i>Current assets</i>					
10,252,500	9,793,899	10	10	9,815,554	9,793,899
34,195,598	12,098,506	11	11	30,271,595	11,708,469
44,448,098	21,892,405			40,087,148	21,502,368
44,994,585	22,530,930			41,155,132	22,090,894
EQUITY AND LIABILITIES					
<i>EQUITY</i>					
14,664,053	10,455,442	12	12	14,664,053	10,455,442
-	-			-	-
(0)	0			-	-
59,255,078	34,480,374			59,255,078	34,480,374
(31,894,415)	(27,035,151)			(33,483,151)	(27,486,119)
42,024,717	17,900,665			40,435,980	17,449,697
<i>Long-term liabilities</i>					
0	11,000	8	8	-	-
-	-	14.16	14.16	-	-
0	11,000			-	-
<i>Current liabilities</i>					
2,642,465	3,327,446	14.15	14.15	391,748	3,327,446
327,404	1,291,818	13	13	327,404	1,313,750
2,969,868	4,619,265			719,152	4,641,196
44,994,585	22,530,930			41,155,132	22,090,894

Oslo, May 11, 2021

DocuSigned by:

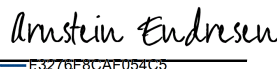
 Søren Elmann
 Chairman of the Board

DocuSigned by:

 Terri Sebree
 Board member

DocuSigned by:

 Eva Steiness
 CEO

DocuSigned by:

 Kathrin Christin Kortschak
 Board member

DocuSigned by:

 Arnstein Endresen
 Board member

Statement of changes in equity

NOK

2020	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Serodus ASA					
Equity at Jan. 1, 2020	10,455,442	-	34,480,374	(27,486,119)	17,449,697
- Total comprehensive income 2020	-	-	-	(33,483,151)	(33,483,151)
- Other income/expenses	-	-	-	-	-
<i>Total comprehensive income:</i>	-	-	-	(33,483,151)	(33,483,151)
Share-based compensation	-	-	1,757,491	-	1,757,491
Issues from convertible loan	315,000	-	3,780,000	-	4,095,000
Issues from cash contributions	3,893,611	-	46,723,332	-	50,616,943
Used to cover previous years uncovered loss	-	-	(27,486,118)	27,486,118	-
Equity at Dec. 31, 2020	14,664,053	-	59,255,078	(33,483,151)	40,435,980

Group	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity Dec. 31, 2020	10,455,442	-	34,480,374	(27,035,151)	17,900,665
- Total comprehensive income 2020	-	-	-	(32,345,382)	(32,345,382)
- Exchange differences	-	-	-	-	-
<i>Total comprehensive income:</i>	-	-	-	(32,345,382)	(32,345,382)
Share-based compensation	-	-	1,757,491	-	1,757,491
Issues from convertible loan ¹	315,000	-	3,780,000	-	4,095,000
Issues from cash contributions ²	3,893,611	-	46,723,332	-	50,616,943
Issues (unregistered)	-	-	-	-	-
Issue expenses	-	-	-	-	-
Used to cover previous years' uncovered loss	-	-	(27,486,118)	27,486,118	-
Capital reduction	-	-	-	-	-
Other changes	-	-	-	-	-
Equity Dec. 31, 2020	14,664,053	-	59,255,078	(31,894,415)	42,024,716

¹ Issues from convertible loan registered on Jun. 17, 2020.

² Issues from cash contributions registered on Jun. 29 and Dec. 14, 2020

2019	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Serodus ASA					
Equity at Jan. 1, 2019	106,418,464	50,948,410	(4,461,445)	(137,471,895)	15,433,533
- Total comprehensive income 2019	-	-	-	(27,486,119)	(27,486,119)
- Other income/expenses	-	-	-	-	-
<i>Total comprehensive income:</i>	-	-	-	(27,486,119)	(27,486,119)
Issues from cash contributions	29,502,282	-	-	-	29,502,282
Capital reduction	(125,465,304)	(50,948,410)	38,941,820	137,471,894	-
Equity at Dec. 31, 2019	10,455,442	-	34,480,374	(27,486,119)	17,449,697

Group	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at Jan. 1, 2019	106,418,464	50,948,410	(4,461,445)	(139,310,276)	13,595,153
- Total comprehensive income 2019	-	-	-	(25,196,771)	(25,196,771)
- Exchange differences	-	-	-	-	-
<i>Total comprehensive income:</i>	-	-	-	(25,196,771)	(25,196,771)
Issues from cash contributions	29,502,282	-	-	-	29,502,282
Capital reduction	(125,465,304)	(50,948,410)	38,941,820	137,471,894	-
Equity at Dec. 31, 2019	10,455,442	0	34,480,374	(27,035,151)	17,900,665

The capital reduction was registered in the Company Register on June 27, 2019.

The capital reduction has been used to cover losses and make provision for funds.

Statements of cash flow

NOK

Group					Serodus ASA	
2020	2019	Note	Note	2020	2019	
Cash flow from operating activities						
(32,341,052)	(25,481,311)			(33,483,151)	(27,486,119)	
-	-			-	3,786,350	
92,038	2,234,875	9	9	42,039	42,039	
1,757,491		5	5	1,757,491		
(684,983)	(1,919,977)			(3,457,195)	(3,972,755)	
(1,438,347)	(9,368,714)			18,455,642	(6,927,088)	
(32,614,852)	(34,535,128)			(16,685,175)	(34,557,573)	
Cash flow from investment activities						
-	-			(19,463,642)	-	
-	-			(19,463,642)	-	
Cash flow from financing activities						
54,711,944	29,502,083	12	12	54,711,943	29,502,282	
-	-			-	-	
54,711,944	29,502,083			54,711,943	29,502,282	
22,097,092	(5,033,045)			18,563,126	(5,055,291)	
12,098,506	17,131,551	11	11	11,708,469	16,763,760	
34,195,598	12,098,506	11	11	30,271,595	11,708,469	

Notes to the financial statements

Note 1 - General information

Serodus ASA (the Company) is a private company incorporated and domiciled in Norway. It is a virtual company without a permanent place of business. The staff work largely from home or in facilities near to home. Serodus is a biomedical company that works on the development of new and innovative medicines for the treatment of diabetes-related complications. The financial statements were approved by the Company's Board of Directors on May 11th, 2021.

The company has two subsidiaries:

Phlogo ApS, a limited Danish company that holds the patents of SER130 and SER140.

Serodus (AUS) Pty Ltd, an Australian limited company founded in 2020 and is acting as sponsor for the SER150-CL-009 clinical study in Australia.

Note 2 - Summary of significant accounting principles

The main accounting principles applied in preparing the financial statements are described below.

2.1 Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in compliance with additional requirements pursuant to the Norwegian Accounting Act.

The financial statements are prepared based on historical cost.

The Company has two employees. On December 31, 2020, the Group had NOK 34.2 million in unrestricted cash. Serodus successfully raised new equity of NOK 45.9 million in June 2020 and NOK 4.7 million in December 2020 from private investors through private placements, and the Company now has sufficient liquidity to operate through 2021. The going concern assumption is considered to be fulfilled, and the financial statements have been prepared on this basis.

2.2 Consolidation principles

The financial statements include Serodus ASA and companies over which Serodus ASA exercises control. Control is ordinarily achieved when the Group owns more than 50% of the shares in the Company. Control may also be achieved where the Group owns less than 50% of the voting shares, either by agreement or because the Group is capable of exercising actual control of the company. Non-controlling interests are included in the Group's equity.

The acquisition method is used for recognition of business combinations. Companies acquired or disposed of during the year are included in the financial statements from the time control commences and until control ceases.

Changes in ownership interests in subsidiaries that do not result in loss of control are recognized as an equity transaction. The consideration is recognized at fair value, and the difference between any considerations and the capitalized value of non-controlling ownership interests is offset against the controlling owners' equity.

In the event of a change in ownership resulting in loss of control, the consideration is measured at fair value. The capitalized value of assets and liabilities in subsidiaries and any non-controlling interests are derecognized at the date of loss of control. The difference between the consideration and the capitalized value of net assets and any non-controlling interests is recognized in the income statement as gains or losses. Any interest retained is measured at fair value, and any gains or losses are recognized in the income statement as share of gains/losses on sale of subsidiary. Depending on the nature of the items, amounts are recognized in other comprehensive income or charged directly to equity.

Intercompany transactions and balances, including intercompany profits and unrealized gains and losses, are eliminated. Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated at the percentage of the Group's interest in the company/business. Correspondingly, unrealized losses are eliminated, but only to the extent that there is no indication of impairment of the asset sold internally.

2.3 Foreign currency

The functional currency of the company is NOK. The functional currency for the subsidiary Phlogo Aps is DKK and AUD for Serodus (AUS) Pty Ltd. Financial assets and liabilities in other currencies are converted at the exchange rates at December 31. Income and expenses in foreign currency are converted at the exchange rate at the transaction date. Exchange rate gains and losses are recognized as other financial income and other financial expenses respectively and included in the determination of net profit. Statement of financial position items for Phlogo are translated at the exchange rate at period-end. Income statement items are translated using the average exchange rate for the period.

2.4 Intangible assets

Acquired intangible assets.

Intangible assets acquired separately are capitalized at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis over the estimated useful life. The estimated useful life and amortization method are reviewed at the end of each year. The effect of any changes in estimates is recognized over the expected useful life.

Internally generated intangible assets are recognized less R&D costs.

Research costs are recognized as an expense in the period incurred.

An internally generated intangible asset relating to development (or in the development stage of an internal project) is recognized when, and if, the following conditions are met:

- it will be technically feasible to complete the asset such that it will be available for use or sale
- the company intends to complete the intangible asset and use or sell it
- it will be possible to use or sell the asset
- the intangible asset will generate future economic benefits
- there are adequate technical, financial and other resources to complete development and to use or sell the asset
- it will be possible to reliably measure the costs related to development of the intangible asset.

The company considers that these criteria are not met until development work has led to a product that has been approved by the relevant authorities. In this context, no internally developed intangible assets have been capitalized at December 31, 2020.

2.5 Depreciation of property, plant and equipment and amortization of intangible assets

At the end of each reporting period, the company assesses the capitalized value of property, plant and equipment and intangible assets to determine whether there are indications of loss or impairment. If such indications exist, the recoverable amount of the asset is calculated to determine the extent of any decrease in value. Where it is not possible to estimate the recoverable amount for a given asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less selling costs and utility value. To calculate utility value, future cash flows discounted to present value are estimated.

If the recoverable amount for an asset (or cash-generating unit) is estimated to be less than the capitalized value of the asset (or cash-generating unit), the value is written down to the recoverable amount. Impairment losses are recognized immediately in the income statement.

In the event of a reversal of the impairment, the capitalized value of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but such that the increased capitalized value does not exceed the capitalized value that would have been determined had it not been written down previously. A reversal of impairment is recognized immediately in the income statement.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term liquid investments with original maturities of three months or less.

2.7 Government grants

Government grants, e.g., "SkatteFUNN," are recognized on a systematic basis in the period in which the Company recognizes the costs that the grant is intended to compensate. Grants are presented as part of other operating expenses, i.e., netted against the associated costs. Government grants related to assets are presented in the statement of financial position by deducting the grant from the capitalized value of the asset.

2.8 Revenue

Serodus ASA is a biomedical company that works on the development of new and innovative medicines for the treatment of diabetes-related complications. The Company had no operating income in 2020 or 2019.

2.9 Taxes

Tax for the period includes tax payable and changes in deferred tax.

Tax is recognized in the income statement, except to the extent it is related to items recognized in the statement of comprehensive income or directly in equity. In this case, the tax is also recognized in comprehensive income or directly in equity.

Deferred tax assets and liabilities are calculated on the basis of temporary differences between the capitalized value of assets and liabilities in the financial statements and their tax values, as well as tax losses carried forward at the closing date. Deferred tax assets and liabilities are calculated on the basis of tax rates and tax regulations that are expected to be in force when the assets are realized or the liability is settled, based on tax rates and tax regulations that have been adopted or substantially adopted at the closing date. Deferred tax assets are recognized only to the extent it is likely that future taxable profit will be available against which the assets can be utilized.

2.10 Share-based payment

The Company has a share-based compensation scheme, whereby the Company receives services as consideration for equity instruments. The total amount to be expensed is determined with reference to the fair value of the options and subscription rights.

Where it is not considered possible to determine the fair value of the equity instruments, they are valued at intrinsic value at the grant date. An updated assessment of intrinsic value is used for subsequent periods.

Equity instruments granted by the Company are subject to vesting conditions related to service period/period of association with the Company. The estimated cost associated with the options is accrued over the vesting period for the options. The counter-entry for the cost item is an increase in equity. If the vesting criteria are not met, the charge against equity is reversed.

2.11 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events, it is likely that the provision must be met and the amount can be estimated. Provisions are reviewed at each closing date and adjusted to reflect the current best estimate. Provisions are measured at the present value of expected expenditures to settle the obligation. Increases in liabilities due to a change in the time to maturity are recorded as financial expenses.

For convertible debt, the various components of the instruments are identified. The fair value of the liability component is determined at the fair value of a similar liability that does not have an associated equity conversion feature. The equity component is then calculated as the residual amount and credited directly to equity. The equity component will not be remeasured subsequently.

2.12 Contingent liabilities

Contingent liabilities are not recognized in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the likelihood of liability is low.

2.13 Segment reporting

The Company has only one operating segment and does not report segment information.

2.14 Cost of equity transactions

Transaction costs directly attributable to an equity transaction are recognized directly in equity, net of tax.

2.15 Events after the closing date

The financial statements will be amended to reflect events after the closing date that provide information on conditions that existed on the closing date. The financial statements will not be amended for events after the closing date that are due to conditions that have arisen after the closing date. Such events are disclosed in a note if they are material.

2.16 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

2.17 Use of accounting estimates and assumptions

The preparation of financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Future events could cause the estimates to change. Estimates and the underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the change occurs. If changes also apply to future periods, the effect is distributed across the current and future periods. Accounting items affected by estimates and assumptions are:

a) Intangible assets

Recognition and measurement of intangible assets: Application of the criteria for when development costs qualify for recognition as intangible assets is subject to management judgment, cf. Note 2.3. Even if projects have been capitalized, there may be uncertainty about the market and future margins, and consequently it is difficult to estimate the recoverable amount in relation to impairment tests.

To determine whether an intangible asset is impaired, it is necessary to calculate the utility value of the asset or the cash-generating unit. Calculation of utility value requires management to make estimates of future cash flows and to determine an appropriate discount rate to calculate present value.

b) Share-based compensation

Expenses related to share-based compensation are sensitive to assumptions used in the calculation of fair value, but the total expenses related to share-based compensation are small.

If the fair value of the net assets in the business combination exceeds the consideration paid (negative goodwill), the difference is recognized immediately on the date of acquisition.

2.18 New standards effective for periods beginning after January 1, 2020

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a significant impact on Serodus' financial statements.

Note 3 - Government grants

NOK

SkatteFUNN

Group 2020	Group 2019		Serodus ASA 2020	Serodus ASA 2019
1,283,906	6,102,581	SkatteFUNN	1,283,906	6,102,581
1,283,906		0 Total grants	1,283,906	6,102,581

The Company has one SkatteFUNN project. Recognition does not include marketing activities nor experimental production and testing of products, services or production processes that can be used or modified in order to be used for industrial or commercial purposes. In other respects, the Research Council's minimum requirements for project management shall apply. The main objectives of the projects are development of novel treatments for patients with diabetic kidney disease. The Company has received a payment of NOK 6,1 M from SkatteFUNN in 2020 for approved costs in 2019.

For 2020, the Company has recognized a receivable of NOK 1.3 million from the government, based on the recognized costs in 2020 that the SkatteFUNN grant is intended to compensate, and payment is expected to be received in 2021.

See Notes 5 and 6.

Note 4 - Segments

The Company had no revenue from customers in 2020.

The Group is regarded as a single unit, and there are therefore no separate segments.

Note 5 - Salaries and allowances

NOK

Group		Serodus ASA		
2020	2019	2020	2019	
3,102,204	5,485,118	Salaries and directors' fees	3,102,204	5,498,490
72,600	98,700	Social security tax	72,600	98,700
(1,184)	-	Pensions	(1,184)	-
1,757,491	-	Option-based remuneration	1,757,491	-
3,741	5,321	Other salary-related payments	3,741	5,321
(206,416)	(481,320)	Refunds from SkatteFUNN (see note 3)	(206,416)	(481,320)
4,728,435	5,107,819	Total	4,728,435	5,121,191

From 2019, all employees are Danish citizens. The Company is not obliged to pay pensions for Danish citizens.

Total remuneration of directors and management team

Recipient	Role	Description of the remuneration	2020	2019
Eva Steiness	CEO	Total	2,007,412	1,847,766
		- Salary	2,003,020	1,843,374
		- Other payments	4,392	4,392
		- Share-based payment		
Søren Elmann Ingerslev ¹	Chairman	Total		
		- Director's fee		
		- Share-based payment		
Terri B. Sebree	Board member	Total	200,000	200,000
		- Director's fee	200,000	200,000
		- Share-based payment		
Arnstein Endresen	Board member	Total	200,000	200,000
		- Director's fee	200,000	200,000
		- Share-based payment		
Kathrin Christin Kortschak	Board member	Total	200,000	300,000
		- Director's fee	200,000	300,000
		- Share-based payment		
Total			2,607,412	2,547,766

Directors' fees²

Recipient	Role	2020	2019
Søren Elmann Ingerslev ¹	Chairman	-	-
Terri B. Sebree	Board member	200,000	200,000
Arnstein Endresen	Board member	200,000	200,000
Kathrin Christin Kortschak	Board member	200,000	300,000

¹ Remuneration to the Chairman of the Board has been paid to Elmann Advokatpartnerselskab; see Note 15.

² Shares and options for the Board are shown in a separate table below.

Share-based payment

Serodus has issued share options to management in 2020. If the options were to be exercised, they would be settled in shares. The following vesting conditions apply:

Name	Number of options	Expiry ³	Strike price (NOK)	Fair value
Søren E. Ingerslev	100,000	2022	13 -16	3.84
Terri Sebree	50,000	2022	13 -16	3.84
Kathrin Kortschack	50,000	2022	13 -16	3.84
Anstein Endresen	50,000	2022	13 -16	3.84
Eva Steiness	97,421	2022	13 -16	3.84
Peter Holm Tygesen	50,000	2022	13 -16	3.84
Henrik Mordhorst	60,000	2022	13 -16	3.84
TOTAL	457,421			

At grant date, the strike price was similar to the fair value of the shares, and the fair value of the options was considered to be insignificant. See note 6 for further details of the option plan.

³ Options can be exercised up to 30 days after approval of annual- or half year financial statements, with an annual increase in strike price of 8%.

Note 6 - Share option plan

The company has a share option program covering certain employees, board members and advisors.

As of Dec. 31, 2021, 7 employees, board members and advisors were included in the option programme. The options vests at issue and are exercisable after certain financial announcements by the company. The fair value of the options is set on the grant date and expensed.

NOK 1,757,491 have been expensed in 2020. The fair value of options granted in 2020 was NOK 3.84 per option.

Overview of outstanding options:	
	Dec. 31, 2020
Outstanding options 1.1	
Options granted	457,421
Options forfeited	
Options exercised	
Options expired	
Outstanding options 31.12	457,421
Of which exercisable	457,421

No options were exercised during 2020.

The fair value of the options has been calculated using Black & Scholes option-pricing model. The average fair value of the options granted in 2020 is NOK 3.84.

The calculations are based on the following assumptions:

Share price on the grant date

The share price is set to NOK 13.00 on the grant date.

The strike price per option

The strike price is increasing throughout the lifetime of the options. The strike price used is NOK 16.00.

Volatility

It is assumed that historic volatility is an indication of future volatility. The expected volatility is therefore stipulated to be the same as the historic volatility for a group of peers and is set at 66.04 %.

The term of the option

It is assumed that 100 % of the employees will exercise the options once they are exercisable. The options are expected to have a term of 2 years.

Dividend

The estimated dividend per share is NOK 0.00 per annum.

Risk-free interest rate

The risk-free interest rate is set equal to 0.14%

Note 7 - Other operating expenses

NOK

Group			Serodus ASA	
2020	2019		2020	2019
		<u>Project costs</u>		
18,855,249	18,279,034	Research and development ¹	1,158,038	18,279,034
		<u>Other operating expenses</u>		
136,513	426,059	Travel expenses	136,513	355,279
4,754,843	354,454	Patents and licenses	4,711,993	326,517
4,056,414	3,444,941	Consultants	3,846,872	3,390,306
480,838	958,229	Other costs	309,010	859,150
(1,077,490)	(5,621,261)	SkatteFUNN ³⁾	(1,077,490)	(5,621,261)
27,206,367	17,841,457	Total other operating expenses	9,084,937	17,589,025
		<u>Remuneration of auditors</u>		
2020	2019		2020	2019
268,000	302,118	Audit	268,000	302,118
		Certifications	-	
107,435	56,549	Other services	107,435	56,549
375,435	358,667	Total, excl. VAT	375,435	358,667

¹⁾ A substantial part of the Company's costs relates to research and development.

Research and development cost has been recognized in the statement of comprehensive income in accordance to IFRS

²⁾ See Note 3 for government grants

³⁾ See Note 14 for transactions with related parties.

Note 8 - Tax

NOK

Group		Specification of tax expenses:			
2020	2019		Serodus ASA		
			2020	2019	
-	-	Taxes payable		-	
(11,000)	(350,594)	Change in deferred tax		-	
(11,000)	(350,594)	Tax		-	
<hr/>					
Dec. 31, 2020	Dec. 31, 2019	Specification of temporary differences and deferred tax:	Dec. 31, 2020	Dec. 31, 2019	
(1,440,024)	(1,499,328)	Temporary differences	(1,440,024)	(1,499,328)	
(219,562,043)	(205,931,986)	Tax losses carried forward	(219,562,043)	(205,931,986)	
(221,002,067)	(207,431,314)	Basis for deferred tax assets (Norway) not recognised	(221,002,067)	(207,431,314)	
(19,245,653)	(624,527)	Basis for temporary differences related to Phlogo not recognized			
-	50,000	Temporary differences related to patent in Phlogo ApS			
(52,854,498)	(45,772,285)	Deferred tax asset (22%) not recognised	(48,620,455)	(45,634,889)	
-	11,000	Deferred tax (22%) as a result of patent			
<hr/>					
Reconciliation of effective tax rate:					
2020	2019		2020	2019	
(32,341,052)	(25,481,311)	Result before tax	(33,483,151)	(27,486,119)	
(7,115,031)	(5,605,888)	Expected income tax (22%)	(7,366,293)	(6,046,946)	
<i>Adjusted for the tax effect of the following items:</i>					
Effect change tax rate - calculation					
21,818	(1,387,029)	Permanent differences	83,860	(509,569)	
7,082,213	6,642,323	Change unrecognised deferred tax assets	7,282,433	6,556,515	
(11,000)	(350,594)	Tax	(0)	-	

Because of uncertainty about future utilisation of losses that can be carried forward, the company believes there is no basis for the recognition of deferred tax assets.

Note 9 - Intangible assets

NOK

Serodus ASA	Patents	Total
Acquisition costs		
Cumulative Jan. 1, 2019	2,360,875	2,360,875
Additions during the year	-	-
Disposals during the year	-	-
Cumulative 31 December 2019	2,360,875	2,360,875
Additions during the year	-	-
Disposals during the year	-	-
Cumulative 31 December 2020	2,360,875	2,360,875
Depreciation and impairment		
Cumulative 1 January 2019	1,730,313	1,730,313
Impairment	-	-
Depreciations for the year	42,038	42,038
Cumulative 31 December 2019	1,772,350	1,772,350
Impairment	-	-
Depreciations for the year	42,038	42,038
Cumulative 31 December 2020	1,814,386	1,814,386
Value entered on the balance sheet		
Carrying value as of 31 December 2019	588,525	588,525
Carrying value as of 31 December 2020	546,488	546,488

The carrying value of licences consists of licences related to SER 140 and SER 150. The licences expire in the period 2032 - 2039

Group	Licenses	Goodwill	Patents	Total
Acquisition cost				
Cumulative 1 January 2019	2,360,875	599,230	2,396,919	5,357,024
Additions during the year	-	-	-	-
Disposals during the year	-	-	-	-
Cumulative 31 December 2019	2,360,875	599,230	2,396,919	5,357,024
Additions during the year	-	-	-	-
Disposals during the year	-	-	-	-
Cumulative 31 December 2020	2,360,875	599,230	2,396,919	5,357,024
Depreciation and impairment				
Cumulative 1 January 2019	1,730,314	-	753,313	2,483,627
Impairment	-	599,230	1,593,607	2,192,837
Depreciations for the year	42,038	-	-	42,038
Cumulative 31 December 2019	1,772,351	599,230	2,346,919	4,718,500
Impairment	-	-	-	-
Depreciations for the year	42,037	-	50,000	92,037
Cumulative 31 December 2020	1,814,388	599,230	2,396,919	4,810,537
Value entered on the balance sheet				
Value entered on the balance sheet 31 December 2019	588,525	-	50,000	638,525
Value entered on the balance sheet 31 December 20120	546,488	-	-	546,488

Agreement with Evolva AG (Licences)

In 2013, Serodus entered into an agreement with Evolva AG regarding rights for SER150. Licenses totalling NOK 840,750 were capitalised.

The carrying value of licences consists of licences related to SER 140 and SER 150. The licences expire in the period 2032 - 2039

Note 10 - Receivables and prepayments

NOK

Group			Serodus ASA	
2020	2019		2020	2019
23,641	31,056	VAT receivables	23,641	31,056
429,931		Receivables	-	
8,515,021	5,144,382	Prepaid costs 1)	8,508,007	5,144,382
1,283,906	4,618,461	Government grants	1,283,906	4,618,461
-	-	Receivables from subsidiaries	-	-
10,252,500	9,793,899	Total other receivables	9,815,554	9,793,899

1) Prepaid costs represents raw materials and other materials hold in inventory until used in studies on SER150. The material is expensed when is used in clinical tests

Note 11 - Cash and cash equivalents

NOK

2020	2019		2020	2019
34,032,612	11,936,536	Cash and bank deposits - unrestricted	30,108,609	11,546,499
162,986	161,970	Cash - restricted assets related to taxes withheld	162,986	161,970
		Cash and cash equivalents in the statement of		
34,195,598	12,098,506	financial position	30,271,595	11,708,469

Note 12 - Share capital

NOK

Share capital:

	Dec. 31, 2020	Dec. 31, 2019
Shares, nominal value NOK 1	14,664,053	10,455,422

All shares in the company have equal voting rights and equal rights to dividends.

Nominal value per share NOK 1.

Serodus increased the shareholders capital by NOK 4.2 million in 2020. See statements of changes in equity.

The 20 largest shareholders as of Dec. 31, 2020 are:

Shareholders	Number of shares	Percentage of capital
Viggo Harboe 2006 Holding ApS	7,532,770	51.37%
Nelea AS	828,413	5.65%
Robert H. Beck	705,000	4.81%
Thomsen	450,000	3.07%
Eva Steiness	405,605	2.77%
Evolva AG	315,000	2.15%
Hansen	270,000	1.84%
CACEIS Bank	248,604	1.70%
UBS Switzerland AG	209,438	1.43%
M. Steiness	185,000	1.26%
Rolfs Holding AS	170,900	1.17%
MP PENSJON PK	169,607	1.16%
Ola Rustad A.S	146,539	1.00%
Særvoll Holding AS	126,634	0.86%
SPAR Kapital Investor AS	122,500	0.84%
Normann Hansen	105,000	0.72%
Skeikampen Invest ApS	93,300	0.64%
Acadia Holding AS	91,324	0.62%
Samsøft ApS	91,093	0.62%
Nordnet Bank AB	77,675	0.53%
Total for the 20 largest shareholders	12,344,402	84.18%
Other shareholders	2,319,651	15.82%
Total number of shares	14,664,053	100.00%

Shares owned directly or indirectly by management and board as of Dec. 31, 2020

Name	Role	Number of shares	Percentage of capital
Arnstein Gunnestad Endresen (NELEA AS)	Board member	828,413	5.65%
Katrin Kortschak (through nominee accounts)	Board member	268,286	1.83%
Eva Steiness	CEO	405,605	2.77%
Henrik Mordhorst	CFO	7,500	0.05%
		1,509,804	10.30%

Note 13 - Other current liabilities

NOK

Group			Serodus ASA	
2020	2019		2020	2019
70,650	47,718	Unpaid government charges	70,650	69,650
-	809,365	Accrued costs	-	809,365
256,754	434,734	Other current liabilities	256,754	434,734
327,404	1,291,817	Total other current liabilities	327,404	1,313,750

Note 14 - Financial risk management, objectives and guidelines

NOK

Categories of financial instruments

Category	Serodus ASA			
	2020		2019	
	Book value	Fair value	Book value	Fair value
Financial assets:				
Trade receivables	Loans and receivables	-	-	-
Other receivables ¹⁾	Loans and receivables	-	-	-
Cash and cash equivalents	Loans and receivables	30,271,595	30,271,595	11,708,469
Total financial assets		30,271,595	30,271,595	11,708,469
Financial liabilities:				
Trade payables	Financial liabilities at amortized cost	391,748	391,748	3,327,446
Other liabilities ²⁾	Financial liabilities at amortized cost	327,404	327,404	504,384
Total financial liabilities		719,152	719,152	3,831,830

Category	Group			
	2020		2019	
	Book value	Fair value	Book value	Fair value
Financial assets:				
Trade accounts receivable	Loans and receivables	-	-	-
Other accounts receivable ¹⁾	Loans and receivables	-	-	-
Cash and cash equivalents	Loans and receivables	34,195,598	34,195,598	12,098,506
Total financial assets		34,195,598	34,195,598	12,098,506
Financial liabilities:				
Trade payables	Financial liabilities at amortized cost	2,642,465	2,642,465	3,327,446
Other liabilities ²⁾	Financial liabilities at amortized cost	327,404	327,404	482,453
Total financial liabilities		2,969,869	2,969,869	3,809,899

¹⁾ VAT receivables and prepaid expenses are not included, since they are not considered as financial assets.

²⁾ Accrued costs are not included, since they are not considered as financial liabilities.

Financial risk management

The financial liabilities of the Company/Group consist primarily of other liabilities such as unpaid government charges and vacation pay due. The financial assets consist primarily of cash.

The Company/Group is exposed to market risk, credit risk and liquidity risk. Serodus ASA's management monitors the management of these risks.

Market risk

Market risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices. Market prices comprise three types of risks: interest rate risk, currency risk, and commodity price and other price risk. The financial assets and liabilities of the Company/Group have only limited exposure to these risks.

a) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices. The Company/Group has no borrowings and is therefore not currently exposed to interest rate risk.

b) Currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices. The Company/Group has some currency risks from foreign currency transactions. At year-end 2020, the Company/Group had accounts payable in DKK, GBP, USD, SEK and EUR equivalent to NOK 3,622,246. If the respective exchange rates against NOK changed by +/- 10%, the profit before tax would change by +/- NOK 362,225.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss for the Company. The Company/Group is mainly exposed to credit risk through deposits in banks. There are also receivables from VAT and grants. VAT receivables are included in the table below, even though, in accordance with IFRS 9, they do not represent financial assets.

NOK

The recognised value of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Company financial statements	Dec. 31, 2020	Dec. 31, 2019
Cash and cash equivalents	30,271,595	11,708,469
Receivables	-	-
The maximum credit exposure	30,271,595	11,708,469

The receivables are not due on the reporting dates.

Consolidated financial statements	Dec. 31, 2020	Dec. 31, 2019
Cash and cash equivalents	34,195,598	12,098,506
Receivables	-	-
The maximum credit exposure	34,195,598	12,098,506

The receivables are not due on the reporting dates.

Liquidity

The Company/Group manages the risk of lack of funding by continually monitoring the maturity of financial assets and liabilities and projected cash flows from operations. The possibility of further equity issues is an integral part of these assessments.

At the closing dates, the financial commitments of significance were trade payables and debts to related parties. At the end of 2019 and 2020, trade payables fell due for payment within three months of the respective reporting dates.

Capital management

An important objective in relation to capital management is ensuring that the Company/Group maintains an adequate capital structure to fund business development. The Company/Group considers its capital structure in light of current and projected cash flow, new business opportunities and the Company's financial obligations. To maintain or adjust the capital structure, the Company can issue new shares or sell assets to reduce debt.

Market value of financial instruments

The book values of cash and cash equivalents, current financial receivables and trade receivables approximate fair value because of the short maturity.

Note 15 - Related parties

NOK

Services purchased from	Description of the service	2020	2019
Elmann Advokatpartnerselskab ¹	Legal fees	327,260	325,645

¹ The amounts above include remuneration for the role as Chairman of the Board members.
Søren Elmann Ingerslev is a partner of Elmann Advokatselskap

Note 16 - Financial items

NOK

Group		Total finance income	Serodus ASA	
2020	2019		2020	2019
31,525	16,622	Interest income	142,380	16,622
204,187	70,383	Other financial income	174,513	55,901
235,712	87,005	Total finance income	316,893	72,523

Group		Total finance costs	Serodus ASA	
2020	2019		2020	2019
2,281	1,365	Interest expenses	15	12
		Impairment of shares in subsidiary	-	3,786,350
		Impairment of receivables on subs	19,574,497	639,053
547,642	382,802	Other financial expenses	370,107	380,963
549,923	384,167	Total finance costs	19,944,619	4,806,378

Serodus ASA has in 2020 financed its newly established Australian subsidiary that act as sponsor for the planned clinical study. Due to the current uncertainty related to the subsidiary's ability to repay their debt to Serodus ASA, an impairment charge of NOK 19 million has been recognized in the valuation of the receivable in separate financials for Serodus ASA.

Note 17 - Events after the closing date

No events have been recognized since the closing of the accounts on Dec. 31, 2021.

Note 18 - Subsidiaries

NOK

Subsidiary	Country	Voting share	Acquisition		Fair value
			costs	Book value	
Phlogo ApS	Denmark	100.00%	7,647,210	520,860	520,860
Serodus Pty Ltd.	Australia	100.00%	636	636	636

Capital contributions of NOK 520 860 in Phlogo were made by debt conversion in 2020.

Shares in Phlogo ApS were written down by NOK 3,340,000 in 2017 and by NOK 3,786,350 in 2019.

Note 19 - Contingent liabilities


In 2013, Serodus entered into an agreement with Evolva AG regarding rights for licenses. The agreement was amended in 2015. In addition to a non-refundable consideration of EUR 100,000 for licenses, Serodus shall pay Evolva certain milestone payments subject to certain events related to the development and approval of products under the license agreement. The first such event occurred in 2020, and Serodus and Evolva agreed that Serodus would settle its commitments relating to this event by issuing 315,000 shares to Evolva at a price of NOK 13 per share.

The other events that would trigger additional milestone payments (which represent potentially material amounts) are currently not considered to meet the “more likely than not” criteria, and no liabilities have therefore been recognized on December 31, 2020.

Responsibility statement

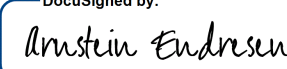
We confirm, to the best of our knowledge, that the financial statements for the year 2020 have been prepared in accordance with relevant accounting and reporting standards and give a true and fair view of the assets, liabilities, financial position and results of operations for the entity and the Group as a whole. We also confirm that the Board of Directors’ report includes a true and fair review of the development and performance of the business and the position of the entity and the Group, and a description of the main risks and uncertainties facing the entity and the Group.

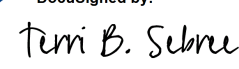
Oslo, May 11th, 2021
Board of Directors, Serodus ASA

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Søren Elmann
Chairman of the Board

DocuSigned by:

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Kathrin Christin Kortschak
Board member

DocuSigned by:

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Arnstein Gunnestad
Endresen
Board member

DocuSigned by:

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Terri Sebree
Board member

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Eva Steiness
CEO