



SERODUS

ANNUAL REPORT 2022

SER150

CLINICAL STUDY
APPROVED BY
THE REGULATORY
AND ETHICAL
AUTHORITIES IN
NEW ZEALAND

PATIENTS
RANDOMIZED 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 Norwegian private biotech company. Serodus is based in Oslo and has two wholly owned subsidiaries, Serodus ApS (renamed from Phlogo) in Copenhagen, Denmark, and Serodus (AUS) Pty Ltd in Melbourne, Australia.

We will use our full capacity to continue the development of SER150, with the goal of significantly decreasing loss of kidney function in patients with diabetic kidney disease.

Patients suffering from either type 1 or type 2 diabetes develop non-infectious low-grade inflammatory processes from a very early stage of the disease. The increased blood glucose concentrations found in patients with diabetes induces a number of different non-infectious inflammatory activities.

Patients well treated with antidiabetic drugs who have normal fasting blood glucose concentrations may have hyperglycemic spikes of abnormal blood glucose concentrations during the day. Pro-inflammatory processes are activated whenever blood glucose spikes are observed. One of the increased pro-inflammatory actors involved in this process is thromboxane. SER150 not only inhibits the synthesis of thromboxane but also blocks the receptor through which thromboxane stimulates low-grade inflammatory processes. SER150 thus inhibits the level of inflammatory activity in patients with diabetes.

SER150 is Serodus's lead compound and is now being tested in the second ongoing clinical study in patients with type 2 diabetes. This study involves well-controlled diabetic patients with high concentrations of protein in their urine and reduced kidney function.

The Covid-19 pandemic was a challenge for Serodus in terms of the recruitment of patients. Serodus decided to change the management of the study from a very large contract research organization to a significantly smaller local Australian organization.

However, it has become clear to Serodus that public responsibility for ensuring the optimal treatment of type 2 diabetic patients in Australia is unclear, and therefore the question "where are the patients?" has still not been answered and recruitment is lower than planned. Even by the end of 2022, few patients had been screened and randomized. It was expected that the speed of recruiting patients would increase during the year.

SER130 an anti-inflammatory compound with a mechanism of action that differs from SER150. This compound has also moved forward in the drug discovery phase.

Further development of SER140 has been discontinued.

Serodus operates in a lean management structure. From 1 January 2023, a part-time CEO in Norway is the sole employee in Serodus ASA. All clinical development activities are delegated to our wholly owned subsidiary Serodus ApS in Denmark with a CEO, a CFO and an external clinical manufacturing consultant. All non-clinical activities, clinical studies, clinical manufacturing activities and financial accounting are outsourced.

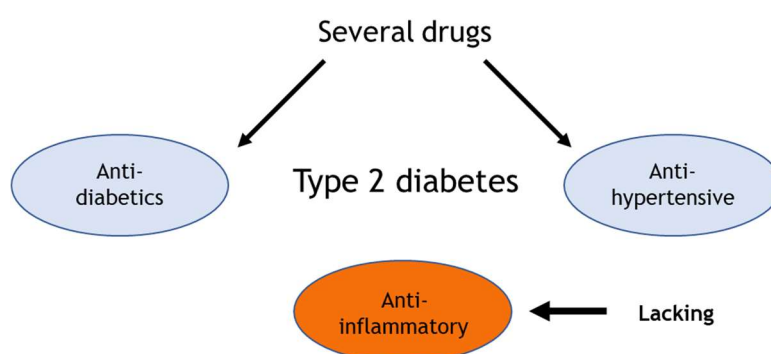
Management is experienced, with a proven track record of taking new compounds from the drug discovery phase to the preclinical and clinical development phases.

Letter from the Management

We are very grateful for the continued strong support that Serodus receives from our shareholders, who have supported the Company financially during 2022.

Decades of intensive clinical research with a focus on how to reduce the risks of both cardiovascular and renal disease in patients suffering from diabetes have not yet found the answer. However, post hoc analysis of clinical data from new drug development trials has found a significant reduction in cardiovascular events and a minor increase in “time to dialysis” in patients with diabetic kidney disease. These findings have led to improvements in the labeling of some marketed antidiabetic drugs.

The three cornerstones of drug treatment for patients with diabetic kidney disease are unchanged (figure below).



It is our opinion that specific treatment for the inflammatory processes seen in diabetes is urgently needed.

Arnstein Endresen, MSc (Finance),

Eva Steiness, MD, Professor in Clinical Pharmacology, DSc

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.

Once diabetic patients have developed kidney disease, changes in the heart muscles and vessels are also recorded and the condition is often named cardiovascular-renal syndrome, indicating that the functioning of these two organ systems is closely linked.

There is also a close relationship between T2D, overweight or obesity, uncontrolled blood glucose and high blood pressure; this condition is called metabolic syndrome.

Both types of syndromes are difficult to treat, and low-grade inflammation plays an essential role in both conditions.

T2D and its complications develop slowly over time and are most common in middle-aged and elderly people. T2D does not have a clear etiological background, but 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 T2D, followed by the activation of several pro- and anti-inflammatory endogenous agents. The normal balance between the two opposite pro- and anti-inflammatory agents is not maintained, and the consequence is low-grade inflammation. Thromboxane and TNF α receptors are two important non-infectious pro-inflammatory agents. These agents increase during the development of diabetes.

Through a combination of acquisition and licensing, Serodus has created an interesting, innovative pipeline consisting of two different non-infectious anti-inflammatory compounds. These compounds inhibit the low-grade inflammatory processes seen in patients with diabetes. One compound, SER150 reduces the pro-inflammatory processes directly, and the other, SER130, inhibits inflammation indirectly by stimulating the body's own production of an anti-inflammatory protein.

Serodus's compounds act as low-grade anti-inflammatory entities, and these compounds will re-establish the balance between pro- and anti-inflammatory endogenous processes. This addresses the lack of the treatment triumvirate - antidiabetic, antihypertensive and anti-inflammatory drugs - that is needed for the optimal treatment of patients with diabetic kidney disease, avoiding the need for dialysis.

All currently available treatment options for diabetic patients are effective at reducing blood glucose and controlling blood pressure, and some of these drugs have demonstrated a small decrease in loss of kidney function, thereby delaying the onset of complications. However, they all lack direct effects on the 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 SER150 in patients with T2D and diabetic kidney disease.

SER150 significantly reduced the key biomarker of kidney disease, albumin (protein) in urine, after only four weeks of treatment in patients with varying initial amounts of albumin in urine. SER150 was well tolerated, and no safety concerns were observed.

The ongoing clinical study focuses on patients with diabetes, severe albuminuria, and reduced kidney function. The focus on patients with these significantly more serious characteristics diminishes the prevalence of patients somewhat compared with the first SER150 study in patients with diabetic kidney disease.

Therefore, an important clinical effect of SER150 treatment would be to decrease or halt urinary loss of albumin and further prevent the loss of kidney function in the chronic treatment of patients with diabetic kidney disease.

The next clinical study was planned in detail during 2020 and, due to favorable public science funding in Australia, the study was submitted to and approved by the Australian authorities during 2021. The study was delayed due to the Covid-19 pandemic when Australia locked down. In 2022, clinical activities gradually increased. It was decided to change clinical research organization from an international organization to a small, local Australian organization. This study is now well established with the new research organization and will soon include clinical centers in New Zealand too.

SER150 targets a large, growing and poorly treated market segment

The diabetic kidney disease market is huge, with significant unmet clinical needs and a growing patient population worldwide. About one in 11 adults worldwide now have diabetes, 90% of whom have T2D. Asia is a major area in the rapidly emerging T2D global epidemic, with China and India being the top two epicenters.

Approximately 160 million patients suffer from diabetic kidney disease worldwide, and approximately 30 million patients have a high albumin content in their urine (macro-albuminuria). 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 both in 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 until 85-90% of renal function is lost, i.e. end-stage kidney disease. Many patients may therefore not know they have developed diabetic kidney disease until it is too late to intervene.

The annual treatment cost of dialysis and concomitant medical treatment for a patient with end-stage kidney disease is approximately EUR 90,000, 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, which is increased in patients with T2D. SER150 reduces the effect of thromboxane through its dual blockade of thromboxane synthase and the thromboxane competitive receptor non-acting binding. This mode of action reduces inflammation in all cells, including those of the kidneys.

SER150 inhibits inflammatory processes in all kidney cells. It is expected to inhibit the renal invasion of inflammatory cells and 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.

Next clinical study

The next SER150 clinical study is targeting patients with T2D, macro-albuminuria and reduced kidney function. The study is a randomized, placebo-controlled study. 110 patients will be treated for six months, with the effect on urinary albumin excretion, kidney function estimated as creatinine clearance, safety and tolerability monitored monthly during the treatment. The study will be carried out in Australia and New Zealand.

Corporate strategy

Serodus's strategy is to out-license, co-develop or sell pipeline projects.

The Company has a dedicated focus on the treatment of patients with T2D and diabetic kidney disease and has a broad, chemically diversified basket of compounds.

Serodus strives for risk mitigation by ensuring:

1. A multiple drug pipeline.
2. Different modes of action of the individual drug candidates.

Serodus's strategy is to collaborate with contract research organizations, contract manufacturing 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 14 October 2021. 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 always base its practical work on the principles for good corporate governance.

Code of ethics and conduct

Serodus intends to comply with the Norwegian Code of Practice for Corporate Governance. The Company's social responsibility statement is available on its 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 started. 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 management are required to notify the Board of Directors if they have any material interest - directly or indirectly - in any agreement entered into by the Company. The Board of Directors will report on 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 through the Norwegian VPS system 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 and financial updates on a quarterly basis. 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.

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 each year featuring the release dates of its 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, Executive Management, or 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 Chairman in 2017

Mr Ingerslev is an attorney and a partner in the Danish law firm Elmann Advokatpartnerselskab. 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 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 Zynerva 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. Before 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.



**Viggo Gunnersen
Harboe**

Board member

Elected as a Board member in 2022

Mr Harboe joined DAKO A/S (now part of Aglient Technologies, Inc.) in 1972. In 1980, he founded DAKO's first subsidiary in the US and served as CEO in the US until 2002. He also founded DAKO's subsidiaries in Japan, Australia and Canada and served on the boards of these subsidiaries. He was a member of the board of directors of DAKO from 2002 until 2007, when the company was sold, and served as chairman of the Harboe Foundation from 2002 to 2019.

Executive Management



Arnstein Gunnestad Endresen
CEO, Serodus ASA

Mr 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 Ursa Minor AS, which is a significant shareholder in Serodus.



Eva Steiness
CEO, Serodus ApS

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 was CEO of Serodus from 2011 to 2023.

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 lived 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 Caladanian 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 completed a phase 2 study in patients with diabetic kidney disease. Serodus's goal is to mature its SER150 candidate and subsequently enter partnerships for the remaining development, regulatory market approvals and global marketing.

During 2022, the company received approval for the next SER150 clinical study from the New Zealand authorities in addition to the ongoing approval in Australia.

Outlook

During 2023, Serodus will, together with the contract research organization, manage the next clinical study in patients with T2D, severe albuminuria and reduced kidney function.

Serodus will continue its efforts to out-license the individual compounds in the pipeline to the pharmaceutical industry through team or 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 2022, the Company employs one woman, the CEO of the Danish subsidiary, Serodus ApS.

The Board of Serodus ASA is made up of one woman and two men and meets the requirements laid down in Section 6-6a of the Norwegian Public Limited Liability Companies Act.

Environment

Serodus does not pollute the environment beyond 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 from external customers in 2022.

The Group's operating expenses for 2022 amounted to NOK 20.1 million for the full year, compared to NOK 15.4 million for 2021. The net loss for the Group in 2022 was NOK 19.1 million, compared to a net loss of NOK 16.6 million in 2021.

Serodus ASA (the Parent Company) posted a net loss of NOK 27.6 million in 2022, compared to a net loss of NOK 24.6 million in 2021.

Cash flow and statement of financial position

On December 31, 2022, the Serodus Group had total assets of NOK 39.5 million, compared to NOK 57.5 million at year-end 2021. For Serodus ASA, total assets on December 31, 2022, were NOK 21.9 million, compared to NOK 47.7 million in 2021.

Serodus increased the share capital by NOK 0.3 million in 2022.

On December 31, 2022, total equity for the Group was NOK 37.2 million, compared to NOK 56.6 million at year-end 2021. The registered share capital of Serodus ASA on December 31, 2022, was NOK 17,073,396, divided into 17,073,396 shares, each with a nominal value of NOK 1.

The unrestricted cash balance on December 31, 2022, was NOK 21.9 million, compared to NOK 43.1 million at year-end 2021.

Going concern assumption

On December 31, 2022, the Group had NOK 21.9 million in unrestricted cash. The group will need additional cash to finance the remaining SER 150 clinical studies and administrative (G&A) costs. The timing of the need for additional cash may occur in 2023 or in 2024 dependent on the pace of recruitment of patients to the clinical studies.

The management is therefore in the process of seeking new financing for the Group. Different strategies are considered including finding a partner to develop SER150, to out-license the remaining activities in the clinical studies or to perform a capital raise from existing and new investors. However, at the issuance of these financial statements, the necessary additional financing has not been secured and there is therefore significant doubt upon the entity's ability to continue as a going concern. Despite this fact, the going concern assumption is assumed to be fulfilled, and the financial statements have been prepared on this basis.

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 proportion 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 of 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

In January 2023 the company restructured its organization. Eva Steiness took the position as CEO in Serodus ApS and Arnstein Gunnestad Endresen took the position as CEO in Serodus ASA. Serodus ASA has subsequently outsourced financial management and all R&D activities to Serodus ApS.

There have been no other significant events since the closing of the accounts on December 31, 2022.

Covid-19

Covid-19 emerged close to the end of 2019/beginning of 2020 and was declared a global public health crisis on January 30, 2020. It spread quickly, the situation escalated, and a global pandemic was declared on March 11, 2020.

The pandemic has had 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.

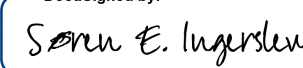
Allocation of the net result for the year

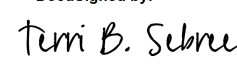
The Serodus Group generated a net loss for the 2022 financial year of NOK 19,084,361, while the Parent Company's loss for the year was NOK 27,582,195. The Parent Company had no distributable reserves on December 31, 2022. The Board proposes the following allocation of the net result for the year for Serodus ASA:

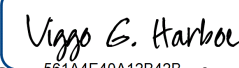
Net loss	NOK -27,582,195
Transferred from other equity	NOK -27,582,195

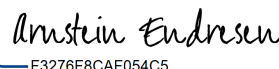
Oslo, April 25, 2023

Board of Directors, Serodus ASA

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 Søren Elmann Ingerslev
 Chairman of the Board

DocuSigned by:

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 Terri Sebree
 Board member

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 Viggo Gunnhøien Harboe
 Board member

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 Arnstein Gunnestad
 Endresen
 CEO

Statement of income and comprehensive income

NOK

Group					Serodus ASA	
2022	2021	Note		Note	2022	2021
Operating income						
-	-	4	Sales revenue	4	3,494,744	1,858,434
-	-		Total operating income		3,494,744	1,858,434
Operating expenses						
12,120,327	6,444,729	7	Project costs	7	3,690,680	1,921,085
2,682,962	2,707,238	5.6	Personnel costs	5.6	2,680,946	2,707,238
504,450	42,038	9	Amortization and impairment of intangible assets	9	504,450	42,038
4,748,538	6,191,237	2.7	Other operating expenses	2.8	4,096,792	3,669,320
20,056,277	15,385,242		Total operating expenses		10,972,868	8,339,681
(20,056,277)	(15,385,242)		Operating profit (loss)		(7,478,123)	(6,481,247)
Financial income						
10,243	-	16	Interest income	16	2,494,591	601,136
988,085	(42,451)	16	Other financial income	16	657,356	53,528
998,328	(42,451)		Total financial income		3,151,947	654,664
Financial expenses						
18,789	17,130	16	Interest expenses	16	-	-
65,826	1,290,999	16	Other financial expenses	16.18	23,256,018	18,730,920
84,615	1,308,129		Total financial expenses		23,256,018	18,730,920
913,713	(1,350,580)	16	Net financial items	16	(20,104,071)	(18,076,256)
(19,142,564)	(16,735,822)		Profit (loss) before tax		(27,582,195)	(24,557,503)
-	-	8	Tax	8	-	-
(19,142,564)	(16,735,822)		Profit (loss) after tax		(27,582,195)	(24,557,503)
58,202	169,012		Exchange differences that will be reclassified to profit or loss in subsequent periods			
(19,084,361)	(16,566,810)		Total comprehensive income		(27,582,195)	(24,557,503)

Statement of financial position

NOK

Group			Serodus ASA		
2022	2021	Note	2022	2021	Note
ASSETS					
Fixed assets					
-	504,450	9	-	504,450	9
-	-	16	3,000,636	521,496	17
-	504,450		3,000,636	1,025,946	
Current assets					
17,692,967	13,969,341	10	6,889,849	9,275,849	10
21,854,274	43,058,909	11	12,034,998	37,424,143	11
39,547,240	57,028,250		18,924,848	46,699,992	
39,547,240	57,532,701		21,925,484	47,725,938	
EQUITY AND LIABILITIES					
EQUITY					
17,073,396	17,048,396	12	17,073,396	17,048,396	12
20,095,800	39,564,749		2,544,346	29,826,540	
37,169,196	56,613,146		19,617,742	46,874,936	
Current liabilities					
1,662,227	465,724	14-15	1,764,291	450,851	14-15
715,817	453,832	13	543,452	400,151	13
2,378,044	919,556		2,307,742	851,002	
39,547,240	57,532,702		21,925,484	47,725,938	

Oslo, April 25, 2023.

DocuSigned by:

Søren E. Ingerstev

Søren Elmann Ingerstev

Chairman of the Board

DocuSigned by:

Viggo G. Harboe

Viggo Gunnarsson Harboe

Board member

DocuSigned by:

Terri B. Sebree

Terri Sebree

Board member

DocuSigned by:

Arnstein Endresen

Arnstein Gunnestad Endresen

CEO

Statement of changes in equity

NOK

2022				
	Share capital	Other paid-in capital	Retained earnings	Total equity
Serodus ASA				
Equity at Jan. 1, 2022	17,048,396	29,826,540	-	46,874,936
- Total comprehensive income 2022		(27,582,195)	-	(27,582,195)
<i>Total comprehensive income:</i>	-	(27,582,195)	-	(27,582,195)
Issues from cash contributions	25,000	300,000		325,000
Equity at Dec. 31, 2022	17,073,396	2,544,346	-	19,617,742
Group				
Equity Jan. 1, 2022	17,048,396	39,564,749	-	56,613,146
- Total comprehensive income 2022	-	(19,142,564)	-	(19,142,564)
- Exchange differences	-	58,202	-	58,202
<i>Total comprehensive income:</i>	-	(19,084,361)	-	(19,084,361)
Issues from cash contributions ¹	25,000	300,000		325,000
Other changes		(684,589)		(684,589)
Equity Dec. 31, 2022	17,073,396	20,095,800	-	37,169,196
2021				
	Share capital	Other paid-in capital	Retained earnings	Total equity
Serodus ASA				
Equity at Jan. 1, 2021	14,664,053	59,255,078	(33,483,151)	40,435,980
- Total comprehensive income 2021		-	(24,557,503)	(24,557,503)
- Other income/expenses	-	-	-	-
<i>Total comprehensive income:</i>	-	-	(24,557,503)	(24,557,503)
Issues from cash contributions	2,384,343	28,612,116		30,996,459
Equity at Dec. 31, 2021	17,048,396	87,867,194	(58,040,654)	46,874,936
Reclassification		-58,040,654	58,040,654	
Equity at Dec. 31, 2021 reclas.	17,048,396	29,826,540	0	46,874,936
Group				
Equity Dec. 31, 2021	14,664,053	59,255,078	(31,735,635)	42,183,496
- Total comprehensive income 2021	-	-	(16,735,822)	(16,735,822)
- Exchange differences	-	-	169,012	169,012
<i>Total comprehensive income:</i>	-	-	(16,566,810)	(16,566,810)
Issues from convertible loan				-
Issues from cash contributions ¹	2,384,343	28,612,116		30,996,459
Other changes				-
Equity Dec. 31, 2021	17,048,396	87,867,194	(48,302,445)	56,613,146
Reclassification		(48,302,445)	48,302,445	
Equity at Dec. 31, 2021 reclas.	17,048,396	39,564,749	0	56,613,146

¹ Issues from cash contributions registered on Dec. 3, 2022.

Statement of cash flows

NOK

Group					Serodus ASA
2022	2021	Note		Note	2022 2021
Cash flow from operating activities					
(19,142,564)	(16,735,822)		Ordinary profit (loss) before tax		(27,582,195) (24,557,503)
-	-		Impairment of subsidiary		5,244,677 -
			Impairment of loan to subsidiary		- 17,441,359
504,451	42,039	9	Amortization of intangible assets	9	504,451 42,039
-	-	5	Share-based payment	5	- -
1,196,502	(2,176,742)		Changes in trade receivables and creditors		1,313,438 59,102
(4,088,028)	(3,262,623)		Other accruals and prepayments		670,866 612,451
(21,529,637)	(22,133,148)		Net cash flow from operating activities		(19,848,762) (6,402,552)
Cash flow from investment activities					
-	-		Loans to subsidiaries		(5,865,383) (17,441,359)
-	-		Net cash flow from investment activities		(5,865,383) (17,441,359)
Cash flow from financing activities					
325,001	30,996,460	12	Proceeds from issue of shares	12	325,000 30,996,459
-	-		Issue expenses recognized directly in equity		- -
325,001	30,996,460		Net cash flow from financing activities		325,000 30,996,459
(21,204,636)	8,863,313		Net change in cash and cash equivalents		(25,389,145) 7,152,548
43,058,909	34,195,598	11	Cash and cash equivalents at the beginning of the year	11	37,424,143 30,271,595
21,854,274	43,058,909	11	Cash and cash equivalents at the end of the year	11	12,034,997 37,424,143

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 April 25, 2023.

The Company has two subsidiaries:

Serodus ApS (renamed from Phlogo ApS), a Danish limited company that holds the patents for SER130 and SER140 (the latter being discontinued in 2023).

Serodus (AUS) Pty Ltd, an Australian limited company founded in 2020 that 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.

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.

Going concern

On December 31, 2022, the Group had NOK 21.9 million in unrestricted cash. The Group will need additional cash to finance the remaining SER150 clinical studies and administrative (G&A) costs. The timing of the need for additional cash may occur in 2023 or in 2024 depending on the pace of recruitment of patients to the clinical studies.

The Management is therefore in the process of seeking new financing for the Group. Different strategies are being considered, including finding a partner to develop SER150, to out-license the remaining activities in the clinical studies or to perform a capital raise from existing and new investors. However, at the issuance of these financial statements, the necessary additional financing has not been secured and there is therefore significant doubt about the Company's ability to continue as a going concern. Despite this fact, the

going concern assumption is assumed to be fulfilled, and the financial statements have been prepared on this basis.

Consolidation principles

The financial statements include Serodus ASA and the companies over which Serodus ASA exercises control. Control is usually 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 owner's 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 is 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.

Foreign currency

The functional currency of the Company is NOK. The functional currency for the subsidiary Serodus ApS (renamed from Phlogo) 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 Serodus ApS and Serodus (AUS) Pty Ltd are translated at the exchange rate at period-end. Income statement items are translated using the average exchange rate for the period.

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 as 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 were capitalized at December 31, 2022.

Depreciation of property 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 the 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.

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.

Government grants

Government grants, e.g. “SkatteFUNN” in Norway, “Skattekredit” and “Patent Voucher” in Denmark and “RDTI” in Australia, are recognized on a systematic basis in the period in which the Company recognizes the costs that the grant is intended to compensate. However, a government grant is not recognized until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. Grants are presented as part of other operating expenses, i.e. netted against the associated costs.

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 2022 or 2021.

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 loss carryforwards 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.

Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events, it is likely that the obligation 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.

Contingent liabilities

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

Segment reporting

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

Cost of equity transactions

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

Events after the closing date

The financial statements will be amended to reflect events after the closing date and provide information on conditions that existed on the closing date. 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.

Statement of cash flows

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

Use of accounting estimates and assumptions

The preparation of financial statements in compliance with IFRS requires 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 payment

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 minor.

New standards effective for periods beginning after January 1, 2023

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

Note 3 - Government grants

NOK

Group			Serodus ASA	
2022	2021		2022	2021
4,577,838	1,801,321	Government grants	-	-
-	-	SkatteFUNN	-	-
4,577,838	1,801,321	Total grants	-	-

In 2022, the Group received two patent vouchers in Denmark and received payment of R&D tax incentive in Australia for expenses incurred in 2021, in total NOK 4,577,838.

In 2022, the Group applied to the Research Council of Norway for a grant under “SkatteFUNN”.

The main objectives of the projects are the development of novel treatments for patients with diabetic kidney disease. The Group received no payments in 2022, but expects to receive approx. NOK 950 K from SkatteFUNN in 2023 for approved costs incurred in 2022. However, a government grant is not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to it and that the grant will be received. It is expected to be concluded in 2023 and no SkatteFUNN grants are recognized in 2022.

Note 4 - Segments

The Group had no revenue from external customers in 2022. Serodus ASA sold a batch of capsules to Serodus (AUS) Pty Ltd at cost. The transaction has been eliminated in the consolidated financial statements.

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

Note 5 - Salaries and allowances

NOK

Group			Serodius ASA	
2022	2021		2022	2021
2,622,406	2,622,271	Salaries and directors' fees	2,622,271	2,622,271
56,400	84,600	Social security tax	56,400	84,600
-	-	Pensions	-	-
-	-	Option-based remuneration	-	-
4,155	367	Other salary-related payments	2,275	367
-	-	Refunds from SkatteFUNN (see note 3)	-	-
2,682,962	2,707,238	Total	2,680,946	2,707,238

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	2022	2021
Eva Steiness	CEO	Total	2,026,663	2,026,663
		- Salary	2,022,271	2,022,271
		- 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	-	-
Kathrin Christin Kortschak ²	Board member	Total	100,000	200,000
		- Director's fee	100,000	200,000
		- Share-based payment	-	-
Arnstein Gunnestad Endresen ²	Board member	Total	100,000	200,000
		- Director's fee	100,000	200,000
		- Share-based payment	-	-
Viggo Gunnarsen Harboe ³	Board member	Total	100,000	-
		- Director's fee	100,000	-
		- Share-based payment	-	-
Total			2,426,663	2,626,663

Directors' fees

Recipient	Role	2022	2021
Søren Elmann Ingerslev ¹	Chairman	-	-
Terri B. Sebree	Board member	200,000	200,000
Viggo Gunnarsen Harboe ³	Board member	100,000	-
Arnstein Gunnestad Endresen ²	Board member	100,000	200,000
Kathrin Christin Kortschak ²	Board member	100,000	200,000

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

² Member of the Board from Jan. 1, 2022 to June 29, 2022.

³ Member of the Board from June 29, 2022.

Note 6 - Share option plan

In 2021, the Company canceled its share option program covering certain employees, board members and advisors.

There were no outstanding options as of December 31, 2022.

Note 7 - Other operating expenses

NOK

Group			Serodus ASA	
2022	2021		2022	2021
		<u>Other operating expenses</u>		
24,444	-	Travel expenses	24,444	-
206,613	557,601	Patents and licenses	206,613	273,382
3,830,747	5,212,142	Consultants	3,492,025	3,080,811
686,734	421,495	Other costs	373,709	315,127
4,748,538	6,191,237	Total other operating expenses	4,096,792	3,669,320
Remuneration of auditors				
2022	2021		2022	2021
385,923	408,889	Audit	351,875	360,000
34,000	45,000	Certifications	34,000	45,000
5,214	55,832	Other services	5,214	26,705
425,137	509,721	Total, excl. VAT	391,089	431,705

Note 8 - Tax

NOK

Group			Serodus ASA	
2022	2021		2022	2021
-	-	Taxes payable	-	-
-	-	Change in deferred tax	-	-
-	-	Tax	-	-
Specification of temporary differences and deferred tax:				
2022	2021		2022	2021
(682,362)	(741,666)	Temporary differences	(56,282,999)	(38,396,575)
(230,333,353)	(226,626,635)	Tax loss carried forward	(230,333,353)	(226,626,635)
(231,015,715)	(227,368,301)	Unrecognized deferred tax assets (Norway)	(286,616,352)	(265,023,210)
(43,616,104)	(28,865,331)	Unrecognized temporary differences related to subsidiaries		
(60,419,000)	(56,371,399)	Unrecognized deferred tax asset (22%)	(63,055,597)	(58,305,106)
Reconciliation of effective tax rate:				
2022	2021		2022	2021
(19,142,564)	(16,735,822)	Result before tax	(27,582,195)	(24,557,503)
(4,211,364)	(3,681,881)	Expected income tax (22%)	(6,068,083)	(5,402,651)
<i>Adjusted for the tax effect of the following items:</i>				
		Change in tax rate - calculation		
445	-	Permanent differences	708	-
4,047,601	3,681,881	Change unrecognized deferred tax assets	4,750,491	5,402,650
(163,318)	-	Tax	(1,316,884)	-

Because of uncertainty about future utilization 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	Licenses	Total
Acquisition costs		
Cumulative Jan. 1, 2021	2,360,875	2,360,875
Additions during the year	-	-
Disposals during the year	-	-
Cumulative Dec. 31, 2021	2,360,875	2,360,875
Additions during the year	-	-
Disposals during the year	-	-
Cumulative Dec. 31, 2022	2,360,875	2,360,875
Depreciation and impairment		
Cumulative Jan. 1, 2021	1,814,387	1,814,387
Impairment	-	-
Depreciation for the year	42,038	42,038
Cumulative Dec. 31, 2021	1,856,424	1,856,424
Impairment	462,413	-
Depreciation for the year	42,037	42,037
Cumulative Dec. 31, 2022	2,360,874	2,360,874
Amounts recognized in the statement of financial		
Carrying amount as of Dec. 31, 2021	504,450	504,450
Carrying amount as of Dec. 31, 2022	0	0

Licenses related to SER150 have been written down to zero as of December 31, 2022.

Group	Licenses	Patents	Total
Acquisition cost			
Cumulative Jan. 1, 2021	2,360,875	2,396,919	4,757,794
Additions during the year	-	-	-
Disposals during the year	-	-	-
Cumulative Dec. 31, 2021	2,360,875	2,396,919	4,757,794
Additions during the year	-	-	-
Disposals during the year	-	-	-
Cumulative Dec. 31, 2022	2,360,875	2,396,919	4,757,794
Depreciation and impairment			
Cumulative Jan. 1, 2021	1,814,387	2,396,919	4,211,306
Impairment	-	-	-
Depreciation for the year	42,037	-	42,037
Cumulative Dec. 31, 2021	1,856,424	2,396,919	4,253,343
Impairment	462,413	-	462,413
Depreciation for the year	42,037	-	42,037
Cumulative Dec. 31, 2022	2,360,873	2,396,919	4,757,793
Amounts recognized in the statement of financial position			
Carrying amount as of Dec. 31, 2021	504,450	-	504,450
Carrying amount as of Dec. 31, 2022	0	-	0

Licenses related to SER150 have been written down to zero as of December 31, 2022.

Agreement with Evolva AG (licenses)

In 2013, Serodus entered into an agreement with Evolva AG regarding rights for licenses. Licenses totaling NOK 840,750 were capitalized.

For further information regarding the License Agreement with Evolva AG, please see Note 18.

Note 10 - Receivables and prepayments

NOK

Group			Serodius ASA	
2022	2021		2022	2021
57,873	42,378	VAT receivables	57,873	42,378
17,635,094	13,926,963	Prepaid costs ¹	6,831,976	7,375,037
-	-	Receivables from subsidiaries	-	1,858,434
17,692,967	13,969,341	Total other receivables	6,889,849	9,275,849

¹Prepaid costs represent raw materials and other materials held in inventory until used in studies on SER150. The material is expensed when it is used in clinical trials.

Note 11 - Cash and cash equivalents

NOK

Group			Serodius ASA	
2022	2021		2022	2021
21,740,788	42,896,923	Cash and bank deposits - unrestricted	11,921,512	37,262,157
113,486	161,986	Cash - restricted assets related to taxes withheld	113,486	161,986
21,854,274	43,058,909	Cash and cash equivalents in the statement of financial position	12,034,998	37,424,143

Note 12 - Share capital

NOK

Share capital:

	2022	2021
Shares, nominal value NOK 1	17,073,396	17,048,396

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

Nominal value per share NOK 1.

The 20 largest shareholders as of Dec. 31, 2022 are:

Shareholders	Number of shares	Percentage of capital
Viggo Harboe 2006 Holding ApS	9,125,080	53.45%
Nelea AS	828,413	4.85%
Beck	787,800	4.61%
Beck-Thomsen	450,000	2.64%
Steiness	432,145	2.53%
Hansen	376,150	2.20%
Evolva AG	315,000	1.84%
CACEIS Bank	248,604	1.46%
Steiness	210,000	1.23%
UBS Switzerland AG	209,438	1.23%
Normann Hansen	181,000	1.06%
ROLFS HOLDING AS	170,900	1.00%
MP PENSJON PK	169,607	0.99%
OLA RUSTAD A.S	146,539	0.86%
SÆRVOLL HOLDING AS	126,634	0.74%
SPAR KAPITAL INVESTOR AS	122,500	0.72%
Steiness	113,080	0.66%
Skeikampen Invest ApS	93,300	0.55%
ACADIA HOLDING AS	91,324	0.53%
Samsøft ApS	91,093	0.53%
Total for the 20 largest shareholders	14,288,607	83.69%
Other shareholders	2,784,789	16.31%
Total number of shares	17,073,396	100.00%

Shares owned directly or indirectly by Board and management as of Dec. 31, 2022.

Name	Role	Number of shares	Percentage of capital
Arnstein Gunnestad Endresen ¹	CEO	828,413	4.85%
Viggo G. Harboe	Board member	9,125,080	53.45%
Eva Steiness ²	CEO	432,145	2.53%
Henrik Mordhorst	CFO	7,500	0.04%
		10,393,138	60.87%

¹ Arnstein Gunnestad Endresen was assigned as CEO as of January 2023

² Eva Steiness was CEO for Serodus ASA in 2022. In January 2023 she changed position to CEO in Serodus ApS. Financial management and all Research & Development activities was subsequently outsourced to Serodus ApS

Note 13 - Other current liabilities

NOK

Group			Serodur ASA	
2022	2021		2022	2021
7,050	77,327	Unpaid government charges	7,050	69,650
251,113	121,178	Accrued costs	78,749	75,173
457,653	255,327	Other current liabilities	457,653	255,327
715,817	453,832	Total other current liabilities	543,452	400,151

Note 14 - Financial risk management, objectives and guidelines

NOK

Categories of financial instruments

		Serodur ASA			
		2022		2021	
Category		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	12,034,998	12,034,998	37,424,143	37,424,143
Total financial assets		12,034,998	12,034,998	37,424,143	37,424,143
Financial liabilities:					
Accounts payable	Financial liabilities at amortized cost	1,764,291	1,764,291	450,851	450,851
Other liabilities ²	Financial liabilities at amortized cost	464,703	464,703	324,977	324,977
Total financial liabilities		2,228,994	2,228,994	775,829	775,829

		Group			
		2022		2021	
Category		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	21,854,274	21,854,274	43,058,909	43,058,909
Total financial assets		21,854,274	21,854,274	43,058,909	43,058,909
Financial liabilities:					
Accounts payable	Financial liabilities at amortized cost	1,662,227	1,662,227	465,724	465,724
Other liabilities ²	Financial liabilities at amortized cost	464,703	464,703	332,654	332,654
Total financial liabilities		2,126,930	2,126,930	798,378	798,378

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

² Accrued costs are not included, since they are not considered 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 how these risks are being managed.

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 risk comprises 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 of 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 2022, the Company/Group had trade payables in DKK, GBP, USD, SEK and EUR equivalent to NOK 1,848,445. If the respective exchange rates against NOK changed by +/-10%, the profit before tax would change by NOK +/-184,844.

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 for credit risk at the reporting date was:

Company accounts

	2022	2021
Cash and cash equivalents	12,034,998	37,424,143
Receivables	-	1,858,434
The maximum credit exposure	12,034,998	39,282,577

The receivables are not due on the reporting dates.

Consolidated accounts

	2022	2021
Cash and cash equivalents	21,854,274	43,058,909
Receivables	-	-
The maximum credit exposure	21,854,274	43,058,909

The receivables are not due on the reporting dates.

Liquidity risk

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 material financial commitments were trade payables and debt to related parties. At the end of 2021 and 2022, 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 its 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	2022	2021
Elmann Advokatpartnerselskap ¹	Legal fees	300,385	329,042

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

Note 16 - Financial items

NOK

Group		Total financial income	Serodus ASA	
2022	2021		2022	2021
10,243	-	Interest income	2,494,591	601,136
988,085	(42,451)	Other financial income	657,356	53,528
998,328	(42,451)	Total financial income	3,151,947	654,664

Group		Total financial expenses	Serodus ASA	
2022	2021		2022	2021
18,789	17,130	Interest expenses	-	-
		Impairment of shares in subsidiary	5,244,677	-
		Impairment of receivables on subsidiary	17,945,727	17,441,359
65,826	1,290,999	Other financial expenses	65,614	1,289,562
84,615	1,308,129	Total financial expenses	23,256,018	18,730,920

The parent company has financed operations in Serodus Pty Ltd by granting a loan to the company in 2022. This loan has been written down by NOK 17,945,727 to zero as Serodus Pty Ltd currently has no ability to repay the loan.

Note 17 - Subsidiaries

NOK

Subsidiary	Country	Voting share	Acquisition costs	Book value	Fair value
Serodus ApS	Denmark	100.00%	15,371,027	3,000,000	3,000,000
Serodus Pty Ltd.	Australia	100.00%	636	636	636

The equity in Serodus ApS (formerly Phlogo ApS) was increased in 2022 by NOK 7 723 817 by a debt conversion. The book value of shares has thereafter been written down by NOK 5,244,677 (see note 16) to reflect the book value of equity in the company as of December 31, 2022.

Note 18 - 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 therefore no liabilities were recognized on December 31, 2022.

Note 19 - Events after the closing date

In January 2023, the company restructured its organization. Eva Steiness took up the position as CEO in Serodus ApS, and Arnstein Gunnestad Endresen took up the position as CEO in Serodus ASA. Serodus ASA has subsequently outsourced financial management and all R&D activities to Serodus ApS.

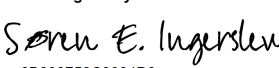
There have been no other significant events since the closing of the accounts on December 31, 2022.

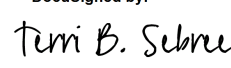
Responsibility statement

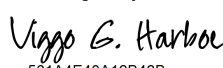
We confirm, to the best of our knowledge, that the financial statements for the year 2022 have been prepared in accordance with relevant accounting and reporting standards and give a true and fair view of the assets, liabilities, financial position and results of operations for the Company and the Group 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 Company and the Group, and a description of the main risks and uncertainties facing the Company and the Group.

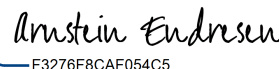


Oslo, April 25, 2023
Board of Directors, Serodus ASA

DocuSigned by:

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Søren Elmann Ingerslev
Chairman of the Board

DocuSigned by:

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Terri Sebree
Board member

DocuSigned by:

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Viggo Gunnersen Harboe
Board member

DocuSigned by:

F3276F8CAF054C5...
Arnstein Gunnestad
Endresen

CEO