



## Zerion Pharma A/S

Blokken 11, st.  
3460 Birkerød  
CVR No. 40169229

## Annual report 2021

The Annual General Meeting adopted the  
annual report on 18.05.2022

---

**Nicolai Fløe Jørgensen**  
Chairman of the General Meeting

# Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2021	8
Balance sheet at 31.12.2021	9
Statement of changes in equity for 2021	11
Cash flow statement for 2021	12
Notes	13
Accounting policies	16

# Entity details

## Entity

Zerion Pharma A/S

Blokken 11, st.

3460 Birkerød

Business Registration No.: 40169229

Registered office: Rudersdal

Financial year: 01.01.2021 - 31.12.2021

## Board of Directors

Torsten Rüdiger Goesch, chairman

Jorrit Jeroen Water

Lars Lykke Thomsen, deputy chairman

Dorte Juhl Arnbjerg

## Executive Board

Ole Sylvester-Hvid Wiborg, CEO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Zerion Pharma A/S for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 18.05.2022

## Executive Board

**Ole Sylvester-Hvid Wiborg**  
CEO

## Board of Directors

**Torsten Rüdiger Goesch**  
chairman

**Jorrit Jeroen Water**

**Lars Lykke Thomsen**  
deputy chairman

**Dorte Juhl Arnbjerg**

# Independent auditor's report

## To the shareholders of Zerion Pharma A/S

### Opinion

We have audited the financial statements of Zerion Pharma A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Aarhus, 18.05.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Henrik Wolff Mikkelsen**

State Authorised Public Accountant  
Identification No (MNE) mne33747

**Jonas Thøstesen Svensson**

State Authorised Public Accountant  
Identification No (MNE) mne47824

# Management commentary

## Primary activities

Zerion Pharma ("Zerion" or "the Company") is a drug development company, which has developed a new formulation technology, *Dispersome*®, that enables poorly soluble drugs to become effective pharmaceutical products.

The Company was established in January 2019 as a spinout from the University of Copenhagen based on a decade of research. Zerion is focused on 1) improving existing drug products, thereby building a pipeline and on 2) partnering with major pharmaceutical and biotech companies to solve their problems with solubility and bioavailability in new pharmaceutical products.

Zerion's R&D activities comprise firstly in house lab work to develop formulations of both new and existing drug candidates. Since inception, the Company's research labs have been located at the University of Copenhagen where the Company employs 10 scientists and technicians. Secondly, Zerion conducts external R&D activities in the form of pre-clinical and eventually clinical studies with selected drug candidates which incorporate the *Dispersome*® technology.

## Development in activities and finances

The financial result for the year amounted to a loss of DKK 11,134 which is as expected by Management.

During 2021, the Company grew significantly in size and in operational activity. Revenues from partnership projects increased from DKK 1.2 million to DKK 1.9 million. The headcount increased from 3 FTEs (full-time employees) in 2020 to 8 FTE's in 2021. At the same time, the average salary level increased which led staff costs to grow from DKK 2.0 million in 2020 to DKK 8.5 million in 2021.

The R&D activities, i.e. both in-house research and external studies and manufacturing of API (active pharmaceutical ingredients) expanded significantly in 2021. Total R&D costs (excl. staff) increased from DKK 2.5 million to DKK 3.8 million. Depreciations increased from DKK 1 thousand to DKK 220 thousand reflecting the expansion of lab equipment.

Zerion received DKK 1.7 million from an Innobooster grant.

Due to the increasing lab activities, the Company purchased new lab equipment for DKK 1.3 million in 2021.

Zerion finances its activities through a combination of revenues and grants (see above) as well as equity and debt. In 2021, the Company raised a total of DKK 11.3 million through two share issues to a group of private investors. Furthermore, Zerion raised DKK 4.2 million from two convertible loans (from Hovione and from private investors).

## Events after the balance sheet date

Management is aware that the Company as per the balance sheet date has lost its equity. A new share issue of DKK 5.8 million has been concluded in April 2022 strengthening both the company's equity and cash position.

Otherwise, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.



# Income statement for 2021

	Notes	2021 DKK	2020 DKK
Revenue		1,932,775	1,189,902
Other operating income	2	1,680,000	1,100,000
Research and development costs		(5,179,055)	(2,530,329)
Other external expenses		(5,148,395)	(1,505,622)
<b>Gross profit/loss</b>		<b>(6,714,675)</b>	<b>(1,746,049)</b>
Staff costs	3	(6,245,366)	(1,993,450)
Depreciation, amortisation and impairment losses		(219,897)	(655)
<b>Operating profit/loss</b>		<b>(13,179,938)</b>	<b>(3,740,154)</b>
Other financial income		5,276	0
Other financial expenses	4	(571,127)	(271,269)
<b>Profit/loss before tax</b>		<b>(13,745,789)</b>	<b>(4,011,423)</b>
Tax on profit/loss for the year	5	2,611,740	533,774
<b>Profit/loss for the year</b>		<b>(11,134,049)</b>	<b>(3,477,649)</b>
<b>Proposed distribution of profit and loss:</b>			
Retained earnings		(11,134,049)	(3,477,649)
<b>Proposed distribution of profit and loss</b>		<b>(11,134,049)</b>	<b>(3,477,649)</b>

# Balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK	2020 DKK
Other fixtures and fittings, tools and equipment		2,114,467	802,626
<b>Property, plant and equipment</b>	6	<b>2,114,467</b>	<b>802,626</b>
<b>Fixed assets</b>		<b>2,114,467</b>	<b>802,626</b>
Trade receivables		595,010	595,152
Other receivables		1,153,184	888,670
Income tax receivable		2,611,740	665,407
Prepayments		578,732	99,285
<b>Receivables</b>		<b>4,938,666</b>	<b>2,248,514</b>
<b>Cash</b>		<b>6,644,491</b>	<b>3,948,613</b>
<b>Current assets</b>		<b>11,583,157</b>	<b>6,197,127</b>
<b>Assets</b>		<b>13,697,624</b>	<b>6,999,753</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2021 DKK</b>	<b>2020 DKK</b>
Contributed capital		459,476	102,246
Retained earnings		(1,326,306)	(1,131,351)
<b>Equity</b>		<b>(866,830)</b>	<b>(1,029,105)</b>
Debt to other credit institutions		3,222,189	6,198,432
Convertible and dividend-yielding debt instruments		7,181,638	0
Other payables		175,646	175,646
<b>Non-current liabilities other than provisions</b>	<b>7</b>	<b>10,579,473</b>	<b>6,374,078</b>
Current portion of non-current liabilities other than provisions	7	0	537,500
Trade payables		2,366,480	760,479
Other payables	8	1,618,501	356,801
<b>Current liabilities other than provisions</b>		<b>3,984,981</b>	<b>1,654,780</b>
<b>Liabilities other than provisions</b>		<b>14,564,454</b>	<b>8,028,858</b>
<b>Equity and liabilities</b>		<b>13,697,624</b>	<b>6,999,753</b>
Going concern	1		
Contingent assets	10		
Contingent liabilities	11		
Assets charged and collateral	12		

# Statement of changes in equity for 2021

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	102,246	0	(1,131,351)	(1,029,105)
Increase of capital	357,230	11,265,828	(344,607)	11,278,451
Transferred from share premium	0	(11,265,828)	11,265,828	0
Other entries on equity	0	0	17,873	17,873
Profit/loss for the year	0	0	(11,134,049)	(11,134,049)
<b>Equity end of year</b>	<b>459,476</b>	<b>0</b>	<b>(1,326,306)</b>	<b>(866,830)</b>

As described in the Management commentary, the equity has in 2022 been strengthened by a capital issue of DKK 5.8 million.

# Cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		(13,179,938)	(3,740,154)
Operating profit/loss from discontinued operations		219,897	655
Working capital changes	9	1,586,382	(1,134,322)
<b>Cash flow from ordinary operating activities</b>		<b>(11,373,659)</b>	<b>(4,873,821)</b>
Financial income received		5,276	0
Financial expenses paid		(571,127)	(271,269)
Taxes refunded/(paid)		665,407	164,697
<b>Cash flows from operating activities</b>		<b>(11,274,103)</b>	<b>(4,980,393)</b>
Acquisition etc of property, plant and equipment		(1,531,738)	(803,281)
Other cash flows from investing activities		17,873	(86,958)
<b>Cash flows from investing activities</b>		<b>(1,513,865)</b>	<b>(890,239)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>(12,787,968)</b>	<b>(5,870,632)</b>
Loans raised		4,205,395	6,735,932
Cash increase of capital		11,278,451	2,504,026
<b>Cash flows from financing activities</b>		<b>15,483,846</b>	<b>9,239,958</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>2,695,878</b>	<b>3,369,326</b>
Cash and cash equivalents beginning of year		3,948,613	579,287
<b>Cash and cash equivalents end of year</b>		<b>6,644,491</b>	<b>3,948,613</b>
Cash and cash equivalents at year-end are composed of:			
Cash		6,644,491	3,948,613
<b>Cash and cash equivalents end of year</b>		<b>6,644,491</b>	<b>3,948,613</b>

# Notes

## 1 Going concern

Zerion Pharma has a negative equity of DKK 0.9 million as per 31 December 2021. During 2021, the company's operations were financed by equity financing and convertible loans from a strategic partner and from private lenders. Further, as mentioned in the management report, the company received a capital injection of DKK 5.7 million in April 2022.

The Company's strategic partner has committed to an additional convertible loan of up to DKK 10 million. Furthermore, the Company plans to raise funding through an IPO and/or a private placement. Combined with the current cash position, Management expects that this is sufficient to continue operations through 2022.

Based on the above factors, Management considers Zerion Pharma as a going concern entity. Consequently, the financial statements have been prepared in accordance with this assumption.

## 2 Other operating income

Other operating income includes DKK 1,680,000 from Innobooster grant's.

## 3 Staff costs

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	5,744,336	1,818,325
Pension costs	450,725	156,105
Other social security costs	50,305	19,020
	<b>6,245,366</b>	<b>1,993,450</b>
Average number of full-time employees	8	3

## 4 Other financial expenses

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Other interest expenses	542,909	271,269
Exchange rate adjustments	28,218	0
	<b>571,127</b>	<b>271,269</b>

## 5 Tax on profit/loss for the year

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	(2,611,740)	(665,407)
Change in deferred tax	0	131,633
	<b>(2,611,740)</b>	<b>(533,774)</b>

## 6 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>
Cost beginning of year	803,281
Additions	1,531,738
<b>Cost end of year</b>	<b>2,335,019</b>
Depreciation and impairment losses beginning of year	(655)
Depreciation for the year	(219,897)
<b>Depreciation and impairment losses end of year</b>	<b>(220,552)</b>
<b>Carrying amount end of year</b>	<b>2,114,467</b>

## 7 Non-current liabilities other than provisions

	<b>Due within 12 months 2020 DKK</b>	<b>Due after more than 12 months 2021 DKK</b>
Debt to other credit institutions	537,500	3,222,189
Convertible and dividend-yielding debt instruments	0	7,181,638
Other payables	0	175,646
	<b>537,500</b>	<b>10,579,473</b>

Debt to other credit institutions include convertible loans from Vækstfonden, a commercial partner and private investors amounting to in total approx. DKK 8.0 million.

## 8 Other payables

	<b>2021 DKK</b>	<b>2020 DKK</b>
Wages and salaries, personal income taxes, social security costs, etc payable	832,475	356,801
Other costs payable	786,026	0
	<b>1,618,501</b>	<b>356,801</b>

## 9 Changes in working capital

	<b>2021 DKK</b>	<b>2020 DKK</b>
Increase/decrease in receivables	(743,819)	(1,424,197)
Increase/decrease in trade payables etc	2,330,201	289,875
	<b>1,586,382</b>	<b>(1,134,322)</b>

## 10 Contingent assets

The Company has deferred tax at a carrying amount of DKK 1.714.000 at 22% corporation income tax rate. As it is

uncertain if this deferred tax assets can be utilised within a foreseeable future (3-5 years), the carrying amount has not been recognised in the financial statements.

### **11 Contingent liabilities**

As of the reporting date, the Company has contractual commitments with certain vendors of R&D services that have been initiated and are non-cancelable of less than DKK 1 million.

The Company has entered into an operating lease for its lab facilities at the University of Copenhagen with a non-cancelable lease term of three months, which as of 31 December 2021 constitutes a contractual obligation of DKK 180 thousand.

### **12 Assets charged and collateral**

The Company does not have pledges or collaterals.



# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year, with few reclassifications.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

## Income statement

### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

**Research and development costs**

The item includes external research and development costs that do not qualify for capitalisation.

**Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, marketing costs and administrative costs.

**Staff costs**

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year of property, plant and equipment.

**Other financial income**

Other financial income comprises interest income, including interest income on transactions in foreign currencies etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on transactions in foreign currencies etc.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

**Balance sheet****Property, plant and equipment**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 - 10 years
--	--------------

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

**Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash**

Cash comprises bank deposits.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with purchase, development, improvement and sale, etc of property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities.

Cash and cash equivalents comprise cash.