UNION THERAPEUTICS

Annual Report 2024

Revolutionizing standard of care in immunology

Ole is diagnosed with hidradenitis suppurativa

uniontherapeutics.com

Our purpose

Passionately creating medicines that make a difference

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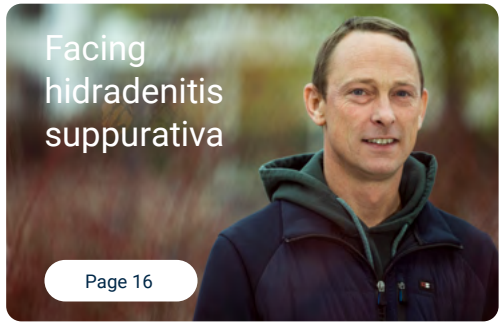
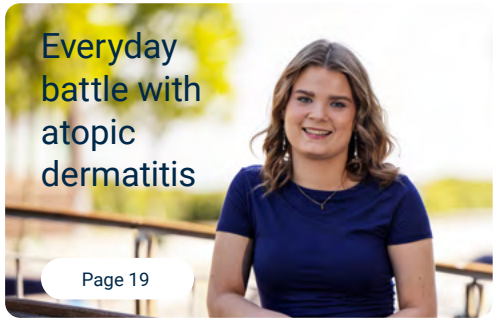




Introducing UNION

UNION at a glance

UNION is a development-focused biopharmaceutical company that aims to improve the standard of care across a range of immunological indications.

UNION's activities are focused on mid- to late-stage clinical development of well-characterized molecules with broad mechanisms of action across therapeutic areas with significant unmet medical need.

UNION's lead candidate orismilast, a next generation, high potency PDE4B/D selective inhibitor has potential as a safe and efficacious oral treatment candidate for a range of immunological diseases.

A scalable and capital-efficient business model built on the identification of well-characterized molecules, efficient clinical development and selective commercialization.

An ambitious team, led by an experienced leadership with a proven track record of taking products to market, coupled with deep insight into disease targets.

A **scientific leader** in development of subtype selective PDE4B/D-inhibitors like orismilast.

Pipeline-in-a-drug potential for orismilast with **first-in-class potential** in hidradenitis suppurativa (HS) and atopic dermatitis (AD), with **best-in-class potential** in psoriasis, as well as a range of high-potential expansion opportunities across immunology.

Strong **IP protection** supported by **227 issued** patents with potential to support the orismilast franchise into the 2040's.

2024 highlights

Advancement of the clinical pipeline

- **Completion of "ADESOS" Phase 2b study** of orismilast in moderate-to-severe atopic dermatitis (AD) and **successful End-of-Phase 2 meeting** with the U.S. Food & Drug Administration.
- Enrollment of first patients in **UCORIS, an investigator-initiated Phase 2 study** with orismilast in ulcerative colitis (UC).
- Preparation of Ph2b study of orismilast in **hidradenitis suppurativa.**

Corporate progress

- **Dr. Peter Kristensen elected as new member** of UNION's Board of Directors, replacing Dr. Jutta Heim, bringing extensive clinical development expertise from 20+ years at Novo Nordisk including GLP-1 development programs.
- Renegotiation of **venture debt facility with the European Investment Bank,** extending maturity from December 2024 to December 2025*.
- **Drug substance and drug product at commercial quality** and with commercial scale suppliers.

* See note 15 in the consolidated financial statements.

Multiple publications and presentations

- **Late-breaking presentation of ADESOS data** at leading scientific conferences (RAVE and EADV)
- Peer-reviewed publication of **results from the OSIRIS, Phase 2 study with orismilast** in Hidradenitis Suppurativa (HS) in the JEADV.
- **Pioneering use of tape stripping for biomarker analysis** in UNION studies IASOS, Phase 2b study in psoriasis, and ADESOS, Phase 2b in AD

Joint letter from the Chair and CEOs

During 2024 we saw the promising results from the testing of orismilast in an additional indication, this time atopic dermatitis, with another dataset indicating potency superior to previous generations of PDE4-inhibitors while retaining the well-established safety profile of the compound class, supporting the broad potential of orismilast. Focus is now on shaping the plans and securing the resources required for the next stage of development.

Stig Løkke Pedersen
Chair of the Board of Directors

Rasmus Toft-Kehler
Co-Chief Executive Officer

Kim Domela Kjøller
Co-Chief Executive Officer

Topline results in AD

In 2024, UNION made significant strides in advancing our lead compound, orismilast, while pioneering the development of next-generation selective PDE4B/D inhibitors. A major highlight was the successful completion of the ADESOS Phase 2b study of orismilast in patients with moderate to severe atopic dermatitis (AD). Data from this study confirmed the enhanced efficacy of orismilast as well as the safety profile, which is consistent with the PDE4 class in general.

The promise of orismilast as a potent PDE4B/D inhibitor has garnered attention from medical leaders in the dermatological research community. The initial results from the ADESOS Phase 2b study were selected for late-breaker oral presentations at prominent scientific conferences, such as the RAVE Conference in June and the EADV Congress in September. This recognition underscores the importance of our work and the promising characteristics of orismilast as a potential first-in-class treatment option for several indications.

Leading through innovative research

We believe that the key to strengthening the narrative around orismilast as a next-generation, high potency PDE4B/D inhibitor, distinct from pan-PDE4 inhibitors, lies in our close

"The results in AD are consistent with late-stage clinical results generated in psoriasis and hidradenitis suppurativa, confirming orismilast's potential as a safe oral treatment across a range of immunological indications. This further supports the higher anti-inflammatory potency associated with selectivity for the B and D subtypes of PDE4, while maintaining the well know benign safety profile of the compound class in general."

Kim Domela Kjøller
Co-Chief Executive Officer

collaboration with leading medical experts and key opinion leaders. In addition to giving presentations at major scientific conferences, the clinical results generated with orismilast have been published in several leading peer-reviewed medical journals and continues to be so.

In several of our studies in immunodermatology, the research teams employed the pioneering use of tape-stripping – a minimally invasive method for identifying cutaneous biomarkers. The advances in biomarker analysis employed in the AD study were showcased at the EADV Conference in September, further demonstrating our commitment to innovation in research practices.

During the year, we also supported UCORIS, an investigator-initiated Phase 2 study testing orismilast as a potential treatment for ulcerative colitis (UC).

Looking towards 2025

With the conclusion of the extensive, multi-indication clinical development program that has been ongoing during the past years, we also saw a corresponding reduction in the organization during 2024, which is a necessity as a clinical-stage development company.

Focus is now on planning for the next stage of development for orismilast, which includes shaping the clinical development and regulatory strategy, as well as securing the necessary human and financial resources. The latter is of critical importance, particularly amid the ongoing challenges in the financial markets for smaller biotech companies, and has the undivided attention of the Board and Management.

As UNION transitions to later-stage development, we are also pleased to welcome Dr. Peter Kristensen to our Board of Directors. With over 30 years of experience in late-stage drug development and regulatory affairs, Dr. Kristensen brings invaluable expertise to the team.

The achievements of the past years are a testament to the dedication and perseverance of the UNION team. We are grateful for the extraordinary efforts and the continued support from all our stakeholders - it remains crucial for our mission of developing innovative medicines that improve the lives of those suffering from chronic immunological diseases.

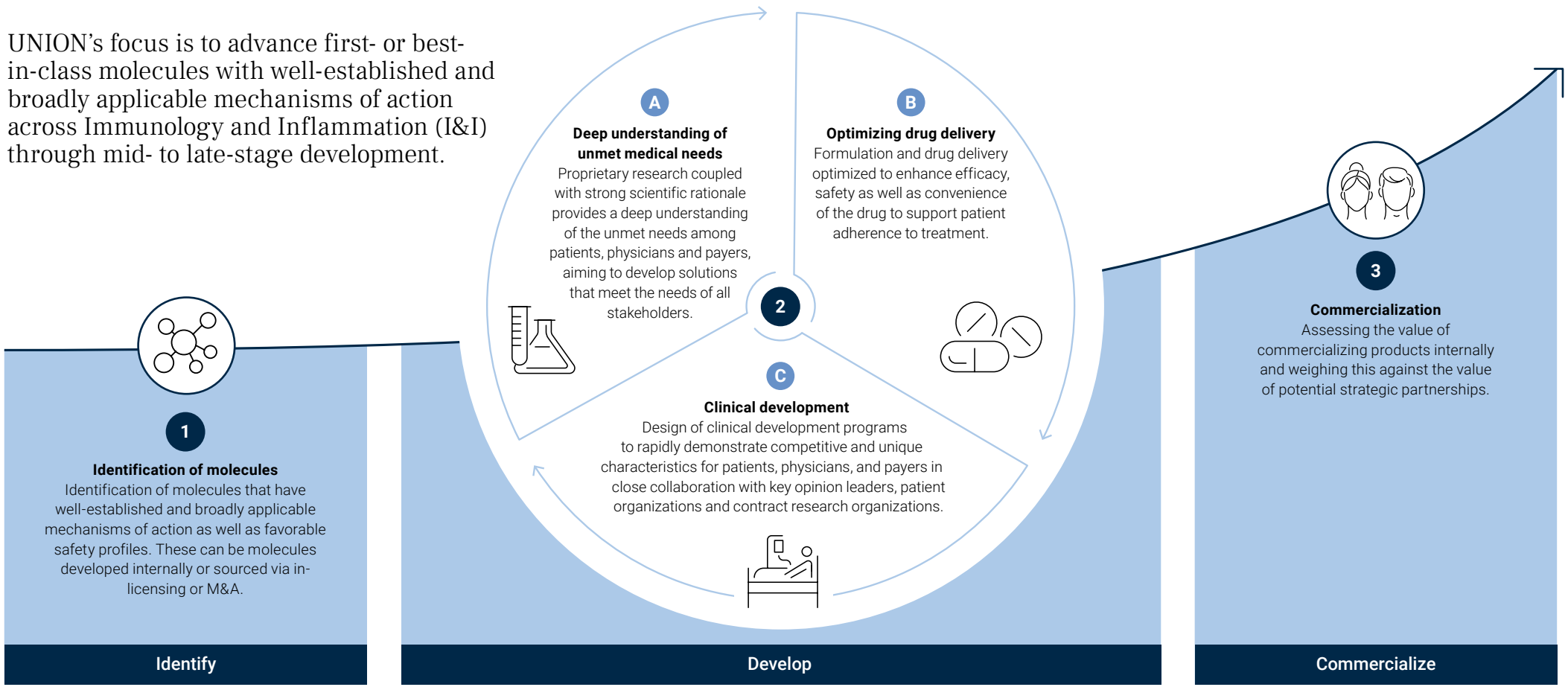
Stig Løkke Pedersen
Chair of the Board of Directors

Kim Domela Kjøller
Co-Chief Executive Officer

Rasmus Toft-Kehler
Co-Chief Executive Officer

Business model and strategy

UNION's focus is to advance first- or best-in-class molecules with well-established and broadly applicable mechanisms of action across Immunology and Inflammation (I&I) through mid- to late-stage development.



Consolidated key figures

DKK'000	2024	2023	2022	2021	2020
Statement of comprehensive income					
Revenue	621	2,299	34,393	118,912	-
Research and development costs	-60,810	-140,262	-186,434	-155,305	-65,107
Administrative costs	-27,537	-22,079	-31,584	-21,724	-8,270
Other operating income	-	-	-	6,178	9,049
Operating result	**-87,726**	**-160,042**	**-183,625**	**-51,939**	**-64,328**
Financial expenses	-16,491	-14,743	-36,133	-9,562	-22,078
Result before tax	**-104,217**	**-174,785**	**-219,758**	**-61,501**	**-86,406**
Tax income	5,295	5,359	5,454	5,475	5,510
Result for the year	**-98,922**	**-169,426**	**-214,304**	**-56,026**	**-80,896**
Statement of financial position					
Non-current assets	17,040	18,244	17,908	17,978	16,856
Current assets excl. Cash and cash equivalents	6,556	6,641	8,762	13,545	15,603
Cash and cash equivalents	37,618	95,305	159,005	253,402	36,425
Total assets	61,214	120,190	185,675	284,925	68,884
Equity	-150,064	-61,599	-27,688	49,380	-58,397
Non-current liabilities	33,467	10,541	136,793	170,675	94,963
Current liabilities	177,811	171,248	76,570	64,870	32,318

DKK'000	2024	2023	2022	2021	2020
Cash flow statement					
Cash flow from operating activities	-87,004	-159,980	-158,074	-2,974	-51,546
Cash flow from investing activities	-	-113	-178	-140	-1,668
- Investment in property plant and equipment	-	-113	-178	-140	-
Cash flow from financing activities	28,273	96,725	61,448	216,496	43,524
Environmental, social and governance					
Average full-time equivalents	27	32	37	26	10
Headcounts at year end	27	30	41	37	17
Turnover rate*	26%	31%	9%	24%	12%
Tons CO_2 emissions from operations (scope 1+2)	11	2	17	10	N/A
Tons CO_2 emissions from operations (scope 3)	1,134	2,154	3,952	3,852	N/A

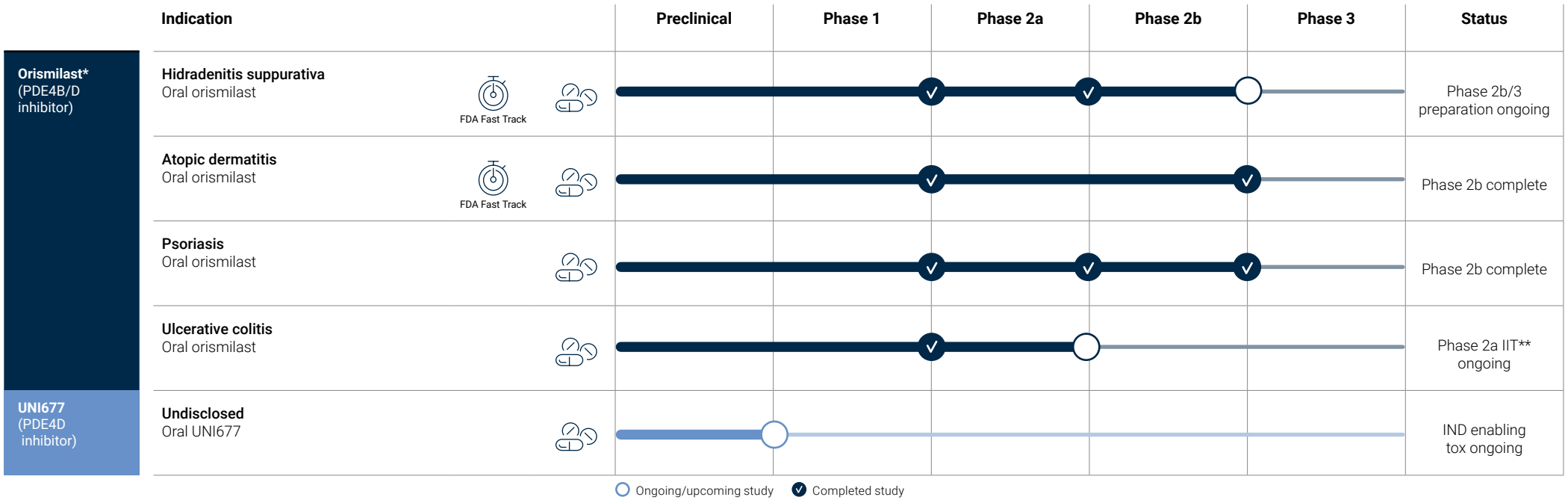
* Turnover rate calculated as FTEs leaving during the year compared to FTEs at the beginning of the year.

Reporting framework
UNION's management review section is prepared in accordance with disclosure requirements for reporting class B enterprises with elected additional reporting requirements for reporting class C enterprises under the Danish Financial Statements Act. This specifically relates to elected reporting for corporate social responsibility (§99a), description of research and development activities (§99.8) and overview of key financial figures (§101).

Our business

Pipeline overview

UNION has a late-stage clinical pipeline targeting indications with significant unmet medical need.



* Innovent Biologics has exclusive rights to orismilast and an option on topical orismilast for China, Hong Kong, Taiwan and Macau; UNION retains remaining worldwide rights.

** IIT = Investigator initiated trial; IND = investigational new drug.

Orismilast

UNION is developing orismilast - a next-generation, high potency PDE4B/D inhibitor with first-in-class and best-in-class potential – as a safe and efficacious oral treatment with potential across a range of immunological indications.

Hidradenitis suppurativa

HS is a chronic inflammatory skin disease causing painful lumps, with few treatment options and no approved oral therapy. UNION is developing orismilast as a potential first-in-class oral treatment, offering strong lesional efficacy, early pain relief, and possible metabolic benefits.

FDA Fast Track

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Atopic dermatitis

AD is the most common chronic inflammatory skin disease causing red, itchy rash (eczema). Despite recent advancements in the treatment landscape, no safe oral treatment exists. Orismilast holds the potential to be a first-in-class oral treatment for AD with rapid itch relief.

FDA Fast Track

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Psoriasis

Psoriasis is a chronic, systemic, inflammatory skin disease that causes thick, red and scaly plaques. Treatments must match the disease stage and follow a stepwise progression - the so-called psoriasis treatment ladder. Orismilast holds the potential to be a best-in-class oral treatment with improved efficacy.

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Ulcerative colitis

UC is a chronic, inflammatory bowel disease that during flare ups causes pain, blood in the stool, diarrhea etc. Treatment of UC is specific to the severity of the disease. Orismilast holds the potential to be a first-in-class safe oral treatment for UC.

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A potent and selective PDE4B/D inhibitor

Orismilast is a potent and selective next-generation phosphodiesterase-4 (PDE4) B/D inhibitor with broad anti-inflammatory properties. PDE4-inhibitors act early in the inflammation cascade, inducing a broad range of anti-inflammatory effects across multiple cytokines (signaling molecules) involved in many immunological diseases including within dermatology and gastroenterology.

Research has established that PDE4B and D subtypes are highly expressed in human immune cells and inhibition of these subtypes drives the anti-inflammatory effects of PDE4-inhibition. Orismilast is developed to have more potent anti-inflammatory properties than previously marketed PDE4 inhibitors, enabled by higher selectivity for subtypes PDE4B and D*.

* Blauvelt, et al. (2023).

Orismilast is developed as a safe and efficacious oral treatment differentiating from already marketed treatments of immunological diseases. While substantial development has been seen for injectable biologics, there is still a significant unmet medical need for safe oral treatments without the extensive screening and monitoring efforts which are required for many of the treatment options available today. PDE4-inhibitors is a class of drugs which is already commercially and clinically validated, with a well-established safety profile.

Ready for late-stage development

Since UNION's acquisition of LEO Pharma's PDE4-inhibitor program including orismilast, focus has been on the mid- to late-stage clinical development of orismilast. UNION has successfully developed orismilast through Phase 2 clinical studies in three indications (hidradenitis suppurativa, atopic dermatitis and psoriasis) and is now ready for advancing orismilast into late-stage development.

Orismilast has successfully been investigated in a Phase 2b study (IASOS, n=202) for the treatment of psoriasis, and in a Phase 2 investigator-initiated study (OSIRIS, n=20) in hidradenitis suppurativa. Additionally, in 2024 UNION completed a Phase 2b study (ADESOS, n=233) in patients with moderate to severe atopic dermatitis. These results confirm the potency as well as the favorable safety profile of orismilast and its potential as a new safe oral treatment for a range of immunological diseases.

UNION has further supported the development of orismilast beyond immunodermatology into gastroenterology, with UC as the first indication. Orismilast is currently being tested in a Phase 2 investigator-initiated study (UCORIS) for the treatment of ulcerative colitis.

Biomarkers

The use of skin biomarkers in clinical trials adds a new efficacy measurement to clinical research.

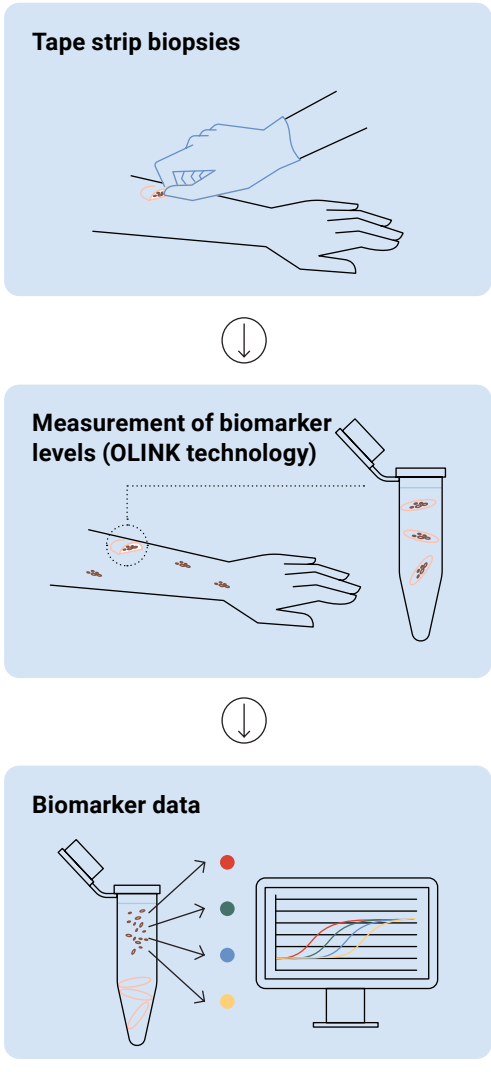
Biomarkers are naturally occurring molecules in the body, that among other things work as signaling molecules in the immune system. A medical condition like an immunological disease will be reflected in different levels of biomarkers of relevance when comparing a patient with a healthy person. Changes in the level of relevant biomarkers can also be used to follow a patient's disease over time including during treatment with a drug. Biomarkers can be present in blood, body fluids or tissues and quantification of them offers an objective parameter supporting the subjective clinical scoring made by physicians. In clinical trials involving skin diseases, biomarker levels are typically measured in the blood and skin of patients.

Sampling of the skin
Skin samples have traditionally been conducted by removing a punch-sized (3-6mm) piece of the skin under local anesthesia. However, this procedure requires nerve bisection and suture, which involves a risk of scarring and infection. Tape stripping is a novel approach used for clinical studies in dermatology, which involves the use of specially designed tape strips, where only the upper layer of the skin (stratum corneum) is removed by sequential tape stripping. It has been proven to be as robust as punch biopsies, while being minimally invasive, making it more feasible to collect data from broader patient populations, including children.

Understanding diseases and the treatment effect on a molecular basis is increasingly important in drug development, and UNION is at the forefront of the use of tape stripping to achieve this. Skin sampling was integrated in the Phase 2b studies (IASOS and ADESOS) where patients with psoriasis and atopic dermatitis were treated with orismilast or placebo. Skin samples were taken at baseline and again at end-of-treatment, allowing for analysis of the development of biomarkers in the lesions.

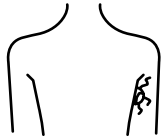
Measurement of biomarker levels
The growing interest in accurate and efficient measurements of biomarkers has led to multiple technologies being developed to analyze biomarker levels. UNION has been using the innovative and reliable OLINK technology which has the advantage of detecting minute amounts of biomarkers and delivering quantitative data for multiple biomarkers.

Biomarker data of orismilast is reported in scientific papers
UNION has pioneered the use of tape stripping in large-scale clinical studies and the biomarker data generated from patients participating in our psoriasis and atopic dermatitis studies is being published in peer-reviewed journals together with leading experts in the field of dermatology. Acceptance of these articles in high impact journals highlights the value of biomarker research to the scientific community, and underscores the potential of biomarker data in substantiating observed clinical effects* **.



* Warren et al. (Unpublished, submitted for review).

** Silverberg et al. (2025).



Hidradenitis suppurativa

Hidradenitis suppurativa (HS) is a chronic and progressive systemic skin disease that causes painful inflammation of the hair follicles, most notably in the armpits, groin and genital regions. Currently, 2 million people are diagnosed with HS and this number is expected to more than double over the next decade*. Very few treatment options are available and no oral treatments have been approved, leaving a significant unmet medical need.

Pain relief is paramount to patients with HS

The clinical characteristics of HS include very painful inflammatory nodules, boils or abscesses that typically open and release odorous inflammatory fluids. In the more chronic form of the disease, patients experience draining fistulas, also referred to as sinus tracts, which ultimately lead to scarring and related functional disability in certain areas.

HS is a progressive disease in the sense that severity typically worsens over time. This is in part due to the scarring of tissues, making lesions and abscesses increasingly difficult to treat. HS is associated with a significant disease burden. Patients suffer from pain and discomfort stemming from the formation of pus, and require bandages and diapers for disease management. The symptoms of HS can result in social stigmatization and a significant negative impact on work life, leading to a significant reduction in patients' quality of life.

Treatment of HS is specific to severity

Diagnosis and treatment of HS is typically handled by dermatologists even though patients often first present early symptoms to primary care physicians or even to emergency services to seek surgical relief of formed abscesses.

Treatment of HS is specific to the severity of the disease. For mild HS there are no treatments approved, and for patients with moderate to severe HS there are currently only three drugs approved in the US and the EU. However, the general standard of care for many patients with HS is off-label anti-bacterial and hormonal treatments which often provide only temporary symptomatic relief. Antibiotics may not target the underlying inflammation, and their usage is associated with development of resistant pathogens.

In case of insufficient response to pharmacotherapy, patients also undergo different types of surgery, from removing smaller boils to excising and transplanting skin grafts across larger areas.

HS associated with major co-morbidities

People with HS face more than twice the risk of developing cardiovascular (CV) comorbidities, similar to those with type-2 diabetes. This underscores the need for treatments that not only reduce skin inflammation but also avoid increasing CV risk—and ideally, provide benefits for both CV health and related conditions.

* Prevalent patient numbers incl. US and EU5 based on meta-analysis by Phan et al. (2020); Jfri et al. (2021); Delaney et al. (2018); Ingram et al. (2018); Theut Riis et al. (2019).

Orismilast as a first-in-class oral treatment

In 2023, UNION reported positive results from the OSIRIS investigator-initiated Phase 2 study with orismilast in adult patients with HS. The study demonstrated clinically relevant improvements in patients with HS. No new safety signals were identified with orismilast which confirms the general safety profile of PDE4 inhibitors with a manageable, transient and well-characterized adverse event (AE) profile. The results support the potential of orismilast as a first-in-class oral treatment with broad anti-inflammatory effects, providing a good fit with the disease pathology and potential to reduce need for biologics, off-label antibiotics and surgery.

Patient stories

Facing hidradenitis suppurativa

Sara is a 32-year-old woman living with HS

"I have accepted that my disease will not go away and that I may never live a normal life. Pain and fear are now part of my existence. I feel isolated, and my options are limited, as the disease controls my life. It truly is a cruel disease."

Sara first noticed the symptoms of what would later be diagnosed as Hidradenitis Suppurativa (HS) when she was 15 years old. Receiving her diagnosis was a long and complicated process. Sara's obesity, combined with the boils, made her feel ashamed, and she was reluctant to be examined by a doctor, fearing judgement. When she finally gained the courage to see a doctor, the experience was disheartening—the doctor simply advised her to wash with antibacterial soap, which did not help. It took years for Sara to gather the strength to seek medical help again, and only then was she finally diagnosed with HS.

Sara continues to find new boils forming from time to time, and treatments offer only limited relief. She has tried several different therapies, but none have proven effective in treating her condition.

Ole suffers from two skin diseases, HS and psoriasis, both of which have significantly impacted his quality of life. He was diagnosed with psoriasis during his teenage years and with HS at the age of 33. His initial symptom of HS presented as a small, inflamed abscess on his back. Ole consulted a doctor specialized in HS, received a diagnosis and was prescribed a cream to treat the abscess.

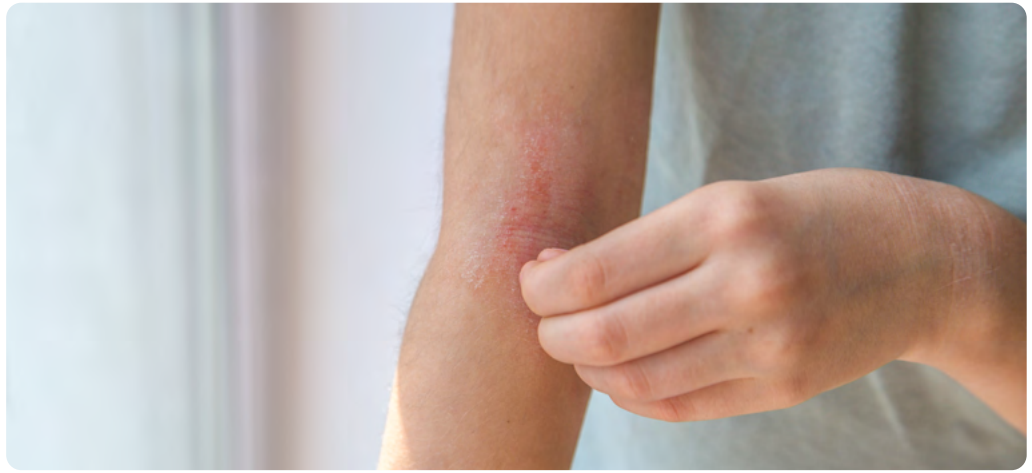
Topical creams proved ineffective in treating Ole's HS, and after a couple of years, he was offered a biologic treatment. However, because Ole has a fear of needles, a family member must assist with his weekly injections, which is both frustrating and stressful for him and his family. Since the injectable is the only approved treatment for HS, Ole has no choice but to continue with it. However, he hopes that an oral treatment option will one day become available.

Ole is a 41-year-old man living with hidradenitis suppurativa (HS) and psoriasis

"In my family, we speak openly about having HS, as both my mother and sister also have the disease. I grew up with HS around me and understand how it negatively affects the lives of those living with it, as well as their families."

Atopic dermatitis

Atopic dermatitis is the most common inflammatory skin disease causing red, itchy rash (eczema). It is a highly prevalent disease with more than 12 million adults diagnosed with moderate to severe AD*. It is a disease for which there is no cure, and despite advancements in the treatment landscape, no safe oral treatment with good efficacy exists, leaving a large unmet medical need.



Itch is the most problematic symptom
Atopic dermatitis (AD) is characterized by a defective skin barrier, which allows allergens and other irritants to enter the skin, leading to an immune response and inflammation driven by inflammatory cytokines (e.g., IL4 and IL13). This reaction produces a red, itchy rash, most frequently occurring on the face, arms and legs, but it can cover most areas of the body.

Itch is the most problematic symptom for AD patients. When suffering from itch, patients also frequently suffer from sleep disturbances and emotional problems. Generally, patient with AD experience that the disease has a significant impact on their quality of life and overall health. For example, adults with AD exhibit a significantly increased risk of ADHD, anxiety, depression and suicidal ideation compared to the general population.

Treatment of AD is specific to severity
Patients with AD are diagnosed based on the severity of the disease (mild, moderate or severe). Generally, patients with AD are treated with topical or systemic (oral or injectable) treatments.

Topicals are mostly used by patients with mild AD or used concomitantly with systemic therapies for patients with severe AD.

The injectable biological treatments approved for the treatment of AD have had a substantial positive impact for patients. However, many patients using these treatments do not experience satisfactory responses, indicating that more mechanisms of action are needed.

The first approved oral therapies, Janus kinase inhibitors (JAKs), are typically the treatment of last resort due to safety concerns and are mainly used for patients with severe AD.

Patient preference for oral treatments
Patients with AD report a strong preference for safety, oral administration and rapid itch relief. None of the current treatment options can deliver on all three parameters. Injectable biologics offer slow relief from itching, and many patients face an injection barrier due to a dislike of needles. The JAKs have significant safety concerns and are limited to non-responders on biologics.

The current treatment landscape for AD leaves significant unmet medical need for oral systemic treatments as well as new mechanisms of action. Orismilast holds the potential to become a first-in-class safe oral treatment, and a safe and effective alternative to JAKs and injectable biologics.

* EvaluatePharma (2024).

Orismilast Phase 2b results in atopic dermatitis

ADESOS Phase 2b results support the potential of orismilast for the treatment of AD, as confirmed by the FDA. Data from the study has been presented at leading international scientific conferences and discussed with leading experts.

In the first half of 2024, UNION announced topline results from the ADESOS Phase 2b study with orismilast in moderate to severe patients with AD. It is the first study assessing the efficacy of oral orismilast in AD.

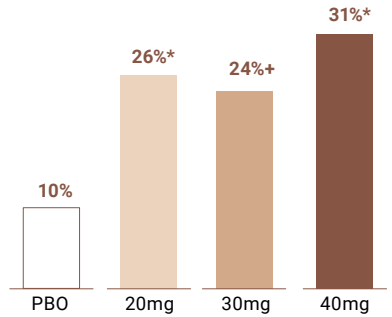
Results demonstrate that orismilast is efficacious in improving multiple aspects of AD including achievement of a score of Clear (0) or Almost Clear (1) in the Investigator Global Assessment (IGA), and a rapid onset of itch reduction. At week 16, significantly more patients achieved IGA 0/1 with a ≥2-point improvement with orismilast 20 mg and 40 mg versus placebo ($p<0.05$) and 30 mg borderline significant ($p=0.05$). A significantly greater proportion of patients achieved a clinically meaningful (≥4-point) reduction in peak pruritus numerical rating scale (PPNRS) at week 2 for all doses.

The safety profile of orismilast was consistent and as expected for the PDE4 class with no major safety concerns reported.

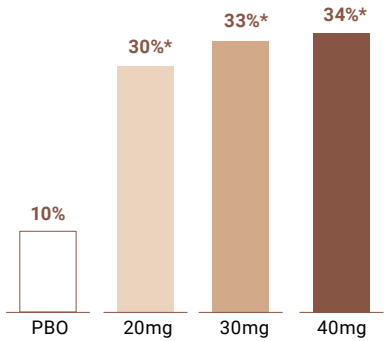
The results support the clinical relevance of orismilast, potentially offering a convenient, oral treatment of AD.

Presentations and publications
Key results from the ADESOS study were presented in late-breaking oral presentations at the RAVE Conference and at the EADV Congress 2024.

IGA 0/1, wk16 (MI)



≥4-point reduction in NRS, wk2 (MI)



About the ADESOS Phase 2b study

In August 2022, UNION initiated the Phase 2b randomized, double-blind, placebo-controlled, parallel-group, dose-finding study, evaluating the efficacy and safety of orismilast in patients with moderate to severe AD. The study included 233 patients who were randomized to three active doses (20mg, 30mg, and 40 mg) of orismilast or placebo, administered twice daily. The study was conducted in 48 centers in Europe and in the US.

* = $p<0.05$; + = $p<0.1$; MI = multiple imputation (primary analysis); Silverberg et al. (2025).

Patient story

Everyday battle with atopic dermatitis

My name is Camilla, I am 18 years old. Since I was four, I have suffered from atopic dermatitis (eczema).

At first, it began as a rash on my arms, but it gradually spread to other parts of my body. Early on, I was treated with hormonal creams which provided some relief at first, but the more I used them, the more my body developed a tolerance to them, and the relieving effects ceased.

When I turned 14, my eczema significantly worsened in severity, extending to my face and the rest of my body, causing skin thickening and lesions. The physical pain and discomfort was ever-present with incessant itching and weeping sores, leading to restless nights and daily fatigue.

My eczema has had far-reaching effects on my personal life, negatively impacting my confidence and view of my body. I failed my exams due to medical absence associated with infections, or from being unable to concentrate due to constant pain and itching. Eventually, I had to drop out of high school, as I did not want anyone to see me, feeling ashamed of this part of me over which I had no control.

Finding the right treatment remains a constant battle, and while sometimes waiting months for an appointment with a dermatologist, I have had periods where I was unable to walk around our house due to my inflamed and wounded skin, relying on my parents to carry me around. However, I refuse to let my disease control my life. By participating in tests of new and experimental treatments, I have been able to return to school.

Throughout the several treatments I have undergone, I have not found one without bothersome side effects or potential long-term risks. It is my hope for the future that more effective treatments with fewer side effects are developed, allowing people like me to regain personal independence, control and relief.

People think eczema is just dry skin that can be treated with creams, but eczema is so much more. For those suffering from it, it is associated with constant dermal pain and itching, at times so debilitating that it is near impossible to bear.

Psoriasis

Psoriasis is a chronic, inflammatory skin disease that causes thick, red and scaly plaques. There are more than 17 million patients diagnosed with psoriasis*, a disease for which there is no cure. While more systemic treatment options have become available, an unmet need remains for oral treatments with improved efficacy.

Burden of living with psoriasis

Psoriatic plaques can appear on any area of the body, but most often appear on the scalp, knees, elbows, midsection, and limbs, and the plaques are often itchy and sometimes painful. In addition to the direct challenges of psoriasis, patients also suffer from substantial psychosocial consequences, including social stigma, feelings of rejection, shame, guilt, impaired sexual intimacy and discrimination in the workplace.

Patients with moderate to severe psoriasis are frequently stigmatized and excluded from normal social environments. Patients commonly report experiencing loneliness, isolation, and feelings of being unattractive. The burden of living with psoriasis has been proven to be similar to living with other serious chronic diseases, such as cardiovascular diseases and diabetes.

Treatment of psoriasis depends on the severity of the disease

Psoriasis can be managed by topical, oral, and injectable biological treatments as well as phototherapy. Topicals are mainly used for patients with mild psoriasis whereas patients with moderate to severe psoriasis often require treatment with systemic therapies which can be either oral medications or injectable biologics. Biological treatment requires screening and monitoring, and patients must learn how to self-inject. This, along with price, is a significant barrier for uptake. There are few oral treatments available today and new drugs with improved efficacy are needed.

Orismilast as a best-in-class oral treatment

In 2023, UNION reported positive results from the IASOS Phase 2b study with orismilast in adult patients with moderate to severe psoriasis. The study demonstrated that orismilast has superior efficacy compared to placebo in patients with moderate to severe psoriasis. Safety and tolerability were dose-dependent and as expected for the PDE4 drug class. Finally, the data supports the potential of selective PDE4B/D inhibition as a promising therapeutic option in psoriasis and the further development of orismilast as a best-in-class treatment for psoriasis**.

* EvaluatePharma (2024).
** Warren et al. (2023).

Patient stories

Battling psoriasis

Anne is a 48-year-old woman diagnosed with psoriasis

"I know that for the rest of my life I will have to treat my psoriasis to keep it under control. It is part of my life and I no longer remember a life without psoriasis. At times I do envy people who do not have psoriasis."

When Anne was eight years old, she experienced her first rash, extending across her arm. Anne has cycled through several different treatments for her psoriasis, ranging from topicals and tablets, to phototherapy and alternative medicines. Several of these were initially promising, but the psoriasis symptoms rapidly returned as her body adapted. Today, Anne is on a biological treatment (injectables) which has provided relief; yet despite this, Anne finds it challenging to inject herself every second week and worries about developing side effects from long-term use. It is Anne's hope that new effective treatment options, such as oral treatments, will become available, allowing her to be free of the burden of disease from psoriasis completely.

Frederik was diagnosed with psoriasis when he was 24 years old. His dermatologist handed him a brochure on psoriasis along with a topical cream, which is the typical first line of treatment. During the first years following his diagnosis, Frederik had difficulties accepting his situation and was not fond of applying the cream to his skin. This led to a worsening of his psoriasis symptoms, and it influenced his state of mind.

Frederik has tried many different treatment options and is currently following a biological treatment regimen, requiring him to inject himself every second week. The treatment is well suited for both his psoriasis and his lifestyle. It is, however, uncertain how long he may remain on biological treatment, as the long-term side effects of this relatively new treatment option are unknown.

Frederik was 24 when he was diagnosed with psoriasis

"Thinking about psoriasis can really influence my mood negatively, especially when I think of developing common comorbidities associated with psoriasis, such as cardiovascular diseases or diabetes."

Ulcerative colitis

Ulcerative colitis (UC) is a chronic inflammatory bowel disease that causes inflammation and ulcers (sores) in the lower digestive tract, i.e. colon and rectum. More than 1.8 million patients are diagnosed with UC in the US, Japan and EU5* and the incidence of UC is increasing worldwide. Despite the treatment options available today, an unmet medical need for safe oral treatments with improved efficacy remains.

Orismilast as a first-in class oral treatment

In 2024, the first patients were enrolled in UCORIS, a Phase 2 investigator-initiated study of orismilast in adult patients with moderate to severe UC. The study is ongoing and is expected to be completed in 2025.

The daily impact of UC

The cause of UC is not known, although genetics and environmental factors both appear to play a role. UC is a disease that can be in remission (less active) for longer periods of time and then suddenly flare (termed "relapse"). During periods of relapse, patients experience a significant impact on their everyday lives, experiencing symptoms such as bloody stool, diarrhea, fecal incontinence, increased frequency of bowel movements (urgency), fatigue, and abdominal pain (cramps). This often engenders feelings of shame, limiting the ability to work, study, travel and engage in daily activities. Patients with UC may also suffer from related conditions such as psoriasis, HS, uveitis and spondyloarthropathies.

Treatment of UC is specific to severity

Depending on the severity of UC and patient preferences, the treatment is tailored accordingly. Patients with mild UC are often treated with mild anti-inflammatory medication, taken orally or rectally, such as aminosalicylates, corticosteroids or immunomodulators. Patients with moderate to severe UC are often treated with immunosuppressants, biologics or a combination of such treatments.

Overall, treatments aim to induce a rapid clinical response and maintain remission, ideally healing the ulcers and preventing long-term disability. However, for some patients, UC can progressively damage the colon over time, eventually necessitating colectomy to remove all or part of the colon. After colectomy, patients no longer suffer from colonic inflammation but may require an ostomy bag, depending on the surgery.

* EvaluatePharma (2024).

Patient story

Anette's struggle with ulcerative colitis

I was first diagnosed with ulcerative colitis just after finishing my teaching qualifications 20 years ago. It started with a small amount of blood in my stool, but it quickly worsened.

Being diagnosed with ulcerative colitis has been one of the hardest challenges I have faced, and I keenly remember the difficulty of accepting a chronic illness that requires lifelong medication. It profoundly changed how I view my body and my sense of independence.

Managing my disease has turned my life upside down. At first glance, you would not know that I battle an invisible illness every day. Yet I am constantly aware of my body, what I eat and how much I sleep. I take precautions to avoid placing undue stress on myself, both mentally and physically. Stress exacerbates my symptoms, but avoiding stress is easier said than done. The constant fear of another flare-up lingers in my mind, causing distress in and of itself.

During flare-ups, I can go from feeling invincible to being afraid to leave the house. On the worst days, the pain can be excruciating, and I live in constant fear of not making it to a restroom in time. When you live without a chronic disease, it is easy to take daily comfort for granted. But being someone suffering from ulcerative colitis, I do not have that luxury. My diagnosis dictates even the smallest aspects of my daily life.

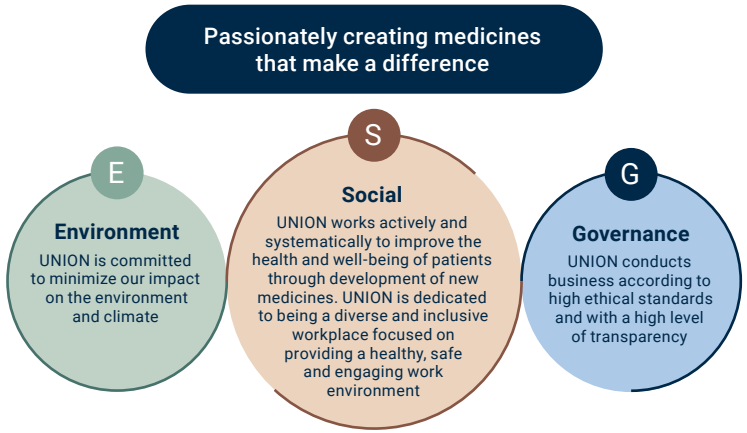
While medication has provided some relief, my flares have increased in intensity over the past years. My physician has mentioned the possibility of changing to biologic treatment, which concerns me due to potential side effects and the risk of losing what little control I have gained over my disease.

Despite these challenges, I have never given up on my passions. I still wake up at 4:15 am every morning, determined to run my 7 km and walk my dog, even if it means turning back home suddenly when my body demands it. I try to stay strong, but some days it feels like an uphill battle. I dream of a life without this constant struggle, of a future where I am free from pain and worry. But until that day comes, I keep fighting, because I refuse to let ulcerative colitis define me or my actions.

Our governance

ESG strategy and ambitions

At UNION, our work is anchored in our core purpose: Passionately creating medicines that make a difference. By focusing on our purpose, UNION is working to improve the standard of care across a range of immunological diseases and the lives of patients, while creating long-term value for all stakeholders.



UNION's Sustainability strategy is based on the desire to operate in a sustainable manner with regards to patients, employees, and our surrounding environment. Through our Environmental, Social and Governance (ESG) focus areas, UNION seeks to realize its corporate purpose in a sustainable manner, with respect and attentiveness to people and environments influenced by UNION's corporate activities.

Positively contributing to society is an integral part of UNION's business conduct. As the company has matured, this ethos has led to the development and refinement of the company's sustainability strategy, allowing for long-term focus on sustainable business conduct, transcending business cycles. In 2024 UNION has continued execution of the sustainability strategy and ESG focus areas laid out in 2023:

- Environmental sustainability
- Putting patients first
- Good working environment, employee's well-being and diversity
- Governance and business ethics

UNION's environmental sustainability efforts are centered around the reduction of greenhouse gas (GHG) emissions, including carbon emission baselining and improvement of data accuracy. The patient-focused efforts exemplify UNION's societal commitment to improving the lives of patients through corporate initiatives promoting disease awareness and patient engagement. The employee-related social efforts describe our efforts to stimulate a diverse, inclusive and inspiring workplace and involves our actions taken to further embed the company culture, The UNION Way. Lastly, with respect to governance and business ethics, our objective is to integrate environmental and social efforts within our corporate governance framework, ensuring transparency and actionability of our overarching initiatives.

Reporting framework

UNION adheres to the requirements of sections §99a of the Danish Financial Statements Act and complies with relevant laws, standards, and guidelines for reporting on ESG activities. The "Our governance" section constitutes UNION's statutory reporting on corporate responsibility.

The reporting of UNION complies with current legal disclosure requirements. Additionally, UNION draws inspiration and guidance from relevant ESG measurements and metrics in standards not legally mandated, emphasizing our focus on positive societal contribution.

Commitment to UN's Sustainability Development Goals

UNION is committed to addressing global challenges through support of the UN's Sustainable Development Goals (SDGs). Three goals (goal 3: Good health and well-being, goal 10: Reduced inequalities and goal 13: Climate action) have initially been identified as primary areas of focus for the company. Additional goals may be considered as the scope of activities expands.

E S G

Environmental sustainability

UNION's commitment to environmental sustainability centers around transparent reporting of GHG emissions, enhancing the accuracy of data and actively collaborating with suppliers across the value chain.

Science-based carbon accounting

As an immunology focused search and development company, UNION does not have any production or inventory facilities, and clinical trials are decentralized and performed by third party contractors. UNION's only facilities are leased office premises in Copenhagen, Denmark. Consequently, no material risks related to changes in climate and environment have been identified related to UNION's direct operations. However, UNION maintains a share in the global responsibility to reduce climate impact.

To ensure the accuracy of reported direct and indirect GHG emissions figures, UNION collaborates with a global leader in science-based carbon accounting to estimate and track the carbon footprint of the company according to the Greenhouse Gas Protocol. This protocol is the world's foremost standard for greenhouse gas accounting and covers scope 1 (direct emissions from owned assets, e.g. vehicles and fuel use from production sites), scope 2 (indirect emissions from purchased energy, such as electricity and heating) and scope 3 (indirect emissions not already included in scope 2, e.g. emissions from purchased goods and services, transport and business travel). As UNION does not have any production sites, UNION's emissions comprise predominantly scope 3 emissions.

UNION has estimated its CO_2 emissions using spend-based estimates for purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and business travel except business flights in scope 3. Estimates for CO_2 emissions from electricity and heating under scope 2, as well as business flights and employee commuting under scope 3, are activity-based. To improve data accuracy, spend-based estimates are adjusted for currency fluctuations.

UNION has in 2024 and will in 2025 continue to seek improvement in data quality and actively engages suppliers and partners to disclose emission data, aiming to obtain a scope 3 carbon footprint with an acceptable level of accuracy, though we acknowledge that carbon footprint mapping is inherently uncertain. These calculations are foundational in establishing a baseline for determining the company's climate ambitions, targets, and emissions reductions.

Decreased carbon emission intensity

As a development stage company, UNION's emissions are closely linked to primarily the timing and level of clinical development activity as well as related production of IMP and drug substance. 2024 saw the completion of the ADESOS study and did not have any material production of drug substance or drug product. Consequently, UNION's total CO_2 emissions have decreased by 46.9% to 1,145 tons CO_2-equivalent in 2024 (2023: 2,156 tons). Scope 3 CO_2 emissions have decreased by 47.4% to 1,134 tons CO_2-equivalent in 2024 (2023: 2,154 tons). In addition to the change in activity level, the reported CO_2 emissions for 2024 also reflect continued improvements in data quality. Scope 2 emissions have increased 450% to 11 tons CO_2-equivalent in 2024 (2023: 2 tons) resulting from improvements in measurement practices. Currently, UNION does not have any scope 1 emissions.

E S G

Putting patients first

Partnering with patients, patient organizations and leading experts is at the heart of our business.

Close patient interaction

To better understand the unmet medical needs among patients and to gain access to vital insight for UNION's work within pharmaceutical innovation and clinical development, UNION maintains strong relations with patients and patient organizations. Through these networks, first-hand knowledge concerning drug delivery and ease-of-use can be gathered, supplementing endpoints and the patient reported outcomes in clinical studies.

Promoting disease awareness

UNION is committed to the development of safe and efficacious treatments allowing for improved quality of life among patients suffering from immunological diseases. These include patients living with hidradenitis suppurativa (HS), atopic dermatitis (AD), psoriasis and ulcerative colitis (UC).

UNION acknowledges the important role that patient organizations play in communicating and establishing awareness of the burdens of chronic disease. To support these endeavors, UNION is a member of the Danish patient organizations for HS (Patientforeningen HS Danmark), AD (Eksemforeningen), psoriasis (Psoriasisforeningen) and UC (Colitis-Crohn Foreningen).

UNION is focused on enrolling patients from a diverse set of countries. However, UNION acknowledges that some communities are often underrepresented in clinical studies. Engaging with patient organizations, UNION seeks to help remove barriers to participating in research.

Besides collaborating with patient organizations, UNION also works to broaden disease awareness through direct communication of patient stories and select community-based events. For example, UNION arranged the internal "UNION step challenge" to encourage employees to increase activity levels in commemoration of the world atopic dermatitis day on September 14th. After the challenge, a donation to the AD association (Eksemforeningen) was made based on the number of steps of the employees. As physical activity is proven to have a remediating effect on inflammatory skin diseases, initiatives such as these serve to both bring disease awareness into focus, while simultaneously improving the health and well-being of UNION's employees.

E S G

Collaborative innovation

A key factor in developing relevant new treatment options is strong collaboration with leading field experts. Their guidance is needed to ensure the clinical relevance of UNION's activities and address current unmet needs in patient care. These collaborations are structured in accordance with established ethical standards and regulations. In 2024, UNION engaged with over 50 experts including smaller groups of advisors within each disease area: HS, AD, psoriasis and UC.

Innovation to the benefit of patients

In 2024, UNION further progressed the clinical development of its lead compound, orismilast, to the future benefit of patients. The ADESOS study was completed, and the company supported the investigator-initiated Phase 2 study (UCORIS) with orismilast for the treatment of ulcerative colitis, which started enrollment of patients in 2024. UNION's product candidates are supported by a strong patent portfolio consisting of 227 patents granted as of December 31, 2024.

Protecting trial participants

UNION conforms to the highest ethical standards in the conduct of research, development (clinical and non-clinical) and manufacturing activities, as patient safety is the principal priority of the company. UNION's material risks related to human rights are risks that can occur in the value chain of our partnerships such as forced labour, child labour or human trafficking activities. In all activities related to the development and supply of investigational medicinal products, UNION complies with applicable laws and regulations to ensure the safety and quality of products, including the reporting of safety information, and will continue to do so in 2025.

In conjunction with ensuring patient safety, UNION has established a quality management system with formalized processes and procedures to ensure compliance with relevant regulatory requirements, and to control the quality of investigational medicines. Furthermore, as the majority of clinical activities at UNION are outsourced to contract development and manufacturing organizations, contract research organizations and other suppliers, UNION has established robust vendor management and oversight processes.

Camilla is 18 years old and has suffered from atopic dermatitis since she was four.

Anette was diagnosed with ulcerative colitis 20 years ago.

Impact and accessibility

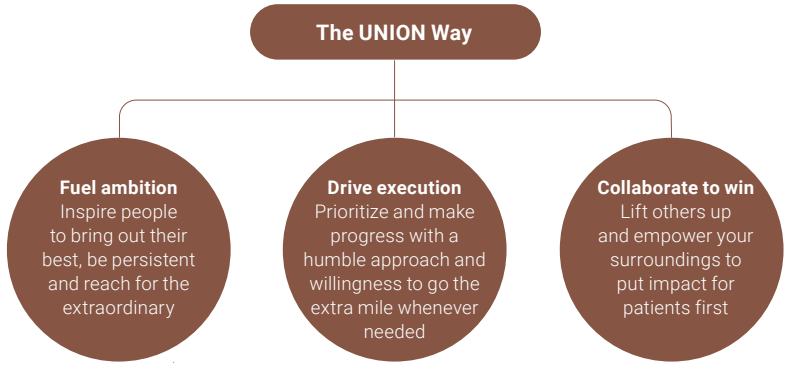
As a part of UNION's market access and affordability strategy, the company is committed to:

- Exploring opportunities by initiating expanded access programs in which UNION may provide patients with access to UNION's investigational products through long-term clinical trials.
- Evaluating responsible pricing approaches to provide underserved patient populations with access to UNION's products when being approved and launched.
- Strengthening UNION's collaborations with regional and global patient organizations to support research activities and enhance disease awareness among healthcare professionals and patient communities.

E S G

Our people

Our company culture, embodied in The UNION Way, guides our actions and, along with well-being, skill development and commitment, is key to achieving the ambitious goals of UNION.



The UNION Way

UNION takes pride in its ability to work as one team and cultivate a strong company culture rooted in our core values: 'Fuel Ambition, 'Drive Execution' and 'Collaborate to Win'. Shaping a dynamic culture and building a shared language around The UNION Way—encompassing our purpose, values, and virtues—has been, and will continue to be, essential to our success.

A healthy and meaningful workplace

UNION is committed to offer competitive workplace flexibility and maintain excellent health and safety standards to foster a motivating and inspiring work environment. To do so, a Work Environment Committee is established, dedicated to facilitating workplace and office assessments and addressing health and safety-related matters. Further employee welfare initiatives include a remote working allowance for purchasing workstation equipment, ensuring continued flexibility to work from home in an ergonomically safe manner.

UNION recognizes that attracting and retaining highly qualified managerial, scientific, medical, commercial, and other key personnel is a critical objective associated with material risk. Disruptions to UNION's talent pipeline may adversely impact daily operations and development activities. As such, we remain focused on fostering a work environment that supports employee growth, engagement, and long-term retention.

To promote optimal health and well-being among employees, UNION's team decided to focus on sleep and performance in 2024. This initiative highlights the benefits of quality sleep, including a company-wide lecture on the impact of sleep on performance, delivered by a leading expert in sleep research and stress management. Building on this initiative, UNION has launched several initiatives aimed at enhancing sleep quality by raising activity levels. As physical activity has been proven to significantly improve sleep quality, initiatives such as these not only raise awareness about the importance of sleep but also contribute to the overall health and well-being of the entire company.

To consistently ensure UNION is a great workplace, employees are invited to provide formal feedback biannually through the Employee Meaningfulness Survey. In the latest survey conducted during the Summer of 2024, 97% (October 2023: 93%) of the employees participated, yielding a score of 4.28 out of 5 (October 2023: 4.22). The survey provides critical insight into areas in need of improvement while it highlights what is working well. This information is translated into tangible actions and initiatives for the entire organization through the efforts of the Work Environment Committee, which will continue in 2025.

Organizational development

The organization behind UNION's development activities is continuously adapted to the requirements for advancing core products forward. As the development of orismilast has reached stages of greater maturity, UNION's organization has likewise undergone changes. UNION has developed in size over the last years, from 11 employees as of December 31, 2019, to 27 employees as of December 31, 2024. Compared to 2023, this is a decrease of 3 (2023: 30 employees) employees (turnover rate of 26%, 2023: 31%), reflecting continuous adjustment to the activity level.

Within UNION's workforce, 18 employees are engaged in Research and Development and related functions, while 9 employees focus on general and administrative roles. The team is composed of 13 male and 14 female employees. The awareness of diversity in gender, age, nationality and educational background ensures that a wide array of perspectives, knowledge, and experience is integrated into decision-making processes.

E S G

Meet the UNIONers

Anna's story

Trust and Empowerment

"What makes UNION stand out largely comes down to the ambitious and skilled people working here, making for a unique blend of informality and expertise. The work environment is both friendly and fast-paced, providing a space where creativity and collaboration thrives. I also appreciate the level of autonomy and responsibility given to each employee, allowing us to influence our own work assignments and contribute to the company's growth. The support and openness among colleagues creates a culture where everyone's input is valued."

Anna Carlsson
VP of Medical Affairs

Sven's story

A Workplace Built on Collaboration and Connection

"In my role managing clinical trials, I feel closely connected to our studies and believe that we are well on our way to making a real difference for the patients. A culture of efficiency and patient centricity is integrated in the way UNION works, and I find that particularly impactful. We actively work together to minimize silos, encourage open collaboration across different departments, and are constantly in an optimization dialog with our research sites, which results in unique insights and a more responsive organization."

Sven Hinca,
Clinical Trial Manager

E S G

Corporate governance

UNION is committed to conducting business with high integrity and transparency.

UNION is dedicated to ethical behavior in all aspects of operations and require all employees to comply with applicable laws and regulations.

UNION's policies are reviewed and updated annually. These policies establish the rules, standards, and ethical principles that both employees and UNION as an organization must adhere to. Key ESG-related policies include the Sustainability Policy, Diversity and Inclusion Policy, Anti-Bribery and Anti-Corruption Policy (UNION's material risks related to anti-corruption are legal and financial consequences from business ethics violations), and Code of Conduct. Policies can be found at UNION's website. In 2025, UNION will continue these activities.

QMS procedures are governed in a validated Electronic Document Management System (EDMS). Additionally, the EDMS is used for managing and documenting training related to GxP procedures. in 2024, all GxP training was completed. 97% of GxP training and 86% of non-GxP training was completed before schedule. The Quality Management System (QMS) is being further assessed to ensure readiness for future clinical trial activities.

Two-tier management structure

UNION has a two-tier management structure composed of the Board of Directors and Executive Management. The Board of Directors is responsible for the strategy and organization of the company as well as for the supervision of the Executive Management. The Executive Management is responsible for the daily management of the company, including strategy execution.

The Board of Directors consists of no less than five members and no more than nine members. Currently it consists of seven members. The members of the Board of Directors are elected at the Annual General Meeting for a period of one year. The composition of the Board of Directors and Executive Management must ensure that the combined competencies enable them to guide and oversee UNION's development, and address and resolve the issues and challenges facing UNION at any given time. The individual competencies of the members of the Board of Directors and Executive Management are described in the Board of Directors and Executive management overviews.

Number of meetings and **meeting attendance in 2024**

Name	Nationality	Independence	Meeting attendance in 2024*
Stig Løkke Pedersen, Chair	Danish	Independent	● ● ● ● ● ● ● ●
Arthur Higgins, Deputy Chair	British/American	Independent	● ● ● ● ● ● ● ●
Andrew J. Oakley	Australian	Independent	● ● ● ● ● ● ● ●
Gitte Pugholm Aabo	Danish	Independent	● ● ● ● ● ● ● ●
Dr. Jutta Heim	German/Swiss	Independent	● ● ● ○ ○ ○ ○ ○
Dr. Peter Kristensen	Danish	Independent	○ ○ ○ ● ● ● ● ●
Dr. Rasmus Toft-Kehler	Danish	Not independent	● ● ● ● ● ● ● ●
Dr. Morten Sommer	Danish	Not independent	● ● ● ● ● ● ● ●

● Attended ○ Absent ○ Not applicable

* Attendance for face-to-face and virtual meetings only.

Corporate matters

Executive Management

Dr. Kim D. Kjøller

Co-Chief Executive Officer

Born 1967, Danish

Dr. Kim D. Kjøller joined UNION in 2021. He brings more than 20 years of experience from various senior executive positions in the pharmaceutical industry, of which the last 10 years were in dermatology.

Before joining UNION, Kim was EVP and Head of R&D at LEO Pharma. Kim previously held senior positions in Strategic Marketing, Medical Affairs, Global Development and General Management at Sanofi, Lundbeck, and Sanofi Pasteur MSD.

Kim is an MD from Copenhagen University and has authored and co-authored over 35 scientific publications and given presentations at both scientific and pharmaceutical marketing meetings globally.

Dr. Rasmus Toft-Kehler

Co-founder, Co-Chief Executive Officer and Member of the Board

Born 1980, Danish

Rasmus Toft-Kehler is co-founder of UNION. Rasmus has extensive leadership and strategic development experience from founding and building companies in the life science industry, and he is co-founder and board member of multiple biotechnology and life science companies.

Before going into biotech, Rasmus worked in investment banking and in management consulting, e.g. Goldman Sachs and Booz Allen Hamilton, and acted as board member of a family-owned company that was sold in 2005.

Rasmus holds a Ph.D. in Entrepreneurship from Copenhagen Business School and executive education from Harvard Business School.

Morten H. Boesen

Chief Financial Officer

Born 1982, Danish

Morten H. Boesen joined UNION in 2018 as Chief Financial Officer. Prior to UNION, Morten worked at EQT, the largest private equity fund in the Nordics, initially as an investment professional and subsequently as an executive director in the EQT-owned global retailer Flying Tiger Copenhagen, where he held responsibility for strategy, business development as well as global commercial and supply chain operations.

Earlier in his career, Morten worked as a management consultant with McKinsey & Company, in the M&A advisory group of Nordea Bank and in the finance department of Novozymes (now Novonesis), the world leader in industrial biotech.

Morten holds an M.Sc. in Finance and Accounting from Copenhagen Business School.

Dr. Morten Sommer

Co-founder, Chief Scientific Officer and Member of the Board

Born 1981, Danish

Morten Sommer is the co-founder of several biotechnology companies specialized within the fields of drug development, industrial biotech and microbiome research.

Morten is also a Professor and Scientific Director at the Technical University of Denmark with a lab of more than 20 Ph.D.s and Post-Doctoral researchers, working with microbial foods and and the human microbiome.

Morten is a member of the board in Novonesis, Cmbio, SNIPR biome and UTILITY therapeutics.

Morten holds an M.Sc. in Physics from University of Copenhagen and a Ph.D. in Biophysics from Harvard University from the laboratory of Professor George Church.

Board of Directors

Stig Løkke Pedersen

Chair of the Board

Born 1961, Danish

Member since: 2017

Stig has more than 35 years of strategic, commercial and leadership expertise from the life science industry, holding senior positions at H. Lundbeck and Ciba-Geigy.

Stig is Chair of the Board and Board Member in several private and publicly listed biotechnology companies, including Dizlin AB, StemMedical and SSI Diagnostica. In addition, Stig is Operating Partner in the private equity fund Catacap.

Arthur Higgins

Deputy Chair of the Board

Born 1956, British and American

Member since: 2021

Arthur is a global executive with extensive business development, marketing and leadership expertise from large healthcare companies in the US and Europe, holding CEO positions at Bayer HealthCare and Assertio Therapeutics, and senior executive roles at Abbott Laboratories.

Arthur is a Senior Operating Advisor to Abu Dhabi Investment Authority, Director of Ecolab and ZimmerBiomet.

Gitte Pugholm Aabo

Member of the Board

Born 1967, Danish

Member since: 2021

Gitte brings extensive global leadership experience from the life science industry and a deep understanding of dermatology, marketing, and technology markets. Gitte was previously President & Chief Executive Officer of LEO Pharma and Chief Executive Officer at GN Hearing.

Gitte is a member of the Committee of Directors of Danmarks Nationalbank (the Danish Central Bank), board member of ALK-Abelló, and member of the board and the Executive Committee at the Danish Chamber of Commerce (Dansk Erhverv).

Andrew J. Oakley

Member of the Board

Born 1962, Australian

Member since: 2019

Andrew is a global executive with more than 30 years of financial and capital markets experience, holding positions as Chief Financial Officer of Actelion, Vectura PLC, Sosei Group Corporation, Autolus Therapeutics PLC and Theolytics Ltd.

Andrew currently serves as Chief Financial Officer of TargImmune Therapeutics AG and is a board member of Novaremed AG.

Dr. Peter Kristensen

Member of the Board

Born 1956, Danish

Member since: 2024

Peter has more than 30 years of drug development and regulatory experience from Novo Nordisk, as Senior External Advisor with McKinsey & Co and as an independent consultant. At Novo Nordisk, Peter started as a research scientist, headed the development of Victoza (liraglutide) and was for 10+ years Senior Vice President of drug development, project management and global clinical operations.

After leaving Novo Nordisk Peter has taken on consulting and board roles, including serving as chairman of the InnoExplorer program at the Innovation Fund Denmark.

Dr. Rasmus Toft-Kehler

Co-founder, Co-Chief Executive Officer, Member of the Board

Born 1980, Danish

Member since: 2011

Rasmus has extensive leadership and strategic development experience from founding and building companies in the life science industry. Before going into biotech, he worked in investment banking and in management consulting.

Rasmus is the Co-Chief Executive Officer of UNION and co-founder of several companies. He is also member of the board at UTILITY Therapeutics.

Dr. Morten Sommer

Co-founder, Chief Scientific Officer, Member of the Board

Born 1981, Danish

Member since: 2011

Morten has extensive research and development experience working within the fields of drug development, industrial biotechnology and microbiome research. He has published more than 100 scientific publications and is the inventor of several issued patents.

Morten is the Chief Scientific Officer of UNION and holds the position as Professor and Scientific Director at the Technical University of Denmark. Morten is a member of the board in Novonesis, Cmbio, SNIPR biome and UTILITY therapeutics.

Key risks

UNION is continuously monitoring the key risks it is exposed to. Failure to mitigate significant risks can potentially impact the development of UNION's product candidates negatively, thus impacting future sales, profit and market position. The risks are diverse and range from failure to establish the efficacy and safety profile of the product candidates to not being able to attract and retain qualified employees, all with different likelihood and impact profiles.

	Description	Potential impact (non-exhaustive)	Mitigating actions (non-exhausive)
 **Clinical development risks**	UNION's product candidates undergo extensive clinical studies to establish efficacy and safety profiles before seeking approval from regulatory authorities. These studies are inherently high-risk, and UNION may encounter delays, incur additional development costs, or experience failure in obtaining regulatory approval, which could ultimately hinder bringing a candidate to market. Currently, UNION is primarily focused on advancing one key product candidate, orismilast, a PDE4B/D inhibitor, for the treatment of HS, AD, psoriasis and UC. Should orismilast fail in one indication, it may negatively impact its development in other therapeutic areas.	• Patients will not benefit from new treatments. • Potentially negative impact on sales, profit and market position.	• UNION's focus on molecules with well-established mechanisms of action and favorable safety and tolerability profiles, implying lower development risk relative to novel molecules with understudied mechanisms of action. • UNION's clinical project teams work closely with contract research organizations to design and conduct clinical studies and engage with regulatory authorities to receive guidance on the development path, maximizing the likelihood of accurate endpoints. • UNION's management team has frequent program review meetings where Project Directors and the relevant functional leads in the project teams discuss clinical development progress and associated risks. Risk management and prioritizations within and across programs are structured around a stage-gate model with defined milestones.
 **Business development risk**	UNION's long-term success may depend on the ability to supplement the existing product portfolio through new product development or the in-license or acquisition of other new products, product candidates and label expansion of existing products. If business development efforts are not successful, UNION's ability to achieve profitability may be adversely impacted.	• As a late-stage development company, failure to replenish the development timeline in a timely manner may negatively impact the long-term development efforts of the company. • Potentially negative impact on sales, profit and market position.	• UNION maintains a vigilant focus on new prospective product candidates, and actively screens new molecules with proven mechanisms of action to ensure pipeline continuation and expansion through acquisition or in-licensing, should it become relevant in case of advancement or discontinuation of existing product candidates.

	Description	Potential impact (non-exhaustive)	Mitigating actions (non-exhaustive)
Product supply, quality and safety risks	Supply shortages or quality issues pertaining to investigational medicinal products could result in delay or ultimately discontinuation of product candidate development in clinical studies.	• Product shortage or quality issues could result in delays and discontinuation of UNION's development efforts. • Potentially negative impact on sales, profit and market position.	• UNION's Chemistry, Manufacturing and Controls (CMC) and supply chain teams coordinate closely with contract development and manufacturing organizations to mitigate the possibility of quality and supply issues. When potential issues are identified, teams are rapidly deployed to locate the cause of issues and implement necessary changes to address the issues in a timely manner.
People risks	UNION's ability to compete in the highly competitive pharmaceutical industry depends on its ability to attract and retain highly qualified managerial, scientific, medical, commercial and other personnel. Disruptions to UNION's talent pipeline may adversely affect UNION's daily operations and development activities.	• UNION may be unable to continue the development of its product candidates, in-license, out-license or commercialize its product candidates or otherwise implement the business plan if key employees leave the organization and suitable replacements cannot be found in a timely manner.	• UNION is committed to being an employer providing competitive employment terms, excellent health and safety standards, and a motivating, flexible and inspiring work environment to attract and retain talent. • By instituting processes for the codification of knowledge, key information is anchored broadly across the organization, reducing dependence on individuals.
Environmental risks	UNION is developing chemically or biologically derived pharmaceutical drugs requiring relatively carbon-intensive operational activities. Since activities such as manufacturing are outsourced, UNION has a low direct impact on the environment. However, the activities of contractors operating on behalf of UNION do have an environmental impact, including CO_2 footprint.	• The indirect carbon emissions of UNION, representing most of the company's emissions, may have a negative impact on the environment, hindering UNION's mission to provide a positive contribution to society. • Failure to comply with environmental regulations may incur fines or penalties. • High direct and indirect emissions or the inability to properly report emissions could lead to reputational damage.	• UNION continuously improves the data transparency and granularity of CO_2 emission estimates, enabling a stronger data-foundation for identification of CO_2-minimizing initiatives going forward. • UNION collaborates with suppliers and partners to ensure the disclosure of emission-intensity, while promoting targets for emission reductions in contracted services, and environmentally responsible behaviors on behalf of all suppliers.
Business ethics risks	Partnerships and collaborations provide significant benefits but may introduce additional risks to UNION's operations. Ethical risk includes violations of our anti-corruption commitment by employees and business partners or contractors, or the violation of human rights such as the use of forced labor, child labor, or human trafficking activities.	• Legal and financial consequences from business ethics violation. • Negative impact on sales, profit and market position. • Adverse effects to UNION's reputation and credibility.	• Policies governing the rules, standards and ethical principles at UNION have been instituted, and are reviewed and updated on a yearly basis. These include policies for anti-bribery, anti-corruption and sustainability. • UNION strives to continuously advance the human rights and labor rights principles for the employees in UNION's own operations, as well as business partners and contractors. • All UNION employees are encouraged to speak up if potentially illegal or unethical business behaviors are detected or suspected.

	Description	Potential impact (non-exhaustive)	Mitigating actions (non-exhaustive)
 **Intellectual property risks**	UNION may be unable to maintain or enforce intellectual property rights that cover the current product candidates. UNION may also face infringement claims or challenges by third parties.	• UNION may lose its competitive advantage if the company is unable to protect its intellectual property, whereas patent infringement claims may prevent or delay further development of product candidates. • Potentially negative impact on sales, profit and market position.	• UNION owns a patent portfolio consisting of key patent families that include issued patents and pending patent applications worldwide, providing comprehensive protection of UNION's product candidates. • UNION works closely with external legal counsel specialized in patent enforcement to minimize the risk of patent infringements, and to ensure that UNION does not infringe on other companies' rights.
 **Financing risks**	UNION is a clinical-stage biopharmaceutical company and is not yet generating revenue from product sales. Until positive cash flow is achieved, external funding will be essential to support ongoing research and development. As with any early-stage company, there is a risk that securing such funding may prove challenging or come with less favorable terms.	• Potentially negative impact on ability to continue development of the pipeline. • Potential impact on UNION's ability to continue as a going concern.	• UNION's management team regularly assesses the financial risks and takes necessary steps to ensure necessary funding of UNION. • Management believes that sufficient liquidity resources can be obtained in due time during 2025 to enable the company to continue its activities beyond December 2025. This could be in the form of issuance of new shares, entering license and research and development collaboration agreements, refinancing of current outstanding debt instruments, or a combination of such.
 **IT risks**	IT systems are key to UNION's business operations. IT risks, such as cyber-attacks and infrastructure failure, could result in disruption of critical business activities.	• IT risks could compromise the privacy of patients, employees and other individuals. • IT risks could limit UNION's ability to continue its business operations.	• UNION has ensured appropriate protection from viruses and malware, and sensitive data is encrypted and subject to restricted use. The company works with external IT specialists to improve IT protection on a continuous basis and adjust to the rapidly evolving technological changes and risks picture. • UNION facilitates mandatory digital awareness training for all employees, to reduce the probability of phishing and social hacking breaches.

Financial review

Financial review

The completion of the ADESOS Ph2b study in atopic dermatitis and the preparation for the Ph2b study in hidradenitis suppurativa have been the main activities and key drivers of operational cost in 2024, while the company's financing facility with the EIB was also renegotiated and extended.

The financial review is based on the consolidated financial statements for the year ended December 31, 2024, with comparative 2023 and 2022 figures in brackets. There is no significant difference in the development of the Group and the Parent Company.

Income statement

Revenue

Revenue in 2024 was DKK 0.6m (2023: DKK 2.3m; 2022: DKK 34.4m). DKK 0.6m was recognized as the residual License revenue from the Innovent agreement reflecting the progress of the related Phase 2 studies.

Research and development costs

Research and development costs decreased to DKK 60.8m in 2024 (2023: DKK 140.3m; 2022 DKK 186.4m). Finalization of the Phase 2 study in atopic dermatitis was the main driver of the decrease in research and development costs in 2024 compared to 2023 and 2022, resulting also in a corresponding reduction in the development organization. Research and development costs are further positively impacted by a reassessment of the probability of vesting of cash-settled warrants, which resulted in a positive fair value adjustment in the income statement for 2024 of DKK 9,998 thousand.

Administrative costs

Administrative costs increased to DKK 27.5m in 2024 (2023: DKK 22.1m; 2022: DKK 31.6m), due to non-recurring cost related to system, process and compliance optimization efforts together with preparations for future growth supported by external service providers and advisors.

Financial income/(expenses)

Financial income/(expenses) increased to DKK -16.5m (2023:-14.7m; 2022: DKK -36.1m), reflecting primarily interest on the EIB venture debt facility and the fair value adjustment of the convertible debt instrument obtained in May 2024.

Tax income/(expense)

Tax income of DKK 5.3m in 2024 (2023: DKK 5.4m; 2022: DKK 5.5m) primarily comprises receivable tax credit for research and development expenditures at the applicable tax rate under the Danish Tax Assessment Act.

Result for the year

The Result for the year of DKK -98.9m (2023: DKK -169.4m; 2022: DKK -214.3m) primarily reflects lower revenue offset by lower research and development costs.

Cash flow

Cash flow from operating activities

Cash flow from operating activities totaled DKK -87.0m (2023: DKK -160.0m; 2022: DKK -158.1m), which reflects the Result for the year adjusted for non-cash items.

Cash flow from financing activities

Net cash flow from financing activities totaled DKK 28.3m (2023: DKK 96.7m; 2022: DKK 61.4m) primarily related to proceeds from the issuance of convertible loans, while the figures in 2023 and 2022 mainly consisted of proceeds from equity capital increases.

Liquidity and capital resources

As of December 31, 2024, UNION had cash and cash equivalents of DKK 37.6m (2023: DKK 95.3m; 2022 DKK 159.0m). The decrease is primarily due to cash flow from operating activities, partially offset by the loan issuance.

The company's venture debt facility with the EIB was renegotiated, extending the maturity to June 2025 with an option for UNION to extend further to December 2025.

Loss of subscribed share capital

As a result of the group's operating result, accounting policy, financing strategy and utilization of the credit facility provided by the European Investment Bank, at December 31, 2024 the company had lost more than 50% of its subscribed share capital. Management expects to re-establish the subscribed share capital through capital increases or business development activities.

Material uncertainty related to going concern

UNION is a clinical stage biopharmaceutical company and currently does not generate

revenue from product sales. Hence, until such time when the Company is able to generate positive cash flows from its operations, additional funding is expected to be necessary to fund the Company's research and development activities.

UNION monitors its liquidity position and forecasts rolling twelve-month cash requirements monthly to identify liquidity risks and enable the Board of Directors and Executive Management to prepare for new financing transactions and/or take relevant tactical or strategic actions to allow the company to continue its research and development activities as planned as a going concern.

UNION, considering its net current assets, initiated cost saving measures and forecasted cash requirements, has liquidity resources to fund its operations as planned into December 2025. However, funding of UNION's operating activities beyond December 2025, including refinancing of the EIB loan, which falls due for payment in June 2025 with a discretionary option for UNION to extend further to December 2025, is not secured as of the date of these financial statements.

UNION plans to obtain additional liquidity resources from new long-term sources of funding in 2025. This could be in the form of issuance of new shares, entering license and research and development collaboration agreements, refinancing of current outstanding debt instruments, or a combination of such.

The Board of Directors and Executive Management believe it is probable that sufficient liquidity resources can be obtained in due time during 2025 to enable the company to continue its activities beyond December 2025. Based on these assumptions, the Board of Directors and the Executive Management have prepared the consolidated financial statements based on a going concern assumption.

Since such a new source of funding is not obtained as of the date of these consolidated financial statements, material uncertainty that may cast significant doubt on the company's ability to continue as a going concern exists, and therefore the company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Equity

Equity as of December 31, 2024 totaled DKK -150.1m (2023: -61.6m ; 2022: DKK -27.7m). The development was driven primarily by the loss for the year and issuance of convertible loans. The equity corresponds to an equity ratio of -245.1% (2023: -51.5%; 2022: -14.9%).

In 2024 share capital increased by DKK 2 thousand to DKK 763 thousand (2023: 761 thousand; 2022: 710 thousand). The full increase relates to exercise of warrants.

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Statement of comprehensive income or loss

DKK'000	Notes	2024	2023	2022
Revenue	3	621	2,299	34,393
Research and development costs	4	-60,810	-140,262	-186,434
Administrative costs	4	-27,537	-22,079	-31,584
Operating result		**-87,726**	**-160,042**	**-183,625**
Financial income	7	2,529	2,693	2,687
Financial expenses	7	-19,020	-17,436	-38,820
Result before tax		**-104,217**	**-174,785**	**-219,758**
Tax income	8	5,295	5,359	5,454
Result for the year		**-98,922**	**-169,426**	**-214,304**
Other comprehensive income or loss				
Items that may be reclassified to profit or loss in subsequent periods, net of tax				
Exchange differences on translation of foreign operations		5	-9	6
Other comprehensive result for the year, net of tax		**5**	**-9**	**6**
Total comprehensive result for the year		**-98,917**	**-169,435**	**-214,298**
Basic net earnings/(loss) per share	9	-13	-23	-32
Diluted net earnings/(loss) per share	9	-13	-23	-32

Result for the year and total comprehensive result is attributable to the shareholders of UNION therapeutics A/S.

Cash flow statement

DKK'000	Notes	2024	2023	2022
Result for the year		-98,922	-169,426	-214,304
Adjustment for non-cash items	20	11,702	19,632	52,742
Changes in net working capital	21	-6,653	-18,038	-1,174
Changes in non-current financial assets		-10	-94	-43
Interest received		1,585	2,693	401
Interest paid		-1	-106	-1,150
Income taxes received		5,295	5,359	5,454
Cash flow from operating activities		**-87,004**	**-159,980**	**-158,074**
Investment in property, plant and equipment	11	-	-113	-178
Cash flow from investing activities		**0**	**-113**	**-178**
Proceeds from capital increase		-	102,647	62,037
Proceeds from exercise of warrants		600	45	201
Costs associated with capital increase		-4	-23	-100
Proceeds from issuance of convertible loans	16	28,528	-	-
Repayment of loans	19	-	-5,148	-126
Lease installments	19	-851	-796	-564
Cash flow from financing activities		**28,273**	**96,725**	**61,448**
Net cash flow for the year		**-58,731**	**-63,368**	**-96,804**
Cash at the beginning of the year		95,305	159,005	253,402
Exchange rate adjustments of cash		1,044	-332	2,407
Cash and cash equivalents at end of the year		**37,618**	**95,305**	**159,005**
Cash and cash equivalents as per statement of financial position		**37,618**	**95,305**	**159,005**

Statement of financial position

DKK'000	Notes	Dec. 31 2024	Dec. 31 2023	Dec. 31 2022
Assets				
Non-current assets				
Intangible assets	10	16,566	16,566	16,566
Property, plant and equipment	11	474	1,290	1,048
Other receivables	12	-	388	294
Total non-current assets		**17,040**	**18,244**	**17,908**
Current assets				
Tax receivables	8	5,500	5,500	5,500
Other receivables	12	1,056	1,141	3,262
Cash and cash equivalents		37,618	95,305	159,005
Total current assets		**44,174**	**101,946**	**167,767**
Total assets		**61,214**	**120,190**	**185,675**

DKK'000	Notes	Dec. 31 2024	Dec. 31 2023	Dec. 31 2022
Equity and liabilities				
Equity				
Share capital	13	763	761	710
Other reserves		-150,827	-62,360	-28,398
Total equity		**-150,064**	**-61,599**	**-27,688**
Non-current liabilities				
Long-term debt	14 , 15	-	-	107,224
Cash-settled warrant obligation	6	-	9,998	9,990
Convertible loans	16	33,467	-	19,358
Lease liabilities	14	-	543	221
Total non-current liabilities		**33,467**	**10,541**	**136,793**
Current liabilities				
Short-term part of long-term debt	14, 15, 19	122,138	114,413	-
Lease liabilities	14	543	817	814
Trade payables	14	5,036	8,793	17,743
Warrant and put option	15	41,178	35,305	34,884
Deferred revenue	3	-	621	2,920
Other payables	17	8,916	11,299	20,209
Total current liabilities		**177,811**	**171,248**	**76,570**
Total liabilities		**211,278**	**181,789**	**213,363**
Total equity and liabilities		**61,214**	**120,190**	**185,675**

Statement of changes in equity

DKK'000	Notes	Share capital	Other reserves: Foreign currency translation reserve	Other reserves: (Accumulated deficit)/ Retained earnings	Total
Equity at January 1, 2024		**761**	**-15**	**-62,345**	**-61,599**
Result for the year		-	-	-98,922	-98,922
Other comprehensive income or loss		-	5	-	5
Total comprehensive result for the year		**0**	**5**	**-98,922**	**-98,917**
Transactions with owners:					
Exercise of warrants	13	2	-	598	600
Cost associated with capital increase		-	-	-4	-4
Share-based compensation	6	-	-	9,856	9,856
Equity at December 31, 2024		**763**	**-10**	**-150,817**	**-150,064**

DKK'000	Notes	Share capital	Other reserves: Foreign currency translation reserve	Other reserves: (Accumulated deficit)/ Retained earnings	Total
Equity at January 1, 2023		**710**	**-6**	**-28,392**	**-27,688**
Result for the year		-	-	-169,426	-169,426
Other comprehensive income or loss		-	-9	-	-9
Total comprehensive result for the year		**0**	**-9**	**-169,426**	**-169,435**
Transactions with owners:					
Exercise of warrants	13	1	-	44	45
Conversion of convertible loans	16	9	-	23,531	23,540
Capital increase	13	41	-	102,606	102,647
Cost associated with capital increase		-	-	-23	-23
Share-based compensation	6	-	-	9,315	9,315
Equity at December 31, 2023		**761**	**-15**	**-62,345**	**-61,599**
Equity at January 1, 2022		**660**	**-12**	**48,732**	**49,380**
Result for the year		-	-	-214,304	-214,304
Other comprehensive income or loss		-	6	-	6
Total comprehensive result for the year		**0**	**6**	**-214,304**	**-214,298**
Transactions with owners:					
Exercise of warrants	13	2	-	199	201
Conversion of convertible loans	16	23	-	57,518	57,541
Capital increases	13	25	-	62,012	62,037
Costs associated with capital increase		-	-	-100	-100
Share-based compensation	6	-	-	17,551	17,551
Equity at December 31, 2022		**710**	**-6**	**-28,392**	**-27,688**

Notes

1. Accounting policies

Basis for preparation
The consolidated financial statements of UNION therapeutics A/S (referred to as "UNION" or "the company" throughout the financial statements) have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act (class B and selected disclosure requirements for class C).

The consolidated financial statements have been prepared under the historical cost basis of accounting, except for certain financial assets and liabilities that are measured at fair value.

Applied materiality
UNION's consolidated financial statement is based on the concept of materiality focusing on information that is considered material and relevant.

The consolidated financial statements are a result of processing large numbers of transactions and aggregating those into classes according to their nature or function. The aggregated transactions are presented in classes of similar items in the financial statements. Line items not individually material are aggregated with other items of similar nature in the consolidated financial statements or in the notes.

The disclosure requirements are substantial in IFRS and the Danish Financial Statement Act. Management provides specific disclosures required unless the information is considered immaterial to the financial decision-making of the users of these consolidated financial statements and otherwise not warranted or not applicable.

Disclosure of Accounting policies
UNION is only disclosing accounting policies if:

- A choice of accounting policy is permitted by the IFRS accounting standard,
- It is needed to provide context for a change of accounting policy that had a material effect on the information in the financial statements,
- It is needed to provide context to significant judgements and estimates,
- The required accounting (recognition, measurement, presentation, disclosure) is complex and users would otherwise not understand the material transaction, event, or condition, or
- There are other qualitative factors that make the accounting policy information material.

Information on the war in Ukraine
UNION does not have any activities in Ukraine or Russia and is not directly impacted by the war in Ukraine.

Changes in the accounting policies and disclosures
Implementation of new and revised standards and interpretations
UNION applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024. The following standards and amendments became effective as of 1 January 2024:

- Amendments to IFRS 7 Financial Instruments and IAS 7 Statement of Cash Flows relating to disclosures relating to supplier finance arrangements.

- Amendments to IFRS 16 Leases relating to lease liability in a sale and leaseback.

- Amendments to IAS 1 Presentation of Financial Statements relating to (i) classification of liabilities as current or non-current (ii) classification of liabilities as current or non-current – deferral of effective date, and (iii) non-current liabilities with covenants

The amendments to IAS 1, IFRS 7, IAS 7 and IFRS 16 have no impact on UNION's consolidated financial statements.

Standards and interpretations not yet in force
At the date of publication of the consolidated financial statements, a number of new and amended standards and interpretations have not yet entered into force or have not yet been adopted by the EU. Therefore, they are not incorporated in the consolidated financial statements. Of the new and amended standards and interpretations have not yet entered into force, only IFRS 18 Presentation and Disclosure in Financial Statements, expected to have a material impact on future consolidated financial statements of UNION.

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation in Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027. IFRS 18 will apply retrospectively.

EU endorsement is pending, and UNION has not yet started work to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Consolidated financial statements
The consolidated financial statements comprise the parent company, UNION therapeutics A/S, and three wholly-owned subsidiaries controlled by UNION therapeutics A/S: UNION Research Services ApS (dissolved in September 2024), UNION therapeutics Germany GmbH and UNION therapeutics North America Inc.

The consolidated financial statements are prepared by combining the parent company's and the individual subsidiaries' financial statements and eliminating intercompany transactions such as intra-group income and expenses, intra-group dividends shareholdings, and intra-group balances, and realized and unrealized gains on intra-group transactions.

Translation of foreign operations
Items included in the consolidated financial statements of each of the group's entities are measured using the currency of the primary economic environment that best reflects the economic substance in which the legal entities operate (functional currency). The functional currency of the parent company and the Danish subsidiary is DKK. The functional currency of the U.S. subsidiary is USD and the functional currency of the German subsidiary is EUR.

Transactions denominated in currencies other than the functional currency are foreign currency transactions.

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates

Notes

1. Accounting policies continued

at the transaction date. Foreign exchange differences arising between the rate at the transaction date and the rate at the date of payment are recognized in profit or loss as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates at the date of the statement of financial position.

The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognized in the latest annual report is recognized in the statement of comprehensive income as financial income or financial expenses.

Financial statements of foreign subsidiaries are translated into DKK at the exchange rates prevailing at the reporting date for assets and liabilities, and at average exchange rates for income statement items. The following exchange rate differences, arising from translation using the exchange rate prevailing at the reporting date, are recognized in Other comprehensive income:

- Translation of foreign subsidiaries' net assets at the beginning of the year.
- Translation of foreign subsidiaries' income statements from average exchange rates.

Current versus Non-current classification
The company presents assets and liabilities in the statement of financial position based on Current/Non-current classification.

An asset is classified as Current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realized within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as Current when:

- it is expected to be settled in the normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as Non-current assets and liabilities.

Equity
Foreign currency translation reserve
Exchange differences arising on translation of foreign controlled entities into the presentation currency, DKK, are recognized in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified in the statement of comprehensive income when the net investment is disposed of.

(Accumulated deficit)/Retained earnings
Accumulated deficit include the accumulated profit or loss for the year. Further, accumulated deficit includes the share premium comprising the amount received, attributable to shareholders' equity, in excess of the nominal amount of the shares issued at the company's capital increases, reduced by any expenses directly attributable to the capital increases. Accumulated deficit also includes the corresponding increase in equity relating to share-based payment expense recognized in the profit or loss arising from equity-settled share-based compensation programs.

Cash flow statement
The cash flow statement shows the company's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the company's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are presented using the indirect method and are made up as the result for the year, adjusted for non-cash operating items, changes in working capital, interest paid and received, and paid or received income taxes.

Cash flows from investing activities comprise payments in connection with purchase and sale of fixed assets, securities which are part of investment activities and payments in connection with purchase and sale of businesses and activities.

Cash flows from financing activities comprise dividends paid to shareholders, capital increases and reductions, borrowings, repayments of interest-bearing debt and lease installments.

Cash is comprised of cash on hand and in bank deposit accounts.

Segment information
Although UNION has established subsidiaries in Germany and USA, the company is managed and operated as one business unit which is reflected in the internal reporting. No separate lines of business or separate business entities have been identified with respect to any product candidate or geographical market and no segment information is currently disclosed in the company's internal reporting. All material non-current assets are located in Denmark.

Notes

2. Critical accounting estimates and judgements

Material uncertainty related to going concern
UNION is a clinical stage biopharmaceutical company and currently does not generate revenue from product sales. Hence, until such time when the company is able to generate positive cash flows from its operations, additional funding is expected to be necessary to fund the Company's research and development activities.

UNION monitors its liquidity position and forecasts rolling twelve-month cash requirements monthly to identify liquidity risks and enable the Board of Directors and Executive Management to prepare for new financing transactions and/ or take relevant tactical or strategic actions to allow the company to continue its research and development activities as planned as a going concern.

UNION, considering its net current assets, initiated cost saving measures and forecasted cash requirements, has liquidity resources to fund its operations as planned into December 2025. However, funding of UNION's operating activities beyond December 2025, including refinancing of the EIB loan, which falls due for payment in June 2025, with a discretionary option for UNION to extend further to December 2025, is not secured as of the date of these financial statements.

UNION plans to obtain additional liquidity resources from new long-term sources of funding in 2025. This could be in the form of issuance of new shares, entering license and research and development collaboration agreements, refinancing of current outstanding debt instruments, or a combination of such.

The Board of Directors and Executive Management believe it is probable that sufficient liquidity resources can be obtained in due time during 2025 to enable the company to continue its activities beyond December 2025. Based on these assumptions, the Board of Directors and the Executive Management have prepared the consolidated financial statements based on a going concern assumption.

Since such a new source of funding is not obtained as of the date of these consolidated financial statements, material uncertainty that may cast significant doubt on the company's ability to continue as a going concern exists, and therefore the company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Critical estimates and judgements
In preparing the consolidated financial statements, management makes various accounting judgements as well as estimates and define assumptions which form the basis of recognition, measurement and presentation of the company's assets and liabilities.

The estimates and assumptions applied are based on historical experience, the most recent information available at the reporting date, and other factors that management considers reasonable under the circumstances. This include the impact of climate change. Climate change did not have a material impact on management's judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's future cash flows, the carrying amount of non-current assets, or going concern assessment.

The basis for judgement and information can by nature be inaccurate or incomplete, and UNION is subject to uncertainties, which can result in an actual outcome that deviates from the estimates and defined assumptions.

It may be necessary in the future to change previous estimates and judgements as a result of supplementary information, additional knowledge and experience of subsequent events.

In applying the accounting policies described in the individual notes, management has exercised the following critical accounting judgements and estimates which significantly influence the amounts recognized in the consolidated financial statements:

Note		Key accounting estimates and judgements	Estimate/ Judgement
2	Going concern uncertainties	Judgement relating to timing and extent of cash runway and future funding transactions.	Judgement
3	Revenue	Application of the five-step model of IFRS 15.	Judgement and estimate
4	Preclinical and Clinical cost assessment	Estimating cost not invoiced (accruals).	Estimate
6	Share-based payment	Estimating inputs to the valuation model including the share price, expected life of the share option, market interest rate, and volatility and making assumptions about them, as well as estimation of number of warrants that ultimately are expected to vest.	Estimate
8	Income taxes	Determine whether to recognize deferred tax assets.	Judgement
15	Measuring the European Investment Bank Warrant and Put Option	Estimating inputs to the valuation model including the share price.	Estimate
15	Accounting for extension of maturity date	Judgement is applied to determine whether an extension of the maturity date on a loan is to be accounted for as a modification, an exchange or as being repaid and replaced by a new loan on market terms.	Judgement
16	Valuation of convertible debt instrument	Estimates concerning variables such as discount rates, probability of conversion and settlements, and the timing of such events.	Estimate

Notes

3. Revenue

Revenue from license and collaboration agreements may vary from period to period as revenue may comprise license revenue, sales-based royalties, development milestones and regulatory milestone payments, research and development services and option fees.

Innovent Agreement
On September 28, 2021, UNION entered into a strategic collaboration and license agreement for orismilast, a next-generation PDE4 inhibitor currently in development for inflammatory dermatology conditions, with Innovent Biologics, Inc. (the Innovent Agreement). As part of the Innovent Agreement, in 2021 UNION received a non-refundable, non-creditable and not subject to set-off up-front payment of USD 20m (DKK 127m) and is eligible to receive future contingent milestones and option payments of up to USD 250m, of which up to USD 89m is contingent on the achievement of certain development and regulatory milestones across multiple therapeutic indications and up to USD 158m is contingent on the achievement of certain sales-based milestones. UNION is also entitled to receive a sales-based royalty fee ranging from a high single digit to a low twenties percentage of all net sales of orismilast in Greater China (including Mainland China, Hong Kong, Macao and Taiwan) by or on behalf of Innovent.

Within the Innovent Agreement, UNION identified three performance obligations: (i) delivery of license for orismilast (at a point in time), (ii) delivery of Phase 2 study data for orismilast (over time) (iii) option to enter into agreement regarding topical formulation (at a point in time).

Out of the total contract value of DKK 1,715m (USD 270m) excluding royalties, the upfront payment of DKK 127m has been determined as the transaction price, as the future potential milestone and option amounts were not deemed to be highly probable as they are contingent upon success in future clinical trials and regulatory approvals which are not within UNION's control. Milestones will be recognized when their achievement is deemed to be highly probable, and a significant revenue reversal would not occur. Upon commercialization of products, if any, under this agreement, royalties and net sales-based milestones will be recognized when the related sales occur.

The transaction price of DKK 127m was at the inception of the contract allocated to the performance obligations based on the best estimate of relative stand-alone selling prices. As such, DKK 117m was allocated to the perfomance obligation related to the delivery of license of orismilast, and DKK 10m was allocated to the performance obligation related to the delivery of Phase 2 study data for orismilast.

The performance obligations related to the delivery of licenses were completed at a point in time (September 2021) and UNION recognized DKK 117m as revenue in 2021. The performance obligation regarding Phase 2 study data will be completed as the studies progress. Revenue is recognized over time applying an input approach based on incurred cost as a percentage of total expected cost.

In 2024 DKK 0.6m (2023: DKK 2.3m; 2022: DKK 5.3m) was recognized as License revenue from upfront payment recognized over time reflecting the progress of the Phase 2 studies.

On July 25, 2022, Innovent received Chinese Investigational New Drug (IND) clearances for psoriasis and atopic dermatitis. Two development milestones totaling USD 4.0m (DKK 29.1m) were contingent on the achievement of the IND clearances. Accordingly, DKK 29.1m was recognized as License revenue from milestones recognized at a point in time in 2022.

100% of UNION's revenue in 2022, 2023 and 2024 arose from the Innovent agreement. Payment terms are between 30 and 60 days.

Revenue

DKK'000	**2024**	**2023**	**2022**
License revenue from upfront payment recognized over time	621	2,299	5,300
License revenue from upfront payment recognized at a point in time	-	-	-
License revenue from milestones recognized at a point in time	-	-	29,093
	621	**2,299**	**34,393**
Geographical split of revenue:			
Denmark	-	-	-
Greater China	621	2,299	34,393
	621	**2,299**	**34,393**

Notes

3. Revenue continued

Deferred revenue
Deferred revenue at December 31, 2024 of DKK 0m (December 31, 2023: DKK 0.6m; December 31, 2022: DKK 2.9m) represents the aggregated amount of the transaction price allocated to the performance obligations (delivery of Phase 2 study data for orismilast) that are unsatisfied at the end of the reporting period. Deferred revenue presented as Current of DKK 0m (December 31, 2023: DKK 0.6m; December 31, 2022: DKK 2.9m), relates to performance obligations that UNION expects to satisfy during the coming twelve months, whereas the Non-current portion of DKK 0m (December 31, 2023: DKK 0m; December 31, 2022: DKK 0m) represents performance obligations that UNION expects to satisfy after the coming twelve months.

Deferred revenue

DKK'000	2024	2023	2022
At January 1	621	2,920	8,220
Portion of upfront payment recognized over time		-	-
Recognized as revenue	-621	-2,299	-5,300
At December 31	**0**	**621**	**2,920**
Of which is presented as:			
Non-current	-	-	-
Current	-	621	2,920
	0	**621**	**2,920**

Joint arrangements
For the Innovent agreement UNION and Innovent Biologics have agreed an initial joint development plan in respect of activities that support the development of orismilast. Costs under any such joint development plan will be shared between Innovent Biologics and UNION, with UNION covering 90% and Innovent Biologics covering 10% of such costs.

Accounting policies

Revenue
Revenue is recognized when the customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements within the scope of IFRS 15, the following five steps are performed: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The five-step model is only applied to contracts when it is probable that the consideration UNION is entitled to in exchange for the goods or services it transfers to the customer will be collected. At contract inception, once the contract is determined to be within the scope of IFRS 15, UNION assesses the goods or services promised within each contract and identifies, as a performance obligation, and assesses whether each promised good or service is distinct. Revenue is recognized in the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Upfront payments: Certain agreements include payments to UNION at signing. To the extent the customer obtains control of goods or services related to the upfront payments at signing, revenue is recognized at signing. To the extent the customer obtains control of goods and services related to the upfront payment at a later point in time, upfront payments are initially recognized as deferred revenue and only recognized as revenue when the customer obtains control of goods or services.

Milestone revenue: At the inception of each arrangement that includes milestone payments, it is evaluated whether the achievement of milestones is considered highly probable and UNION estimates the amount to be included in the transaction price. If it is highly probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the control of UNION or the license and collaboration partner, such as regulatory approvals, are not considered probable of being achieved until those approvals are received. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which revenue is recognized as or when the performance obligations under the contract are satisfied. At the end of each subsequent reporting period, the probability of achievement of such development milestones and any related constraint is re-evaluated, and if necessary, the estimate of the overall transaction price is adjusted. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenue and earnings in the period of adjustment.

Royalties: Certain license and collaboration agreements include sales-based royalties including commercial milestone payments based on the level of sales. The license has been deemed to be the predominant item to which the royalties relate under license and collaboration agreements. As a result, revenue is recognized when the related sales occur.

Notes

3. Revenue continued

Accounting policies continued

License revenue for intellectual property: If license to functional intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, revenue is recognized from non-refundable upfront fees allocated to the license at the point in time the license is transferred to the licensee and the licensee is able to use and benefit from the license. For licenses that are bundled with other promises, UNION utilizes judgement to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue from non-refundable, upfront fees.

Revenue is measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. Revenue is presented in the country in which the delivery takes place, which is the customer's country of domicile.

Joint arrangements
When UNION enters into an agreement, the agreement might include joint development arrangement plans in respect of activities that support the development of the UNION Asset. Costs arising under any such joint development plan will be shared between UNION and the development partner. These collaboration agreements are considered joint operations as defined in IFRS 11 "Joint Arrangements". As a consequence, such agreements are not considered performance obligations.

Deferred revenue
Deferred revenue represents the aggregated amount of consideration to which UNION has obtained unconditional right but for which performance obligations are not yet satisfied at the end of the reporting period. The split between Current and Non-current deferred revenue is based on UNION's underlying development plans under which the performance obligations are expected to be satisfied.

Critical accounting estimates and judgements

Revenue comprises license payments and milestone payments. License payments which provide the buyer with the right to use the license as it exists at the date of transfer are recognized upon transfer of the associated licensing rights at the point at which the buyer obtains the right to use the license.

The evaluation of the criteria for revenue recognition requires management to apply significant judgement in the application of the five-step model of IFRS 15. In relation to the Innovent Biologics license and collaboration agreement management has performed significant judgements and estimates in its (i) identification of performance obligations under the contract, including the determination of whether promised services under the contract are capable of being distinct, (ii) allocation of the transaction price to various performance obligations, (iii) determining whether licenses granted under the contract provide the customer with either a right to access the company's intellectual property as it exists throughout the license period or a right to use the company's intellectual property as it exists at a point in time at which the license is granted, and (iv) estimation of budget costs and cost to complete the research and development projects, which are applied in measuring progress of performance obligation satisfied over time.

Notes

4. Research and development costs and administrative costs

DKK'000	Notes	2024	2023	2022
Research and development costs				
Employee benefit costs	5	27,538	31,678	33,636
Share-based compensation	6	-2,517	6,677	13,080
External costs		35,789	101,907	139,718
		60,810	**140,262**	**186,434**

Finalization of the Phase 2b study in atopic dermatitis in 2024 was the primary driver of the decrease in external research and development costs in 2024 compared to 2023 and 2022, with a corresponding reduction in the development organization. For further detail on postive impact on share-based compensation in 2024, refer to section "Estimation of the number of cash-settled warrants expected to vest" in note 6

DKK'000	Notes	2024	2023	2022
Administrative costs				
Employee benefit costs	5	8,544	10,208	10,858
Share-based compensation	6	2,375	2,646	8,387
External costs		15,802	8,291	11,593
Depreciation	11	816	934	746
		27,537	**22,079**	**31,584**

The administrative functions followed the reduced development activity level in 2024. External costs in 2024 were at a higher level compared to 2023 due to non-recurring costs related to system, process and compliance optimization efforts together with preparations for future growth supported by external service providers and advisors.

Accounting policies

Research and development costs

Research and development costs are primarily external and, to a lesser extent, internal costs incurred in the development of the UNION's product candidates, including personnel costs and external research and development costs. Substantial portions of the company's clinical studies are performed by third-party laboratories, medical centers, or contract research organizations.

UNION recognizes accruals for estimated research and development costs, comprising payments for work performed by third-party contractors and others. Payments for these activities are based on the terms of the individual agreements with the relevant counterparties, such as contract research organizations, which may differ from the pattern of costs incurred, in which case, they are reflected in the financial statements as expense, prepaid expense or accrued expense. For clinical studies, the company accrues expenses based upon the estimated percentage of work completed.

To the extent payments are made by UNION in advance of the related activities performed by the CROs, they are included in prepayments to clinical research organizations and expensed when the activities are performed by the CROs. To the extent the payments are made by UNION following the performance of the related activities, the expense is accrued as a payable to clinical research organizations.

Administrative costs

Administrative costs consist primarily of personnel costs and costs related to corporate functions and business development. In addition, administrative costs include depreciation and other expenses for UNION's headquarters.

Critical accounting estimates and judgements

UNION's cost estimates depend on the timeliness and accuracy of the data provided by the CROs regarding the status of each program and total program spending. The company evaluates the estimates to determine if adjustments are necessary or appropriate based on information received.

Notes

5. Staff costs

DKK'000	Notes	2024	2023	2022
Wages and salaries		31,444	35,734	38,558
Defined contribution plans		1,092	1,365	1,557
Other social security costs		2,595	3,566	3,413
Share-based compensation	6	-142	9,323	21,467
Other staff costs		951	1,221	966
		35,940	**51,209**	**65,961**
Research and development costs		25,021	38,355	46,716
Administrative costs		10,919	12,854	19,245
		35,940	**51,209**	**65,961**
Average number of full-time equivalents		27	32	37

Staff costs primarily consists of salaries, other social security expenses and share-based compensation. For further detail on postive impact on share-based compensation in 2024, refer to section "Estimation of the number of cash-settled warrants expected to vest" in note 6.

Accounting policies

Staff costs, including wages and salaries, defined contribution plan costs, share-based compensation, social security costs and other staff expenses are recognized in the year in which the associated services are rendered by employees of UNION.

Remuneration to Board of Directors and Executive Management

	2024		
DKK'000	Board of Directors	Executive Management	Total
Wages and salaries	1,355	7,303	8,658
Share-based compensation	500	3,914	4,414
Social security	-	10	10
	1,855	**11,227**	**13,082**

	2023		
DKK'000	Board of Directors	Executive Management	Total
Wages and salaries	1,340	7,207	8,547
Share-based compensation	863	4,419	5,282
Social security	-	10	10
	2,203	**11,636**	**13,839**

	2022		
DKK'000	Board of Directors	Executive Management	Total
Wages and salaries	1,295	7,239	8,534
Share-based compensation	7,303	6,113	13,416
Social security	-	10	10
	8,598	**13,362**	**21,960**

Executive Management members are the key management personnel of UNION.

Notes

6. Share-based payment

Warrant programs
UNION has established share-based incentive programs (equity-settled and cash-settled) for members of the Board of Directors, members of the Executive Management and employees in the form of warrants. Warrants are granted by the Board of Directors in accordance with authorizations given to it by the general meeting of shareholders and as incorporated into the company's articles of association.

The table below summarizes share-based compensation expenses included in the statement of comprehensive income or loss:

DKK'000	2024	2023	2022
Research and development costs, from equity-settled warrants	7,481	6,669	9,164
Research and development costs, from cash-settled warrants	-9,998	8	3,916
Administrative costs, from equity-settled warrants	2,375	2,646	8,387
Administrative costs, from cash-settled warrants	-	-	-
	-142	**9,323**	**21,467**

Warrants granted in February 2017 (cash-settled)
In April 2017, the general meeting of shareholders granted warrants with rights to subscribe for up to 44,654 shares of nominally DKK 0.1 with an exercise price of DKK 24 per warrant. At December 31, 2024, the Board of Directors have granted in total 44,654 (December 31, 2023: 44,654; December 31, 2022: 44,654). These warrants vest and become exercisable upon an "exit event", defined as an event of IPO, merger, demerger, or solvent liquidation, which triggers an immediate expense recognition upon grant. These warrants may be settled in equity instruments of the company or in cash at the discretion of the warrant holder. Accordingly, these warrants are classified as cash-settled warrants. The life of the warrants is eight years from the date of grant e.g. these warrants expire on 1 February 2025.

Warrants granted from November 2017 (equity-settled)
In November 2017, the Board of Directors were authorized to grant warrants for up to 250,000 shares of nominally DKK 0.1 per warrant in the company in the period until March 31, 2024. In June 2020, the Board of Directors was authorized to grant warrants for up to an additional 250,000 shares in the company in the period until June 25, 2025. In July 2023 the June 2020 authorization was extended until July 4, 2028, and increased by 100,000 warrants. At December 31, 2024, the Board of Directors have granted in total 420,920 (December 31, 2023: 478,670; December 31, 2022: 438,670) warrants adjusted for expired and exercised warrants under this authorization. Warrants granted under the equity incentive plans are classified as equity settled and generally vest over four years' service periods in periodic installments that may or may not be equal, which triggers linear or graded vesting profiles. Certain warrants under this program vest immediately upon grant. The contractual life of the warrants varies from 5-10 years from the date of grant.

The following schedule specifies the movements of number and weighted average exercise price of outstanding warrants for 2022, 2023 and 2024:

Equity-settled warrants

	Number of warrants				Weighted average exercise price per warrant (DKK)	Weighted average grant date fair value per warrant (DKK)
	Board of Directors	Executive Management	Employees	Total		
Outstanding, December 31, 2021	**108,580**	**185,960**	**124,690**	**419,230**	**78**	**68**
Granted during the period	25,000	18,920	32,000	75,920	64	179
Expired during the period	-25,125	-	-10,400	-35,525	82	33
Exercised during the period	-20,955	-	-	-20,955	10	4
Outstanding, December 31, 2022	**87,500**	**204,880**	**146,290**	**438,670**	**78**	**93**
Granted during the period	-	24,000	42,700	66,700	48	212
Forfeited during the period	-	-	-12,875	-12,875	40	137
Expired during the period	-	-	-12,700	-12,700	82	41
Exercised during the period	-	-	-1,125	-1,125	40	130
Outstanding, December 31, 2023	**87,500**	**228,880**	**162,290**	**478,670**	**75**	**110**
Granted during the period	10,000	-	32,000	42,000	72	225
Forfeited during the period	-	-	-9,750	-9,750	40	227
Expired during the period	-25,000	-	-50,000	-75,000	53	28
Exercised during the period	-15,000	-	-	-15,000	40	131
Outstanding, December 31, 2024	**57,500**	**228,880**	**134,540**	**420,920**	**81**	**132**
Exercisable warrants at December 31, 2024				325,710	87	
Exercisable warrants at December 31, 2023				350,225	78	
Exercisable warrants at December 31, 2022				289,191	78	

The weighted average share-price at exercise was DKK 248 (2023: DKK 248, 2022: DKK 160) per share of nominal DKK 0.1 each. The weighted average remaining contractual life for outstanding equity-settled warrants was 2.6 years at December 31, 2024 (December 31, 2023: 2.9 years; December 31, 2022: 3.5 years). The range of the exercise price for outstanding equity-settled warrants was DKK 0.1-173.25 at December 31 2024 (December 31, 2023: 0.1-160; December 31, 2022: 0.1-160).

Notes

6. Share-based payment continued

Cash-settled warrants

	Number of warrants		Weighted average exercise price per warrant (DKK)	Weighted average grant date fair value per warrant (DKK)
	Former employees	Total		
Outstanding, December 31, 2021	**44,654**	**44,654**	**24**	**10**
Granted during the period	-	-	-	-
Outstanding, December 31, 2022	**44,654**	**44,654**	**24**	**10**
Granted during the period	-	-	-	-
Outstanding, December 31, 2023	**44,654**	**44,654**	**24**	**10**
Granted during the period	-	-	-	-
Outstanding, December 31, 2024	**44,654**	**44,654**	**24**	**10**

Exercisable warrants at December 31, 2024	-	n/a
Exercisable warrants at December 31, 2023	-	n/a
Exercisable warrants at December 31, 2022	-	n/a

The weighted average remaining contractual life for outstanding cash-settled warrants was 0.1 years at December 31, 2024 (December 31, 2023 1.1 years; December 31, 2022: 2.1 years).

The exercise price for outstanding cash-settled warrants was DKK 24 at December 31, 2024 (December 31, 2023: 24; December 31, 2022: 24).

Determination of fair value of warrants

UNION determines and calculates the fair value of each equity-settled warrant at grant date and for each cash-settled warrant, at each balance sheet date, using the Black-Scholes option pricing model. This pricing model requires the input of subjective assumptions such as:

- Dividend yield is determined to be zero.
- The expected stock price volatility: As it is not possible to estimate the expected volatility of a non-listed entity's share price, UNION has estimated the fair value of its warrants by using the volatility of an appropriate peer group of listed international biotechnology companies.
- The risk-free interest rate, which is based on the Danish government bonds having a yield with a maturity equal to the expected term of the option in effect at the time of grant.
- The expected life of warrants, which is based on vesting terms, expected rate of exercise and life terms in the warrant program.
- Estimate of UNION therapeutics A/S' market share price. As UNION therapeutics A/S is not listed on a stock exchange, the estimated fair value of the warrants at each measuring date, using the Black-Scholes model, has been established by assuming that the value of UNION therapeutics A/S' shares is the price per share determined at the latest financing round and considering additional subsequent valuation inflection points and relevant facts and circumstances.

Notes

6. Share-based payment continued

Valuation assumptions for warrants in 2022, 2023 and 2024
The fair value at each measuring date in 2022, 2023 and 2024 is measured using the following significant assumptions:

	2024	2023	2022
Equity-settled warrants			
Dividend yield	-	-	-
Volatility (%)	74	80	69
Risk-free interest rate	2.2%	2.8%	1.2%
Market share price range applied	DKK 248	DKK 248	DKK 160-248
Exercise price	DKK 0.1-173.25	DKK 0.1-160	DKK 0.1-160
Expected life of equity-settled warrants granted	5-10 years	5 years	5 years
The grant date fair value per warrant	DKK 208-231	DKK 172-222	DKK 86-217

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Cash-settled warrants			
Dividend yield	-	-	-
Volatility (%)	68	72	71
Risk-free interest rate	1.4%	3.2%	1.4%
Market share price at year end	DKK 248	DKK 248	DKK 248
Exercise price	DKK 24	DKK 24	DKK 24
Expected contractual life of cash-settled warrants at end period	0.1 years	1.1 years	2.1 years
The end period fair value per warrant	DKK 224	DKK 224	DKK 224
Probability of vesting	0%	100%	100%

Reconciliation of fair value of cash-settled warrants:

DKK'000	Cash-settled warrants
At January 1, 2022	6,074
Fair value adjustment through comprehensive income	3,916
At December 31, 2022	**9,990**
Fair value adjustment through comprehensive income	8
At December 31, 2023	**9,998**
Fair value adjustment through comprehensive income	-9,998
At December 31, 2024	**0**

Estimation of the number of cash-settled warrants expected to vest
The Company has issued cash-settled warrants that vest based on specific non-market conditions, specifically the occurance of an exit event. Management considers these non-vesting conditions when measuring the fair value of the cash-settled warrants by estimating the likelihood that the warrants will vest. Since the vesting condition is binary - meaning either all of the warrants will vest or none will - management has historically assessed that all cash-settled warrants would vest.

The company recognized a share-based payment liability on its balance sheet as of 31 December 2023 and 2022, as management expected it was highly likely that a vesting event would occur prior to the expiry date of 1 February 2025. However, as of 31 December 2024, with the expiry date approaching, management does not anticipate executing any transactions that would trigger vesting before this date. Therefore, the probability of vesting has been reassessed to be zero. As a result, the cash-settled warrants are measured at nil as of 31 December 2024, leading to a fair value adjustment in the income statement for 2024 of DKK 9,998 thousand.

Accounting policies

Equity-settled awards
The cost of equity-settled awards is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognized in the statement of comprehensive income together with a corresponding increase in equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

Notes

6. Share-based payment continued

Accounting policies continued

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Cash-settled awards
A liability is recognized for the fair value of cash-settled awards. The fair value is measured initially at the date of grant and subsequently at each reporting date up to and including the settlement date, with changes in fair value recognized in employee benefits expense.

Critical accounting estimates and judgements

Estimating fair value for share-based compensation transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the respective awards. This estimate also requires determination of the most appropriate inputs to the valuation model including the share price, expected life of the share option, market interest rate, and volatility and making assumptions about them. UNION determines the value of the share price with reference to the share price applied in most recent capital increase transactions and adjusted for any value inflection points. UNION initially measures the cost of equity-settled and cash-settled share-based compensation awards using the Black-Scholes model to determine the fair value of the respective awards. For further detail, refer to section "Determination of fair value of warrants" above.

For cash-settled share-based compensation transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognized in comprehensive income. This requires a reassessment of the estimates used at the end of each reporting period including estimation of warrants expected to vest under the program. For further detail, refer to section "Reconciliation of fair value of cash-settled warrants" above.

7. Financial income and expenses

Financial income

DKK'000	Notes	2024	2023	2022
Interest income		1,485	2,693	401
Foreign exchange gains, net		1,044	-	2,286
		2,529	**2,693**	**2,687**

Financial expenses

DKK'000	Notes	2024	2023	2022
Interest expenses		76	-	1,178
Interest expenses, lease liabilities		34	58	53
Fair value adjustment, Convertible debt (unrealized)	16	4,939	-	1,881
Fair value adjustment, Convertible debt (realized)	16	-	4,182	11,240
Interest expenses, European Investment Bank loan (amortized cost)	15, 19	13,971	12,756	11,240
Modification loss, European Investment Bank loan	15	-	-	3,116
Foreign exchange loss, net		-	440	-
Fair value adjustment, warrant and put option (unrealized)	15	-	-	10,112
		19,020	**17,436**	**38,820**

Foreign exchange gains in 2024 are primarily related to USD and GBP cash positions.

The fair value adjustment of convertible debt in 2022 and 2023 was due to conversion of nominal DKK 45.0m and nominal DKK 17.0m of the convertible loan into share capital in 2022 and 2023, respectively.

Accounting policies

For accounting policies regarding share-based compensation, European Investment Bank loan and Convertible loan, please refer to note 6, 15 and 16, respectively.

Notes

8. Income taxes

The major components of income taxes for the years ended December 31, 2022, 2023 and 2024 are:

DKK'000	2024	2023	2022
Income taxes in the statement of profit or loss			
Net result before tax	-104,217	-174,785	-219,758
Corporate income tax rate in Denmark	22%	22%	22%
Computed corporate tax expense/(income)	**-22,928**	**-38,453**	**-48,347**
Prior year adjustments	-	-	-2
Adjustment for non-deductible expenses	2,136	34	1,579
Adjustment for Group-internal dividends	-114	-51	-
Adjustment for research and development super deduction	-3,734	-3,618	-4,468
Adjustment for warrant (equity- and cash-settled)	-716	2,051	4,723
Change in deferred tax asset not recognized	20,061	34,678	41,061
Tax expense/(income) for the period	**-5,295**	**-5,359**	**-5,454**
Deferred tax in the statement of financial position			
Tax deductible losses	85,616	58,699	33,188
Research and development capitalized for tax purpose	33,605	41,697	33,072
Other temporary differences	8,974	7,969	7,521
Deferred tax asset/(liability) at December 31	**128,195**	**108,365**	**73,781**
Deferred tax assets not recognized			
Deferred tax assets not recognized	-128,195	-108,365	-73,781
Deferred tax at December 31	**0**	**0**	**0**

Biotechnology and pharmaceutical drug development is subject to considerable inherent risks and uncertainties. UNION has so far reported significant losses and, consequently, has unused tax losses. Management has concluded that deferred tax assets should not be recognized at December 31, 2024 (none recognized at December 31, 2023 and December 31, 2022) due to uncertainty related to future utilization of loss carried forward.

Income tax receivables are recognized in accordance with the Danish tax credit scheme (Skattekreditordningen). Companies covered by the tax credit scheme may obtain payment of the tax base of losses originating from research and development expenses of up to DKK 25.0m (tax value of DKK 5.5m). Under Danish tax legislation, UNION is eligible to receive DKK 5.5m in 2024 (2023: DKK 5.5m; 2022: DKK 5.5m) in cash relating to the surrendered tax loss based on qualifying research and development expenses. These tax receipts comprise the majority of the current tax income in 2022, 2023 and 2024, respectively.

Accounting policies

Current income tax

Tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities within one year of the date of the statement of financial position. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the company operates.

Deferred tax

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses, can be utilized. Unused tax losses can be carried forward indefinitely.

Critical accounting estimates and judgements

If management assesses that tax assets can be offset against positive taxable income within the foreseeable future, UNION recognizes deferred tax assets, including the tax base of tax loss carryforwards. Management has assessed that UNION does not meet the recognition criteria for capitalization of deferred tax assets due to the uncertainty as to the future utilization of tax loss carryforward. Judgements are made in respect of determination of research and development costs applicable for super deduction, impacting amounts of non-capitalized deferred tax assets.

Notes

9. Result per share

The result for the period and weighted average number of shares used in the calculation of basic and diluted result per share are as follows:

DKK'000, except share amounts and per share amounts	Notes	2024	2023	2022
Result for the year		-98,922	-169,426	-214,304
Weighted average number of shares outstanding		7,624,231	7,339,220	6,753,204
Average dilutive effect of outstanding stock options and warrants		-	-	-
Average number of diluted shares		**7,624,231**	**7,339,220**	**6,753,204**
Basic net earnings/(loss) per share		-13	-23	-32
Diluted net earnings/(loss) per share		-13	-23	-32

The following potential ordinary shares are anti-dilutive and are therefore not included in the weighted average number of shares for the purpose of diluted earnings per share:

	Notes	2024	2023	2022
Outstanding warrants under employee incentive programs	6	465,574	523,324	483,324
Outstanding warrants relating to European Investment Bank loan facility	15	166,441	142,703	141,003
Contingent issuable shares relating to convertible loans		176,287	-	120,737
Total potential ordinary shares that are anti-dilutive		**808,302**	**666,027**	**745,064**

Accounting policies

Basic net earnings per share are calculated as the result for the year compared to the weighted average of the issued shares in the financial year.

The basis for the calculation of diluted net earnings per share is the weighted-average number of ordinary shares in the financial year adjusted for the dilutive effects of warrants.

10. Intangible assets

	Patents, trademarks and other rights		
DKK'000	2024	2023	2022
Cost			
At January 1	16,566	16,566	16,566
Additions	-	-	-
At December 31	**16,566**	**16,566**	**16,566**
Amortization			
At January 1	-	-	-
Additions	-	-	-
At December 31	**0**	**0**	**0**
Carrying amount			
At December 31	**16,566**	**16,566**	**16,566**

Acquisition of PDE4-inhibitor program
The intangible assets consist of certain intangible rights in the form of patents and compound data relating to the PDE4 inhibitor compounds including orisimilast acquired from Leo Pharma A/S in 2020. UNION has no internally generated intangible assets from development, as the criteria for recognition of an asset are not considered met.

Contingent payment and acquisition of intangible rights
Under the terms of the agreement, UNION agreed to make future payments to LEO Pharma A/S that are contingent upon the achievement of specified clinical, regulatory, and sales milestones. UNION applies the cost accumulation method for the accounting for such contingent payments.

Under the agreement, UNION will, subject to meeting certain clinical, regulatory, and sales milestones, pay in cash to the seller up to USD 202m equivalent to DKK 1,240m. Also, UNION will pay to the seller a low single-digit percentage royalty applied on net sales of covered products until the expiry of the royalty term which ends at the latest on the twelfth anniversary of the first commercial sale of covered products.

Notes

10. Intangible assets continued

Impairment test and considerations
The intangible asset is not being amortized until market approval of the underlying asset has been obtained from regulatory authorities.

UNION has performed an impairment test of the intangible assets at December 31, 2022, 2023, and 2024. The recoverable amount of the intangible asset has been determined based on a value in use calculation using a discounted cash flow model. Projected cash flows have been determined based on estimated costs required to bring the product development through market approval and includes contractual contingent payments related to clinical, regulatory, and sale milestones. Budgeted cash flows from future product sales have been probability weighted. The pre-tax discount rate applied to the cash flow projections is 14.0% (2023: 14.0%; 2022: 14.0%). The impairment test shows no need for impairment.

Accounting policies

Separately acquired intangible assets
Separately acquired intangible assets are measured at historical cost. Such assets have a finite useful life and are subsequent to initial measurement carried at costs less accumulated amortization and impairment.

For acquisition of intangible rights involving equity-settled share-based payment transactions, management measures the fair value of the rights received and the corresponding increase in equity by reference to the fair value of the rights received unless that fair value cannot be estimated reliably. If management cannot estimate reliably the fair value of the rights received, it measures the fair value and the corresponding increase in equity by reference to the fair value of the equity instruments granted.

Variable or contingent consideration for the acquisition of intangible rights is accounted for under the cost accumulation model, whereby all future considerations are added, when incurred, to the cost of the asset initially recorded.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized using the straight-line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method are reviewed at least once a year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Internally generated intangible assets from development
Intangible assets arising from development projects are recognized in the balance sheet when:

- the development project is clearly defined and identifiable and the attributable costs can be measured reliably during the development period,
- the technological feasibility, adequate resources to complete and a market for the product or an internal use of the product can be documented, and
- management has the intent to produce and market the product or to use it internally.

Such an intangible asset is recognized if it can be documented that the future income from the development project will exceed the aggregate cost of production, development, and sale and administration of the product, with sufficient certainty.

Costs not recognized in the balance sheet are recognized in the statement of comprehensive income as Research and development costs when incurred.

Impairment test of intangible assets
During the year, the carrying amounts of intangible assets are reviewed in order to determine whether there is any indication that they have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs of disposal and value in use. On assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes

11. Property, plant and equipment

DKK'000	Right-of-use assets	Other equipment	Total
Cost			
At January 1, 2024	3,166	432	3,598
Additions	-	-	-
Disposals	-	-	-
At December 31, 2024	**3,166**	**432**	**3,598**
Depreciation			
At January 1, 2024	-1,964	-344	-2,308
Additions	-767	-49	-816
Disposals	-	-	-
At December 31, 2024	**-2,731**	**-393**	**-3,124**
Carrying amount			
At December 31, 2024	**435**	**39**	**474**
Cost			
At January 1, 2023	2,103	319	2,422
Additions	1,063	113	1,176
Disposals	-	-	0
At December 31, 2023	**3,166**	**432**	**3,598**
Depreciation			
At January 1, 2023	-1,222	-152	-1,374
Additions	-742	-192	-934
Disposals	-	-	0
At December 31, 2023	**-1,964**	**-344**	**-2,308**
Carrying amount			
At December 31, 2023	**1,202**	**88**	**1,290**

DKK'000	Right-of-use assets	Other equipment	Total
Cost			
At January 1, 2022	1,647	157	1,804
Additions	456	178	634
Disposals	-	-16	-16
At December 31, 2022	**2,103**	**319**	**2,422**
Depreciation			
At January 1, 2022	-618	-26	-644
Additions	-604	-142	-746
Disposals	-	16	16
At December 31, 2022	**-1,222**	**-152**	**-1,374**
Carrying amount			
At December 31, 2022	**881**	**167**	**1,048**

Right-of-use assets
The company leases its office premises in Copenhagen. The property lease is non-cancellable in the period through January 1, 2025. Hereafter, the option to terminate is six months, meaning the contract can be terminated as of July 31 2025 at the earliest. The contract does not provide a right, obligation, or an option to buy the office premises. The contract contains both lease and non-lease components according to the specific pricing of the services in the agreements.

Additionally, the company leases parking spaces in the area of the office premises. The contracts include options to terminate in three months, but the leasing contracts are expected to continue at least until June 30, 2025. The contracts do not contain any non-lease components.

In 2022, 2023 and 2024, the expense related to variable lease payments not included in the lease liabilities amounts to DKK 0.1m per year and was recognized in administrative costs.

Accounting policies

Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets, as follows:
Other fixtures and fittings, tools and equipment: 2-5 years. Leasehold improvements: Length of lease term, but no longer than 5 years.

Notes

12. Other receivables

DKK'000	Dec. 31 2024	Dec. 31 2023	Dec. 31 2022
VAT receivables	585	686	2,786
Prepayments	73	344	341
Deposits	398	388	294
Other receivables	-	111	135
Other receivables	**1,056**	**1,529**	**3,556**
Classified as:			
Non-curent assets	-	388	294
Current assets	1,056	1,141	3,262
Other receivables	**1,056**	**1,529**	**3,556**

In 2022, 2023 and 2024 Other receivables primarily consists of VAT receivables.

13. Capital management and share capital

Capital Management
The Board of Directors monitors the share and capital structure to ensure that UNION's capital resources support the strategic goals. UNION's goal is to maintain a strong capital base to maintain confidence from investors, creditors, employees and collaboration partners, and a continuous advancement of the research and development pipeline and business in general.

UNION is primarily financed through equity investments from shareholders, convertible loans, and a long-term loan agreement with the European Investment Bank. UNION has also obtained financing through license agreements and governmental- and private grants. The adequacy of UNION's available funds will depend on various factors, including the advancement of the research and development programs, the magnitude of investments in these programs, and UNION's ability to establish commercial collaboration and licensing agreements with partners.

As such, UNION will require additional funds and plans to obtain additional liquidity resources from new long-term sources of funding. This could be in the form of issuance of new shares, entering license and research and development collaboration agreements, refinancing of current outstanding debt instruments or a combination of such.

For further information regarding the European Investment Bank loan and convertible loan, refer to note 16 and 17, respectively. For further information regarding going concern, refer to note 2.

Loss of subscribed share capital
As a result of the group's operating result, accounting policy, financing strategy and utilization of the credit facility provided by the European Investment Bank, at December 31, 2024 the company had lost more than 50% of its subscribed share capital. Management expects to re-establish the subscribed share capital through capital increases or business development activities.

Share-capital movement table	Number of shares	Share capital (DKK'000)
Share capital at January 1, 2022	6,596,000	660
Capital increase at January 3, 2022 (exercise of warrants)	20,955	2
Capital increase at June 30, 2022 (conversion of loan)	232,477	23
Capital increase at December 2, 2022	250,643	25
Share capital at December 31, 2022	**7,100,075**	**710**
Share capital at January 1, 2023	7,100,075	710
Capital increase at July 13, 2023	414,724	41
Capital increase at July 13, 2023 (conversion of loan)	95,110	9
Capitial increase at September 12, 2023 (exercise of warrants)	875	1
Capital increase at November 21, 2023 (exercise of warrants)	250	-
Share capital at December 31, 2023	**7,611,034**	**761**
Share capital at January 1, 2024	7,611,034	761
Capital increase at February 13, 2024 (exercise of warrants)	15,000	2
Share capital at December 31, 2024	**7,626,034**	**763**

Notes

14. Financial risks

The company's financial risks are managed by the Executive Management. UNION follows a policy where management continually monitors the following defined risks: liquidity risk, interest rate risk, currency risk and credit risk.

Liquidity risk
Liquidity risk is the risk that UNION will not be able to meet its financial obligations as they fall due. The Executive Management monitors its risk of a shortage of funds using a liquidity planning tool.

The company's objective and policy is to maintain a balance between continuity of funding and flexibility through the use of equity investments from shareholders and external loans. For discussion of going concern refer to note 2.

UNION has no unused credit facilities at December 31, 2022, 2023 and 2024.

The following are the contractual undiscounted outflows associated with the company's financial liabilities in the current and prior year based on their contractual maturities.

DKK'000	Carrying amount	Falling due within 1 year	Falling due between 1-2 years	Falling due after 2 years	Total contractual cash flows
2024					
Short-term debt (amortized cost)	122,138	141,779	-	-	141,779
Trade payables (amortized cost)	5,036	5,036	-	-	5,036
Cost accruals (amortized cost)	8,131	8,131	-	-	8,131
Lease liabilities (amortized cost)	543	543	-	-	543
Convertible loans (fair value)	33,467	-	-	37,086	37,086
Warrant and put option (fair value)	41,178	41,178	-	-	41,178
	210,493	**196,667**	**0**	**37,086**	**233,753**
2023					
Short-term debt (amortized cost)	114,413	127,673	-	-	127,673
Trade payables (amortized cost)	8,793	8,793	-	-	8,793
Cost accruals (amortized cost)	9,174	9,174	-	-	9,174
Lease liabilities (amortized cost)	1,360	851	549	-	1,400
Warrant and put option (fair value)	35,305	35,305	-	-	35,305
	169,045	**181,796**	**549**	**0**	**182,345**
2022					
Long-term debt (amortized cost)	107,224	-	123,613	-	123,613
Trade payables (amortized cost)	17,743	17,743	-	-	17,743
Cost accruals (amortized cost)	18,789	18,789	-	-	18,789
Lease liabilities (amortized cost)	1,035	848	229	-	1,077
Convertible loans (fair value)	19,358	-	21,590	-	21,590
Warrant and put option (fair value)	34,884	34,884	-	-	34,884
	199,033	**72,264**	**145,432**	**0**	**217,696**

The amounts disclosed in the tables are the contractual undiscounted cash flows (including interest payments). Balances due within 12 months, except for the European Investment Bank loan in short-term debt, equal their carrying balances as the impact of discounting is not significant.

Notes

14. Financial risks continued

The fair value of Convertible loan and Warrant and put option are based on level 3 in the fair value hierarchy. There were no transfers between levels 1, 2 and 3 for recurring fair value measurement during the periods ended December 31, 2022, 2023 or 2024.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

UNION has no significant interest-bearing debt with variable interest, and UNION's interest rate risks primarily relate to the position of cash in banks. As such, no separate analysis is provided.

Foreign currency risk
UNION has foreign exchange exposure from vendors contracted and paid in other currencies than DKK, or EUR, to which the DKK is pegged. UNION also has foreign exchange exposure through certain income elements, e.g. future milestone payments denominated in USD as discussed in note 3 and 10.

UNION manages part of the cost-related foreign exchange exposure by buying and selling foreign currencies on a quarterly basis in order to hold amounts of foreign currency that correspond to the contractually committed costs in foreign currency on a 12-months rolling basis. This simple hedging approach is subject to hedging criteria related to size of foreign exchange exposure from vendor contracts, historical currency fluctuation and transaction costs. As of December 31, 2024, UNION holds positions in USD and GBP in addition to DKK.

The table shows the estimated exposure in USD, GBP and PLN and the net effect it would have had on equity and profit for the year if the year-end exchange rates of USD, GBP and PLN had been 10% higher than the actual exchange rates. A corresponding decrease in the actual exchange rates would have had an opposite (positive/negative) effect on equity and profit for the year.

DKK'000	Cash and cash equivalents	Trade payables	Net position
2024			
USD	10,579	-1	10,578
GBP	1,741	-78	1,663
2023			
USD	16,134	-454	15,680
GBP	11,315	-924	10,391
2022			
USD	17,079	-463	16,616
GBP	13,314	-2,792	10,522
PLN	5,520	-	5,520

DKK'000	Change in equity	Change in profit for the year
2024		
Change if 10% higher USD-rate than actual rate	1,058	1,049
Change if 10% higher GBP-rate than actual rate	166	166
2023		
Change if 10% higher USD-rate than actual rate	1,568	1,560
Change if 10% higher GBP-rate than actual rate	1,039	1,039
2022		
Change if 10% higher USD-rate than actual rate	1,662	1,646
Change if 10% higher GBP-rate than actual rate	1,052	1,052
Change if 10% higher PLN-rate than actual rate	552	552

Credit risk
The primary potential credit risks relate to Cash and cash equivalents. Cash and cash equivalents are not deemed to be subject to any special credit risk as they are deposited with an accredited bank. At December 31, 2024 UNION has no trade receivables (December 31, 2023: none; December 31, 2022: none).

Notes

14. Financial risks continued

Accounting policies

Fair value
Fair value is the price that would be received from sale of an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or settle the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

UNION uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, UNION has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Critical accounting estimates and judgements

Management assessed that cash, trade receivables, trade payables, and other current liabilities (except for cash-settled warrants and European Investment Bank warrant and put option) approximate their carrying amounts largely due to the short-term maturities of these instruments. For information regarding going concern, refer to note 2.

15. European Investment Bank Loan

Loan facility and warrant and put option agreement with the European Investment Bank
In October 2017, UNION entered into a finance contract with the European Investment Bank ensuring a loan facility of EUR 20.0m. Under the finance contract, the loan shall be disbursed in up to two tranches and the repayment date is no later than the fifth anniversary of the relevant disbursement date. The loan agreement is subject to a number of financial and non-financial terms.

In January 2018, UNION called the first of the two tranches under the finance contract. The first tranche totaled EUR 7.0m. The loan and accumulated interest originally fell due for payment in January 2023.

In December 2019, UNION called the second of the two tranches under the finance contract. The second tranche totaled EUR 3.3m. The loan and accumulated interest fell due for payment in December 2024.

Modification of tranche 1 in 2022
In June 2022 the loan period was extended for the tranche 1 loan, meaning the loan and accumulated interest fell due for payment on January 25, 2024.

The present value of cash flow arising from the modification did not exceed 10% compared to the present value of cash-flow before modification. Therefore, the extension of the loan was considered a modification of the existing loan and not a new loan. The modification resulted in a modification loss of DKK 3.1m, reported in 2022 as Financial expenses in the consolidated statement of comprehensive income.

As a result of the modification, UNION was obliged to apply 5% of proceeds in excess of EUR 8.0m from any equity fund raised (excluding an IPO and from any public offerings) occurring between June 1, 2022 and January 23, 2024.

Modification of tranche 1 in 2023
In December 2023 the agreement for tranche 1 was amended. The 2023 addendum stipulates that accrued interest until January 24, 2024, will be capitalized and added to the principal amount. Additionally, an adjustment in the interest rate is outlined, increasing from 10.77% per annum to 12.77% per annum from January 24, 2024 and until maturity (December 18, 2024).

Considering the remaining time to maturity of the original loan relative to the contract terms, and that the extension has been negotiated by independent parties, UNION has accounted for the extension as repayment of the original loan and a replacement by a new loan on the date of the original maturity, being January 24, 2024. As a result no modification gain or loss was reported in 2023 in the consolidated statement of comprehensive income.

As a consequence of the capital increases in December 2022 and July 2023 (refer to note 13), UNION made partial repayments of the tranche 1 loan of DKK 0.1m and DKK 5.1m, respectively.

Notes

15. European Investment Bank Loan continued

Modification of tranche 1 and 2 in 2024
In December 2024 the agreement for tranche 1 and 2 was amended. Both tranches continue with the terms agreed in previous contracts and amendments. Both tranches have been extended until 18 June 2025 in exchange for a grant of warrants. The amendment stipulates that UNION has an option to extend further to 18 December 2025 in exchange for an additional warrant grant.

As the amendment starts from the maturity date of both tranches, UNION has accounted for the extension as a repayment of the original loan and a replacement by a new loan on the date of the original maturity, being December 18, 2024. As a result no modification gain or loss was reported in 2024 in the consolidated statement of comprehensive income.

Consideration for the loan in the form of warrants
As consideration for the loan, UNION has granted 186,910 warrants to the European Investment Bank that vest relative to the drawdown on the loan in two tranches. Upon drawdown of the first tranche in 2018, 87,220 warrants vested. Upon drawdown of the second tranche in 2019, 25,460 warrants vested, and 74,230 warrants were lapsed and became void.

In 2021, the European Investment Bank has been granted additional 2,892 warrants, as an anti-dilution measure as a consequence of UNION granting additional equity settled warrants to the Board of Directors, members of the Executive Management and key personnel of the company.

In connection with the modification and extension of the loan period of the first tranche in June 2022, the European Investment Bank has been granted an additional 25,431 warrants.

In 2023, the European Investment Bank has been granted an additional 1,700 warrants, as an anti-dilution measure because the Board of Directors' authorization to grant warrants was increased by 100,000 warrants.

In 2024, the European Investment Bank was granted an additional 23,738 warrants in connection with the modification and extension of the loan period of the first and second tranches in December.

166,441 warrants were outstanding at December 31, 2024 (December 31, 2023: 142,703; December 31, 2022: 141,003). Each warrant entitles the European Investment Bank to subscribe for 1 share of nominal DKK 0.1 against payment of exercise price of DKK 0.1. Vested warrants can be exercised in part or in full at any time at the discretion of the European Investment Bank. Warrants not exercised after 20 years shall lapse.

Put option related to repurchase of vested warrants held by the European Investment Bank
The loan agreement further includes an embedded derivative in form of a put option, pursuant to which the European Investment Bank may require UNION to purchase all or part of the vested warrants held by the European Investment Bank at an option price equivalent to the fair value of the warrants at the time of exercise.

Floating charge
As part of the loan agreement, UNION entered into a floating charge agreement pursuant to which a floating charge of EUR 2.0m is pledged. Furthermore, UNION entered into a negative pledge preventing it from subsisting any security over any of its assets. Refer to note 22.

Fair value measurement of warrant and put option
Summary of the assumptions, conditions and other information used in calculating the fair value using the Black-Scholes option pricing model relating to the warrant and put option:

	2024	2023	2022
Dividend yield	-	-	-
Volatility (%)	68	72	71
Annual risk-free interest rate	0.0%	3.2%	1.4%
Market share price at year-end	DKK 248	DKK 248	DKK 248
Exercise price	DKK 0.1	DKK 0.1	DKK 0.1
Life of option	1 year	1 year	1-2 years

Sensitivity
At December 31, 2022, December 31, 2023 and December 31, 2024, other things being equal, a 10% increase in the share price will result in a 10% increase in the fair value of the warrant and put option. Similarly, a 10% decrease in the share price will reduce the fair value of the warrant and put option by 10%.

Notes

15. European Investment Bank Loan continued

Reconciliation of fair value measurements under Level 3 hierarchy:

DKK'000	Warrant and put option
At December 31, 2021	18,480
Fair value adjustment through profit or loss (unrealized)	10,112
Warrants added	6,292
At December 31, 2022	**34,884**
Fair value adjustment through profit or loss (unrealized)	-
Warrants added	421
At December 31, 2023	**35,305**
Fair value adjustment through profit or loss (unrealized)	-
Warrants added	5,873
At December 31, 2024	**41,178**

Fair value adjustments through profit or loss are recognized in the statement of comprehensive income as financial income or financial expenses, as applicable.

Accounting policies

A compound financial instrument which contains both a liability and an embedded put option component is separated at the issue date.

When establishing the accounting treatment of these non-derivative instruments UNION first establishes whether the instrument is a compound instrument and classifies such instruments or components separately as financial liabilities, or warrant put option instruments in accordance with IAS 32 Financial Instruments: Presentation.

UNION separately recognizes the components of a financial instrument that: (i) creates a financial liability for the company; and (ii) grants a put option to the lender to purchase all or part of the warrants held by the lender.

Classification of the liability and warrant put option components is not revised as a result of a change in the likelihood that the warrant put option will be exercised, even when exercise of the option may appear to have become economically advantageous to the holders. When allocating the initial carrying amount of a compound financial instrument to its liability and warrant put option components, the liability component is assigned the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the warrant put option component. Subsequent to initial recognition, the liability component is measured at amortized costs and the warrant put option is measured at fair value.

Accounting policies continued

Upon modification of loans UNION determine whether the present value of the cash flows under the new terms is at least 10% different from the present value of the remaining cash flows of the original liability, applying the original effective interest rate. If the difference is 10% or greater, the existing liability is de-recognized and a new financial liability is recognized. If the difference is less than 10% a qualitative assessment for derecognition is performed.

If a qualitative analysis is applied, determining whether the terms are substantially different, from a qualitative perspective, is judgmental and will depend on the specific facts and circumstances of each case. Qualitative factors include, but are not limited to:

- A change in the currency in which the liability is denominated.
- A change in the interest basis (such as a change from fixed rate to floating rate, or vice versa).
- A change in any conversion features in the instrument.
- A substantial change in covenants.

If the terms are not determined to be substantially different it is considered a modification of the existing loan and not a new loan. When modification of loans does not result in a derecognition any modification gain or loss is recognized in the income statement. Modification gains or losses are determined by recalculating the gross carrying amount of the financial liability by discounting the new contractual cash flows using the original effective interest rate.

Critical accounting estimates and judgements

Estimating the fair value of the European Investment Bank warrant and put option requires determination of the most appropriate measuring model and the determination of the most appropriate inputs to the measuring model. UNION measures the fair value by the end of each reporting period by use of the Black-Scholes model. This valuation method requires management to make certain estimates about the model inputs, such as the underlying share price and volatility. The probabilities of the various estimates within the applied range can be reasonably assessed and are used in Management's estimate of fair value. For the European Investment Bank warrant and put option, estimated share price is the most significant input. UNION determines the value of the share price with reference to the share price applied in most recent capital increase transactions and adjusted for any value inflection points.

When determining the accounting consequence of extending the maturity date of the European Investment Bank loan by rolling up interest into a single 'bullet' payment of interest and principal at the end of the loan in exchange for higher interest payments during the extended loan period, management has exercised judgement to determine whether the extension is accounted for as (i) a modification, (ii) an exchange or (iii) as being repaid and replaced by a new loan.

Notes

16. Convertible loans

Convertible loan issued July 2021 and converted in 2023
In July 2021, UNION issued a convertible debt instrument of DKK 62.0m, which was received from various parties, including members of the Board of Directors and Executive Management. UNION elected the fair value option and accounts for both the debt and the embedded derivatives as a single instrument that is measured at fair value, whereby the convertible debenture at initial recognition is designated at fair value and subsequently remeasured with the change being presented on the statement of profit or loss for the reporting period.

On June 30, 2022, lenders holding nominal DKK 45.0m of total DKK 62.0m of the convertible loan agreed to convert the convertible loans including incurred interests into share capital with a discount of 15% (conversion rate of DKK 210 per share). The fair value of the portion of the converted loan that was converted to equity is equal to DKK 57.5m.

On July 13, 2023, lenders holding the remaining nominal DKK 17.0m of the convertible loan agreed to convert the convertible loans including incurred interests into share capital with a discount of 15% (conversion rate of DKK 210 per share). The fair value of the portion of the converted loan that was converted to equity is equal to DKK 23.5m.

The following table summarizes the changes in the convertible debt instrument in 2022 and 2023:

DKK'000	
Carrying amount at January 1, 2022	63,778
Converted to equity	-57,541
Fair value adjustment through profit or loss, included in finance expenses	13,121
Carrying amount at fair value at December 31, 2022	**19,358**
Converted to equity	-23,540
Fair value adjustment through profit or loss, included in finance expenses	4,182
Carrying amount at fair value at December 31, 2023	**0**

The convertible loan was at each applicable balance sheet date and upon conversion measured at fair value (level 3) taking into account:

- The convertible loan was a fixed rate loan carrying an interest rate of 9% with maturity on July 16, 2024.
- The convertible loan was denominated in DKK.
- Conversion or repayment at maturity. On the maturity date, July 16, 2024, UNION had the discretion to (i) convert the loan into new shares of the company at the share price at the latest capital increase with a discount of 15%. If the loan was converted at maturity, the conversion price had a cap of DKK 160 per share less 15%; or (ii) repay the loan in cash to the extent that the loan amount and accrued interest had not been converted into shares and the company's existing loan to European Investment Bank had been repaid or consent had been provided by European Investment Bank, though with bondhold discretion to elect conversion to equity.
- Mandatory conversion in the occurrence of an exit-event including (i) an admission to trading of the company's shares on a regulated market (IPO), (ii) a trade sale of more than 90% of the company's shares and (iii) an equity financing with issuance of new shares with proceeds of minimum DKK 120m.
- Conversion or repayment in connection with a De-SPAC transaction. In the event of a De-SPAC transaction the lenders have the discretion to demand the outstanding loan amount repaid in cash or converted into shares with a conversion price equal to the final offer price with a discount of 15%. In the event of a De-SPAC transaction the lenders may elect to demand the loan repaid in cash against receiving additional 6% interest rate.

Since the convertible debt instrument includes conversion features resulting in settlement in a variable number of shares, the convertible debt instrument does not comprise an equity component. The convertible debt instrument includes the following elements:

- Fixed rate debt host contract.
- Embedded prepayment option (exit event).
- Embedded prepayment option (De-SPAC).
- Cap on conversion price at maturity.

Notes

16. Convertible loans continued

Convertible loan issued May 2024
In May 2024, UNION issued a convertible debt instrument of DKK 28.5m, which was received from various parties, including members of the Board of Directors and Executive Management. UNION elected the fair value option and accounts for both the debt and the embedded derivatives as a single instrument that is measured at fair value, whereby the convertible debenture at initial recognition is designated at fair value and subsequently remeasured with the change being presented on the statement of profit or loss for the reporting period.

The following table summarizes the changes in the convertible debt instrument in 2024:

DKK'000	
Carrying amount at January 1, 2024	0
Amount received May 2024	28,528
Fair value adjustment through profit or loss, included in finance expenses	4,939
Carrying amount at fair value at December 31, 2024	**33,467**

The convertible loan was at each applicable balance sheet date and upon conversion measured at fair value (level 3) taking into account:

- The convertible loan is a fixed rate loan carrying an interest rate of 10% with maturity on May 21, 2027.
- The convertible loan is denominated in DKK.
- Conversion or repayment at maturity. On the maturity date, May 21, 2027, UNION has the discretion to (i) convert the loan into new shares of the company at the share price equivalent to the lowest of the latest capital increase with a discount of 15% or a capped share price of DKK 247.5 less 15%; or (ii) repay the loan in cash to the extent that the loan amount and accrued interest has not been converted into shares and the company's existing loan to European Investment Bank has been repaid or consent has been provided by European Investment Bank, though with bondhold discretion to elect conversion to equity.
- Mandatory conversion in the occurrence of an exit-event including (i) an admission to trading of the company's shares on a regulated market (IPO), (ii) a trade sale of more than 75% of the company's shares and (iii) an equity financing with issuance of new shares with proceeds of minimum DKK 120m, and other defined exit events.

Since the convertible debt instrument includes conversion features resulting in settlement in a variable number of shares, the convertible debt instrument does not comprise an equity component. The convertible debt instrument includes the following elements:

- Fixed rate debt host contract.
- Embedded prepayment option (exit event).
- Cap on conversion price at maturity or exit event.
- Cap on conversion price at exit event.

Management has designated, due to the existence of non-closely related embedded derivatives, the entire debt instrument to be carried at fair value through profit or loss using a probability weighted expected return method. Changes arising from changes in the company's own credit risk are recognized in other comprehensive income. The inputs used in the valuation on December 31, 2024 are detailed in the table below:

Assumptions applied	December 31, 2024
Discount rate	30%
Probability of conversion at maturity	5%
Probability of conversion due to exit event	95%

The sensitivity of the required return towards key assumptions regarding probabilities has been analyzed.

The following table shows the estimated market value of the convertible loan assuming various changes in assumed conversion probabilities, timing of conversion as well as pricing and discount rates:

Illustrative probability of exit event	Calculated debt at Dec. 31 (DKK'000)
93%	33,252
94%	33,359
98%	33,791
99%	33,899
100%	34,007

Notes

16. Convertible loans continued

Accounting policies

Convertible debt instrument determined to be a financial instrument is, as required by IAS 32 and IFRS 9, separated into its components: debt, and embedded derivatives related to the conversion features; conversion or repayment at maturity or mandatory conversion in the occurrence of an exit event.

UNION has elected the fair value option and accounts for both the debt and the embedded derivatives as a single instrument that is measured at fair value, whereby the convertible debenture at initial recognition is designated at fair value through profit or loss. At each reporting date the entire agreement is remeasured at fair value, whereby:

- changes in fair value related to changes in UNION's own credit risk is presented in other comprehensive income, and
- all other changes in fair value to be presented in the income statement.

Amounts recognized in other comprehensive income are not subsequently to be recycled to the income statement.

Upon the conversion, the fair value of the converted portion of the convertible loan is transferred to equity. The increase in equity is distributed between share capital and accumulated deficit/retained earnings in the ratio between the nominal value of the shares and the conversion price.

Critical accounting estimates and judgements

UNION has elected the fair value option for including embedded derivatives with their debt hosts and the combined instruments are measured at fair value. In order to value these various instruments, UNION makes assumptions and estimates concerning variables such as discount rates, probability of exit events taking place, and the timing of such exit events. The assumptions of future outcomes, and other sources of estimating uncertainty concerning the determination of key inputs to the valuation models, are based on management's best assessment using the knowledge available, management's historical experiences as well as other factors that are considered to be relevant. The estimates and assumptions are reviewed on an ongoing basis.

17. Other payables

DKK'000	2024	2023	2022
Salary related payables	785	2,105	1,242
Cost accruals	8,131	9,174	18,789
Other payables	-	20	178
	8,916	**11,299**	**20,209**

Cost accruals primarily comprise accruals for clinical research organization costs. Cost accruals in 2022 primarily reflected a higher level of CRO activity at year end.

Accounting policies

For accounting policies regarding accrual for costs not yet invoiced, refer to note 4.

Notes

18. Related party disclosures

Related parties exercising control or significant influence
As of December 31, 2022, 2023 and 2024, there are no related parties that individually or jointly exercise control over UNION therapeutics A/S.

Related Parties with significant influence
As of December 31, 2024 Vendler ApS and Manjin ApS, which are controlled by the two founders and current members of the Board of Directors and the Executive Management, Rasmus Vendler Toft-Kehler and Morten Sommer, respectively, hold 24.35% (2023: 24.40%; 2022: 26.15%) each of the share capital and voting rights of UNION therapeutics A/S.

Related parties with significant influence also comprise the board members and companies controlled by board members. For remuneration of the board of directors refer to note 5 and note 6.

Key management personnel
Key management personnel comprise the Executive Management of UNION.
For disclosures of compensation to the Board of Directors and Key management personnel, including the Executive Management, refer to note 5 and note 6.

DKK'000	2024	2023	2022
Transactions with related parties with significant influence, Board of Directors and key management personnel:			
Research and development costs * **	75	430	913
Year end balances arising from transactions with related parties with significant influence, Board of Directors and key management personnel:			
Convertible loan	1,061	-	-
Trade payables	47	177	-

* The company has received consultancy services from a company which is 50% owned by the Chairperson of the Board of Directors, and from a company which is 100% owned by a member of the Board of Directors. In 2024, these services amounted to DKK 75 thousand (2023: DKK 0 thousand; 2022: DKK 45 thousand).

** The Company has received recruitment services from a company where a significant part of the shares ultimately is owned by Rasmus Vendler Toft-Kehler and Morten Sommer. There have been no expenses related to such services in 2024.

In May 2024, UNION received a convertible debt instrument of DKK 28.5m from various parties, including the Board of Directors and Executive Management. At December 31, 2024, the Board of Directors and Executive Management's part of the loan totaled DKK 1.1m.

Subsidiaries
Balances and transactions between UNION therapeutics A/S and its subsidiaries have been eliminated during consolidation and are not disclosed in this note.

Other related parties
Other related parties include subsidiaries and associates of shareholders with significant influence and companies controlled by and close family members of members of executive management or members of the board of directors.

DKK'000	2024	2023	2022
Transactions with other related parties:			
Research and development costs*	31	-	373

* The company has received employee services from two family members of different members of the Board of Directors and Executive Management.The employees were terminated in September 2022 and February 2024, respectively. In 2024, these services amounted to DKK 31 thousand (2023: DKK 0 thousand, 2022: DKK 373 thousand).

Notes

19. Changes in liabilities arising from financing activities

2024			Non-cash changes				
DKK'000	**2023**	**Cash flows**	**Conversion to equity**	**Split accounting**	**Fair value adjustment/ Interest**	**Foreign exchange adjustment**	**2024**
Short/long debt	114,413	-	-	-6,246	13,971	-	122,138
Convertible loan	-	28,528	-	-	4,939	-	33,467
Leasing liability	1,360	-851	-	-	34	-	543
Total	**115,773**	**27,677**	**0**	**-6,246**	**18,944**	**0**	**156,148**

2023			Non-cash changes				
DKK'000	**2022**	**Cash flows**	**Conversion to equity**	**Addition during the period**	**Fair value adjustment/ Interest**	**Foreign exchange adjustment**	**2023**
Short/long debt	107,224	-5,148	-	-	12,337	-	114,413
Convertible loan	19,358	-	-23,540	-	4,182	-	0
Leasing liability	1,035	-796	-	1,063	58	-	1,360
Total	**127,617**	**-5,944**	**-23,540**	**1,063**	**16,577**	**0**	**115,773**

2022			Non-cash changes				
DKK'000	**2021**	**Cash flows**	**Conversion to equity**	**Addition during the period**	**Fair value adjustment/ Interest**	**Foreign exchange adjustment**	**2022**
Short/long debt	99,286	-126	-	-	8,064	-	107,224
Convertible loan	63,778	-	-57,541	-	13,121	-	19,358
Leasing liability	1,090	-564	-	456	53	-	1,035
Total	**164,154**	**-690**	**-57,541**	**456**	**21,238**	**0**	**127,617**

20. Cash flow statement – adjustment for non-cash items

DKK'000	**2024**	**2023**	**2022**
Income taxes	-5,295	-5,359	-5,454
Depreciation and amortization	816	934	746
Financial costs/income	16,323	14,734	35,983
Share-based compensation costs	-142	9,323	21,467
	11,702	**19,632**	**52,742**

21. Cash flow statement – changes in net working capital

DKK'000	**2024**	**2023**	**2022**
Changes in other receivables	112	24	1,515
Changes in VAT receivables	101	2,100	1,438
Changes in prepayments	-102	-3	1,838
Changes in employee related liabilities	-1,320	694	-707
Changes in trade payables	-3,757	-8,950	6,319
Changes in other liabilities	-1,687	-11,903	-11,577
	-6,653	**-18,038**	**-1,174**

Notes

22. Contingent assets and liabilities, contractual obligations and pledges

Pledges: European Investment Bank loan, floating charge, pledges, and mandatory partial prepayment
UNION has entered into a floating charge agreement with the European Investment Bank pursuant to which a floating charge of EUR 2.0m (2023: EUR 2.0m; 2022: EUR 2.0m) is pledged.

The European Investment Bank loan also contains certain covenants in respect of the future maintenance and conduct of the company's business, including restrictive covenants such as restrictions on providing security (negative pledge), disposal of assets, distribution of dividends, repurchase of shares, incurrence of financial indebtedness, change of business, mergers, granting loans and guarantees, and requirements to provide financial and certain other information to the European Investment Bank.

The European Investment Bank loan also contains customary events of default, including, non-payment, breach of covenants, material breach of representations and warranties, cross-default, certain insolvency and bankruptcy events and judgements against the company and a material adverse change clause and change-of-control repayment requirement in the event of a third-party obtaining control over the company.

Bank accounts in UNION therapeutics Germany GmbH have been pledged as security for outstanding credit card debt in the entity. The outstanding amount at December 31, 2024 is immaterial.

Contingent assets: Payments under out-license agreements
UNION is entitled to potential milestone payments and royalties upon materialization of certain scientific regulatory milestones and on successful commercialization of products developed under license agreements with Innovent Biologics Inc (reference is made to note 3). Since the size and timing of such payments are uncertain until the milestones are reached or sales are generated, the agreements may qualify as contingent assets. However, it is associated with a high degree of uncertainty to measure the value of such contingent assets, and, accordingly, no such assets have been recognized.

22. Contingent assets and liabilities, contractual obligations and pledges continued

Contingent payment and acquisition of intangible rights
Under the terms of the agreement with LEO Pharma A/S, UNION agreed to make future payments to LEO Pharma A/S that are contingent upon the achievement of specified clinical, regulatory, and sales milestones. UNION applies the cost accumulation method for the accounting for such contingent payments.

Under the agreement with LEO Pharma A/S, UNION will, subject to meeting certain clinical, regulatory, and sales milestones, pay in cash to the seller up to USD 202m equivalent to DKK 1,240m. Also, UNION will pay to the seller a low single-digit percentage royalty applied on net sales of covered products until the expiry of the royalty term which ends at the latest on the twelfth anniversary of the first commercial sale of covered products.

23. Events after the balance sheet date

No significant events after the balance sheet date, that could be of material importance to the company's financial position.

Parent company financial statements

Main statements

Notes

Statement of comprehensive income or loss

DKK'000	Notes	2024	2023	2022
Revenue	3	621	2,299	34,393
Research and development costs	4	-61,400	-140,904	-187,140
Administrative costs	4	-27,398	-21,902	-31,583
Operating result		**-88,177**	**-160,507**	**-184,330**
Dividend from subsidiaries		-	233	-
Financial income	7	3,049	2,706	2,721
Financial expenses	7	-19,019	-17,436	-38,809
Result before tax		**-104,147**	**-175,004**	**-220,418**
Tax income	8	5,500	5,500	5,500
Result for the year		**-98,647**	**-169,504**	**-214,918**
Other comprehensive income or loss				
Items that may be reclassified to profit or loss in subsequent periods, net of tax				
Exchange differences on translation of foreign operations		-	-	-
Other comprehensive result for the year, net of tax		**0**	**0**	**0**
Total comprehensive result for the year		**-98,647**	**-169,504**	**-214,918**

Result for the year and total comprehensive result is attributable to the shareholders of UNION therapeutics A/S.

Cash flow statement

DKK'000	Notes	2024	2023	2022
Result for the year		-98,647	-169,504	-214,918
Adjustment for non-cash items	20	10,968	19,188	52,872
Changes in net working capital	21	-6,839	-16,805	-1,122
Changes in non-current financial assets		-8	-94	-43
Interest received		1,585	2,693	401
Interest paid		-	-106	-1,139
Income taxes received		5,500	5,500	5,500
Cash flow from operating activities		**-87,441**	**-159,128**	**-158,449**
Investment in property, plant and equipment	10	-	-113	-169
Cash proceeds from dissolvement of UNION therapeutics Research Services ApS	12	520	-	-
Cash flow from investing activities		**520**	**-113**	**-169**
Proceeds from capital increase		0	102,647	62,037
Proceeds from exercise of warrants		600	45	201
Costs associated with capital increase		-4	-23	-100
Proceeds from issuance of convertible loans	16	28,528	-	-
Repayment of loans	19	-	-5,148	-126
Dividend received from subsidiaries		-	233	-
Lease installments	19	-851	-796	-564
Cash flow from financing activities		**28,273**	**96,958**	**61,448**
Net cash flow for the year		**-58,648**	**-62,283**	**-97,170**
Cash at the beginning of the year		93,957	156,572	251,335
Exchange rate adjustments of cash		1,044	-332	2,407
Cash and cash equivalents at end of the year		**36,353**	**93,957**	**156,572**
Cash and cash equivalents as per statement of financial position		**36,353**	**93,957**	**156,572**

Statement of financial position

DKK'000	Notes	Dec. 31 2024	Dec. 31 2023	Dec. 31 2022
Assets				
Non-current assets				
Intangible assets	9	16,566	16,566	16,566
Property, plant and equipment	10	472	1,285	1,040
Investments in subsidiaries	12	186	226	226
Other receivables	11	-	388	294
Total non-current assets		**17,224**	**18,465**	**18,126**
Current assets				
Tax receivables	8	5,500	5,500	5,500
Receivables from group entities	18	-	65	1,290
Other receivables	11	1,044	1,100	3,269
Cash and cash equivalents		36,353	93,957	156,572
Total current assets		**42,897**	**100,622**	**166,631**
Total assets		**60,121**	**119,087**	**184,757**

DKK'000	Notes	Dec. 31 2024	Dec. 31 2023	Dec. 31 2022
Equity and liabilities				
Equity				
Share capital	13	763	761	710
Other reserves		-151,924	-63,727	-29,696
Total equity		**-151,161**	**-62,966**	**-28,986**
Non-current liabilities				
Long-term debt	14 ,15	-	-	107,224
Cash-settled warrant obligation	6	-	9,998	9,990
Convertible loans	16	33,467	-	19,358
Lease liabilities	14	-	543	221
Total non-current liabilities		**33,467**	**10,541**	**136,793**
Current liabilities				
Short-term part of long-term debt	14, 15, 19	122,138	114,413	-
Lease liabilities	14	543	817	814
Trade payables	14	5,008	8,788	17,728
Warrant and put option	15	41,178	35,305	34,884
Deferred revenue	3	-	621	2,920
Payables to group entities	18	255	502	735
Other payables	17	8,693	11,066	19,869
Total current liabilities		**177,815**	**171,512**	**76,950**
Total liabilities		**211,282**	**182,053**	**213,743**
Total equity and liabilities		**60,121**	**119,087**	**184,757**

Statement of changes in equity

DKK'000	Notes	Share capital	Other reserves (Accumulated deficit)/ Retained earnings	Total
Equity at January 1, 2024		**761**	**-63,727**	**-62,966**
Result for the period		-	-98,647	-98,647
Other comprehensive income or loss		-	-	-
Total comprehensive result for the year		**0**	**-98,647**	**-98,647**
Transactions with owners:				
Exercise of warrants	13	2	598	600
Costs associated with capital increase		-	-4	-4
Share-based compensation	6	-	9,856	9,856
Equity at December 31, 2024		**763**	**-151,924**	**-151,161**

DKK'000	Notes	Share capital	Other reserves (Accumulated deficit)/ Retained earnings	Total
Equity at January 1, 2023		**710**	**-29,696**	**-28,986**
Result for the period		-	-169,504	-169,504
Other comprehensive income or loss		-	-	0
Total comprehensive result for the year		**0**	**-169,504**	**-169,504**
Transactions with owners:				
Exercise of warrants	13	1	44	45
Conversion of convertible loans	16	9	23,531	23,540
Capital increase	13	41	102,606	102,647
Costs associated with capital increase		-	-23	-23
Share-based compensation	6	-	9,315	9,315
Equity at December 31, 2023		**761**	**-63,727**	**-62,966**
Equity at January 1, 2022		**660**	**48,042**	**48,702**
Result for the period		-	-214,918	-214,918
Other comprehensive income or loss		-	-	-
Total comprehensive result for the year		**0**	**-214,918**	**-214,918**
Transactions with owners:				
Exercise of warrants	13	2	199	201
Conversion of convertible loans	16	23	57,518	57,541
Capital increases	13	25	62,012	62,037
Costs associated with capital increase		-	-100	-100
Share-based compensation	6	-	17,551	17,551
Equity at December 31, 2022		**710**	**-29,696**	**-28,986**

Notes

1. Accounting policies

Basis of preparation
The parent company financial statements of UNION therapeutics A/S have been prepared in accordance with IFRS accounting standards as adopted by the EU and additional Danish requirements. The accounting policies are the same as for the consolidated financial statements with the supplementary accounting policies for the parent described in note 13. For a detailed description of the accounting policies of the group, please refer to individual notes in the consolidated financial statements.

The parent company financial statements are presented in DKK.

2. Critical accounting estimates and judgements

In respect of the financial reporting for the parent company, no accounting estimates or judgements, in addition to the critical accounting estimates and judgements described in note 2 to the consolidated financial statements, are made when applying the parent company's accounting policies, which are significant to the financial reporting apart from those disclosed in individual notes in the consolidated financial statements.

3. Revenue

Revenue from license and collaboration agreements may vary from period to period as revenue may comprise license revenue, sales-based royalties, development milestones and regulatory milestone payments, research and development services and option fees.

Innovent agreement
Revenue from license and collaboration agreements may vary from period to period as revenue may comprise license revenue, sales-based royalties, development milestones and regulatory milestone payments, research and development services and option fees.

On September 28, 2021, UNION therapeutics A/S entered into a strategic collaboration and license agreement for orismilast, a next-generation PDE4 inhibitor currently in development for inflammatory dermatology conditions, with Innovent Biologics, Inc. (the Innovent Agreement). As part of the Innovent Agreement, in 2021 UNION therapeutics A/S received a non-refundable, non-creditable and not subject to off-set up-front payment of USD 20m (DKK 127m) and is eligible to receive future contingent milestones and option payments of up to USD 250m, of which up to USD 89m is contingent on the achievement of certain development and regulatory milestones across multiple therapeutic indications and up to USD 158m is contingent on the achievement of certain sales-based milestones. UNION is also entitled to receive a sales-based royalty fee ranging from a high single digit to a low twenties percentage of all net sales of orismilast in Greater China (Mainland China, Hong Kong, Macau and Taiwan) by or on behalf of Innovent.

Within the Innovent Agreement, UNION therapeutics A/S identified three performance obligations: (i) delivery of license for orismilast (at a point in time), (ii) delivery of Phase 2 study data for orismilast (over time) (iii) option to enter into agreement regarding topical formulation (at a point in time).

Out of the total contract value of DKK 1,175m (USD 270m) excluding royalties, the upfront payment of DKK 127m has been determined as the transaction price, as the future potential milestone and option amounts were not deemed to be highly probable as they are contingent upon success in future clinical trials and regulatory approvals which are not within UNION therapeutics A/S' control. Milestones will be recognized when their achievement are deemed to be highly probable, and a significant revenue reversal would not occur. Upon commercialization of products, if any, under this agreement, royalties and net sales-based milestones will be recognized when the related sales occur.

The transaction price of DKK 127m was at the inception of the contract allocated to the performance obligations based on the best estimate of relative stand-alone selling prices. As such, DKK 117m was allocated to the performance obligation related to the delivery of license of orismilast, and DKK 10m was allocated to the performance obligation related to the delivery of Phase 2 study data for orismilast.

Notes

3. Revenue continued

The performance obligations related to the delivery of licenses were completed at a point in time (September 2021) and UNION therapeutics A/S recognized DKK 117.0m as revenue in 2021. The performance obligation regarding Phase 2 study data will be completed as the studies progress. Revenue is recognized over time applying an input approach based on incurred cost as a percentage of total expected cost.

In 2024 DKK 0.6m (2023: DKK 2.3m; 2022: DKK 5.3m) was recognized as License revenue from upfront payment recognized over time reflecting the progress of the Phase 2 studies.

On July 25, 2022, Innovent received Chinese Investigational New Drug (IND) clearances for psoriasis and atopic dermatitis. Two development milestones totaling USD 4.0m (DKK 29.1m) were contingent on the achievement of the IND clearances. Accordingly, DKK 29.1m is recognized as License revenue from milestones recognized at a point in time in 2022.

100% of UNION therapeutics A/S' revenue in 2022, 2023 and 2024 arise from the Innovent agreement. Payment terms are between 30 and 60 days.

Revenue

DKK'000	2024	2023	2022
License revenue from upfront payment recognized over time	621	2,299	5,300
License revenue from upfront payment recognized at a point in time	-	-	-
License revenue from milestones recognized at a point in time	-	-	29,093
	621	**2,299**	**34,393**
Geographical split of revenue:			
Denmark	-	-	-
Greater China	621	2,299	34,393
	621	**2,299**	**34,393**

Deferred revenue

Deferred revenue at December 31, 2024 of DKK 0m (December 31, 2023: DKK 0.6m; December 31, 2022: DKK 2.9m) represents the aggregated amount of the transaction price allocated to the performance obligations (delivery of Phase 2 study data for orismilast) that are unsatisfied at the end of the reporting period. Deferred revenue of DKK 0m presented as Current (December 31, 2023: DKK 0.6m; December 31, 2022: DKK 2.9m), relates to performance obligations that UNION therapeutics A/S expects to satisfy during the coming twelve months, whereas the Non-current portion of DKK 0m (December 31, 2023: DKK 0m; December 31, 2022: DKK 0m) represents performance obligations that UNION therapeutics A/S expects to satisfy after the coming twelve months.

Deferred revenue

DKK'000	2024	2023	2022
At January 1	621	2,920	8,220
Portion of upfront payment recognized over time	-	-	-
Recognized as revenue	-621	-2,299	-5,300
At December 31	**0**	**621**	**2,920**
Of which is presented as:			
Non-current	-	-	-
Current	-	621	2,920
	0	**621**	**2,920**

Joint arrangements

For the Innovent agreement UNION therapeutics A/S and Innovent Biologics have agreed an initial joint development plan in respect of activities that support the development of orismilast. Costs under any such joint development plan will be shared between Innovent Biologics and UNION therapeutics A/S, with UNION therapeutics A/S covering 90% and Innovent Biologics covering 10% of such costs.

Notes

4. Research and development costs and administrative costs

DKK'000	Notes	2024	2023	2022
Research and development costs				
Employee benefit costs	5	23,397	27,300	29,447
Share-based compensation	6	-2,517	6,677	13,080
External costs		40,520	106,927	144,613
		61,400	**140,904**	**187,140**

Finalization of the Phase 2b study in atopic dermatitis in 2024 was the primary driver of the decrease in external research and development costs in 2024 compared to 2023 and 2022, with a corresponding reduction in the development organization. For further detail on postive impact on share-based compensation in 2024, refer to section "Estimation of the number of cash-settled warrants expected to vest" in note 6.

DKK'000	Notes	2024	2023	2022
Administrative costs				
Employee benefit costs	5	8,544	10,208	10,858
Share-based compensation	6	2,375	2,646	8,387
External costs		15,666	8,117	11,593
Depreciation	10	813	931	745
		27,398	**21,902**	**31,583**

The administrative functions followed the reduced development activity level in 2024. External costs in 2024 were at a higher level compared to 2023 due to non-recurring costs related to system, process and compliance optimization efforts together with preparations for future growth supported by external service providers and advisors.

5. Staff costs

DKK'000	Notes	2024	2023	2022
Wages and salaries		27,524	31,611	34,602
Defined contribution plans		1,092	1,365	1,557
Other social security costs		2,362	3,243	3,180
Share-based compensation	6	-142	9,323	21,467
Other staff costs		963	1,289	966
		31,799	**46,831**	**61,772**
Research and development costs		20,880	33,977	42,527
Administrative costs		10,919	12,854	19,245
		31,799	**46,831**	**61,772**
Average number of full-time equivalents		25	29	34

Staff costs primarily consists of salaries, other social security expenses and share-based compensation. For further detail on postive impact on share-based compensation in 2024, refer to section "Estimation of the number of cash-settled warrants expected to vest" in note 6.

Notes

5. Staff costs continued

Remuneration to Board of Directors and Executive Management

	2024		
DKK'000	**Board of Directors**	**Executive Management**	**Total**
Wages and salaries	1,355	7,303	8,658
Share-based compensation	500	3,914	4,414
Social security	-	10	10
	1,855	**11,227**	**13,082**

	2023		
DKK'000	**Board of Directors**	**Executive Management**	**Total**
Wages and salaries	1,340	7,207	8,547
Share-based compensation	863	4,419	5,282
Social security	-	10	10
	2,203	**11,636**	**13,839**

	2022		
DKK'000	**Board of Directors**	**Executive Management**	**Total**
Wages and salaries	1,295	7,239	8,534
Share-based compensation	7,303	6,113	13,416
Social security	-	10	10
	8,598	**13,362**	**21,960**

Executive Management members are the key management personnel of UNION therapeutics A/S.

6. Share-based payment

Warrant programs
UNION has established share-based incentive programs (equity-settled and cash-settled) for members of the Board of Directors, members of the Executive Management and employees in the form of warrants. Warrants are granted by the Board of Directors in accordance with authorizations given to it by the general meeting of shareholders and as incorporated into the company's articles of association.

The table below summarizes share-based compensation expenses included in the statement of comprehensive income or loss:

DKK'000	**2024**	**2023**	**2022**
Research and development costs, from equity-settled warrants	7,481	6,669	9,164
Research and development costs, from cash-settled warrants	-9,998	8	3,916
Administrative costs, from equity-settled warrants	2,375	2,646	8,387
Administrative costs, from cash-settled warrants	-	-	-
	-142	**9,323**	**21,467**

Warrants granted in February 2017 (cash-settled)
In April 2017, the general meeting of shareholders granted warrants with rights to subscribe for up to 44,654 shares of nominally DKK 0.1 with an exercise price of DKK 24 per warrant. At December 31, 2024, the Board of Directors have granted in total 44,654 (December 31, 2023: 44,654; December 31, 2022: 44,654). These warrants vest and become exercisable upon an "exit event", defined as an event of IPO, merger, demerger, or solvent liquidation, which triggers an immediate expense recognition upon grant. These warrants may be settled in equity instruments of the company or in cash at the discretion of the warrant holder. Accordingly, these warrants are classified as cash-settled warrants. The life of the warrants is eight years from the date of grant e.g. these warrants expire on 1 February 2025.

Warrants granted from November 2017 (equity-settled)
In November 2017, the Board of Directors were authorized to grant warrants for up to 250,000 shares of nominally DKK 0.1 per warrant in the company in the period until March 31, 2024. In June 2020, the Board of Directors was authorized to grant warrants for up to an additional 250,000 shares in the company in the period until June 25, 2025. In July 2023 the June 2020 authorization was extended until 4 July 2028 and increased by 100,000 warrants. At December 31, 2024, the Board of Directors have granted in total 420,920 (December 31, 2023: 478,670; December 31, 2022: 438,670) warrants adjusted for expired and exercised warrants under this authorization. Warrants granted under the equity incentive plans are classified as equity settled and generally vest over four years' service periods in periodic installments that may or may not be equal, which triggers linear or graded vesting profiles. Certain warrants under this program vest immediately upon grant. The contractual life of the warrants varies from 5-10 years from the date of grant.

Notes

6. Share-based payment continued

The following schedule specifies the movements of number and weighted average exercise price of outstanding warrants for 2022, 2023 and 2024:

Equity-settled warrants

	Number of warrants				Weighted average exercise price per warrant (DKK)	Weighted average grant date fair value per warrant (DKK)
	Board of Directors	Executive Management	Employees	Total		
Outstanding, December 31, 2021	**108,580**	**185,960**	**124,690**	**419,230**	**78**	**68**
Granted during the period	25,000	18,920	32,000	75,920	64	179
Expired during the period	-25,125	-	-10,400	-35,525	82	33
Exercised during the period	-20,955	-	-	-20,955	10	4
Outstanding, December 31, 2022	**87,500**	**204,880**	**146,290**	**438,670**	**78**	**93**
Granted during the period	-	24,000	42,700	66,700	48	212
Forfeited during the period	-	-	-12,875	-12,875	40	137
Expired during the period	-	-	-12,700	-12,700	82	41
Exercised during the period	-	-	-1,125	-1,125	40	130
Outstanding, December 31, 2023	**87,500**	**228,880**	**162,290**	**478,670**	**75**	**110**
Granted during the period	10,000	-	32,000	42,000	72	225
Forfeited during the period	-	-	-9,750	-9,750	40	227
Expired during the period	-25,000	-	-50,000	-75,000	53	28
Exercised during the period	-15,000	-	-	-15,000	40	131
Outstanding, December 31, 2024	**57,500**	**228,880**	**134,540**	**420,920**	**81**	**132**
Exercisable warrants at December 31, 2024				325,710	87	
Exercisable warrants at December 31, 2023				350,225	78	
Exercisable warrants at December 31, 2022				289,191	78	

The weighted average share-price at exercise was DKK 248 (2023: DKK 248, 2022: DKK 160) per share of nominal DKK 0.1 each.The weighted average remaining contractual life for outstanding equity-settled warrants was 2.6 years at December 31, 2024 (December 31, 2023: 2.9 years; December 2022: 3.5 years). The range of the exercise price for outstanding equity-settled warrants was DKK 0.1-173.25 at December 31, 2024 (December 31, 2023: 0.1-160; December 31, 2022: 0.1-160).

Cash-settled warrants

	Number of warrants		Weighted average exercise price per warrant (DKK)	Weighted average grant date fair value per warrant (DKK)
	Former employees	Total		
Outstanding, December 31, 2021	**44,654**	**44,654**	**24**	**10**
Granted during the period	-	-	-	-
Outstanding, December 31, 2022	**44,654**	**44,654**	**24**	**10**
Granted during the period	-	-	-	-
Outstanding, December 31, 2023	**44,654**	**44,654**	**24**	**10**
Granted during the period	-	-	-	-
Outstanding, December 31, 2024	**44,654**	**44,654**	**24**	**10**
Exercisable warrants at December 31, 2024		-	n/a	
Exercisable warrants at December 31, 2023		-	n/a	
Exercisable warrants at December 31, 2022		-	n/a	

The weighted average remaining contractual life for outstanding cash-settled warrants was 0.1 years at December 31, 2024 (December 31, 2023: 1.1 years; December 31, 2022: 2.1 years).

The exercise price for outstanding cash-settled warrants was DKK 24 at December 31, 2024 (December 31, 2023: 24; December 31, 2022: 24).

Notes

6. Share-based payment continued

Determination of fair value of warrants
UNION determines and calculates the fair value of each equity-settled warrant at grant date and for each cash-settled warrant, at each balance sheet date, using the Black-Scholes pricing model. This pricing model requires the input of subjective assumptions such as:

- Dividend yield: Is determined to be zero.
- The expected stock price volatility: As it is not possible to estimate the expected volatility of a non-publicly listed entity's share price, UNION has estimated the fair value of its warrants by using the volatility of an appropriate peer group of listed international biotechnology companies.
- The risk-free interest rate, which is based on the Danish government bonds having a yield with a maturity equal to the expected term of the option in effect at the time of grant.
- The expected life of warrants, which is based on vesting terms, expected rate of exercise and life terms in the warrant program.
- Estimate of UNION therapeutics A/S' market share price. As UNION therapeutics A/S is not listed on a stock exchange, the estimated fair value of the warrants at each measuring date, using the Black-Scholes model, has been established by assuming that the value of UNION therapeutics A/S' shares is the price per share determined at the latest financing round and considering additional subsequent valuation inflection points and relevant facts and circumstances.

Valuation assumptions for warrants in 2022, 2023 and 2024
The fair value at each measuring date in 2022, 2023 and 2024 is measured using the following significant assumptions:

	2024	2023	2022
Equity-settled warrants			
Dividend yield	-	-	-
Volatility (%)	74	80	69
Risk-free interest rate	0.0%	2.8%	1.2%
Market share price range applied	DKK 248	DKK 248	DKK 160-248
Exercise price	DKK 0.1-173.25	DKK 0.1-160	DKK 0.1-160
Expected contractual life of equity-settled warrants granted	5-10 years	5 years	5 years
The grant date fair value per warrant	DKK 208-231	DKK 172-222	DKK 86-217

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Cash-settled warrants			
Dividend yield	-	-	-
Volatility (%)	68	72	71
Risk-free interest rate	1.4%	3.2%	1.4%
Market share price at year end	DKK 248	DKK 248	DKK 248
Exercise price	DKK 24	DKK 24	DKK 24
Expected life of cash-settled warrants at end period	0.1 years	1.1 years	2.1 years
The end period fair value per warrant	DKK 224	DKK 224	DKK 224
Probability of vesting	0%	100%	100%

Reconciliation of fair value of cash-settled warrants:

DKK'000	**Cash-settled warrants**
At January 1, 2021	6,074
Fair value adjustment through comprehensive income	3,916
At December 31, 2022	**9,990**
Fair value adjustment through comprehensive income	8
At December 31, 2023	**9,998**
Fair value adjustment through comprehensive income	-9,998
At December 31, 2024	**0**

Estimation of the number of cash-settled warrants expected to vest
The Company has issued cash-settled warrants that vest based on specific non-market conditions, specifically the occurance of an exit event. Management considers these non-vesting conditions when measuring the fair value of the cash-settled warrants by estimating the likelihood that the warrants will vest. Since the vesting condition is binary - meaning either all of the warrants will vest or none will - management has historically assessed that all cash-settled warrants would vest. The company recognized a share-based payment liability on its balance sheet as of 31 December 2023 and 2022, as management expected it was highly likely that a vesting event would occur prior to the expiry date of 1 February 2025. However, as of 31 December 2024, with the expiry date approaching, management does not anticipate executing any transactions that would trigger vesting before this date. Therefore, the probability of vesting has been reassessed to be zero. As a result, the cash-settled warrants are measured at nil as of 31 December 2024, leading to a fair value adjustment in the income statement for 2024 of DKK 9,998 thousand.

Notes

7. Financial items

Financial income

DKK'000	Notes	2024	2023	2022
Interest income		1,485	2,693	401
Interest income, Group entities		-	13	33
Foreign exchange gains, net		1,044	-	2,287
Gain on liquidation of UNION therapeutics Research Services ApS	12	520	-	-
		3,049	**2,706**	**2,721**

Financial expenses

DKK'000	Notes	2024	2023	2022
Interest expenses		75	-	1,167
Interest expenses, lease liabilities		34	58	53
Fair value adjustment, Convertible debt (unrealized)	16	4,939	-	1,881
Fair value adjustment, Convertible debt (realized)	16	-	4,182	11,240
Interest expenses, European Investment Bank loan	15, 19	13,971	12,756	11,240
Modification loss, European Investment Bank loan	15	-	-	3,116
Foreign exchange loss, net		-	440	-
Fair value adjustment, warrant and put option (unrealized)	15	-	-	10,112
		19,019	**17,436**	**38,809**

Foreign exchange gains in 2024 are primarily related to USD and GBP cash positions.

The fair value adjustment of convertible debt in 2022 and 2023 was due to conversion of nominal DKK 45.0m and nominal DKK 17.0m of the convertible loan into share capital in 2022 and 2023, respectively.

8. Income taxes

The major components of income taxes for the years ended December 31, 2022, 2023 and 2024 are:

DKK'000	2024	2023	2022
Income taxes in the statement of profit or loss			
Net result before tax	-104,147	-175,004	-220,418
Corporate income tax rate in Denmark	22%	22%	22%
Computed corporate tax expense/(income)	**-22,912**	**-38,501**	**-48,492**
Prior year adjustments	-	-	-2
Adjustment for non-deductible expenses	2,136	34	1,579
Adjustment for dividends from subsidiaries	-114	-51	-
Adjustment for research and development super deduction	-3,734	-3,618	-4,468
Adjustment for warrant expense (equity- and cash-settled)	-716	2,051	4,723
Change in deferred tax asset not recognized	19,840	34,585	41,160
Tax expense/(income) for the period	**-5,500**	**-5,500**	**-5,500**
Deferred tax in the statement of financial position			
Tax deductible losses	85,616	58,699	33,188
Research and Development capitalized for tax purpose	33,605	41,697	33,072
Other temporary differences	8,974	7,969	7,521
Deferred tax assets/(liabilities) at December 31	**128,195**	**108,365**	**73,781**
Deferred tax assets not recognized			
Deferred tax assets not recognized	-128,195	-108,365	-73,781
Deferred tax at December 31	**0**	**0**	**0**

Notes

8. Income taxes continued

Biotechnology and pharmaceutical drug development is subject to considerable inherent risks and uncertainties. UNION therapeutics has so far reported significant losses and, consequently, has unused tax losses. Management has concluded that deferred tax assets should not be recognized at December 31, 2024 (none recognized at December 31, 2023 and December 31, 2022) due to the uncertainty related to future utilization of tax loss carried forward.

Income tax receivables are recognized in accordance with the Danish tax credit scheme (Skattekreditordningen). Companies covered by the tax credit scheme may obtain payment of the tax base of losses originating from research and development expenses of up to DKK 25m (tax value of DKK 5.5m). Under Danish tax legislation, UNION therapeutics is eligible to receive DKK 5.5m in 2024 (2023: DKK 5.5m; 2022: DKK 5.5m) in cash relating to the surrendered tax loss based on qualifying research and development expenses. These tax receipts comprise the majority of the current tax income in 2022, 2023 and 2024, respectively.

9. Intangible assets

	Patents, trademarks and other rights		
DKK'000	**2024**	**2023**	**2022**
Cost			
At January 1	16,566	16,566	16,566
Additions	-	-	-
At December 31	**16,566**	**16,566**	**16,566**
Amortization			
At January 1	-	-	-
Additions	-	-	-
At December 31	**0**	**0**	**0**
Carrying amount			
At December 31	**16,566**	**16,566**	**16,566**

Notes

9. Intangible assets continued

Acquisition of PDE4-inhibitor program
The intangible assets consist of certain intangible rights in the form of patents and compound data relating to the PDE4 inhibitor compounds including orismilast acquired from Leo Pharma A/S in 2020. UNION therapeutics A/S has no internally generated intangible assets from development, as the criteria for recognition of an asset are not considered met.

Contingent payments of acquisition of intangible rights
Under the terms of the agreement, UNION therapeutics A/S agreed to make future payments to LEO Pharma A/S that were contingent upon the achievement of specified clinical, regulatory, and sales milestones. UNION therapeutics A/S applies the cost accumulation method for the accounting for such contingent payments.

Under the agreement, UNION therapeutics A/S will, subject to meeting certain clinical, regulatory, and sales milestones, pay in cash to the seller up to USD 202m equivalent to DKK 1,240m. Also, UNION therapeutics A/S will pay to the seller low single-digit percentage royalty applied on net sales of covered products until the expiry of the royalty term which ends at the latest on the twelfth anniversary of the first commercial sale of covered products.

Impairment test and considerations
The intangible asset is not being amortized until market approval of the underlying asset has been obtained from regulatory authorities.

UNION therapeutics A/S has performed an impairment test of the intangible assets at 31 December 2022, 2023, and 2024. The recoverable amount of the intangible asset has been determined based on a value in use calculation using a discounted cash flow model. Projected cash flows have been determined based on estimated costs required to bring the product development through market approval and includes contractual contingent payments related to clinical, regulatory, and sale milestones. Budgeted cash flows from future product sales have been probability weighted. The pre-tax discount rate applied to the cash flow projections is 14.0% (2023: 14.0%; 2022: 14.0%). The impairment test shows no need for impairment.

10. Property, plant and equipment

DKK'000	Right-of-use assets	Other equipment	Total
Cost			
At January 1, 2024	3,166	423	3,589
Additions	-	-	-
Disposals	-	-	-
At December 31, 2024	**3,166**	**423**	**3,589**
Depreciation			
At January 1, 2024	-1,964	-340	-2,304
Additions	-767	-46	-813
Disposals	-	-	-
At December 31, 2024	**-2,731**	**-386**	**-3,117**
Carrying amount			
At December 31, 2024	**435**	**37**	**472**
Cost			
At January 1, 2023	2,103	310	2,413
Additions	1,063	113	1,176
Disposals	-	-	0
At December 31, 2023	**3,166**	**423**	**3,589**
Depreciation			
At January 1, 2023	-1,222	-151	-1,373
Additions	-742	-189	-931
Disposals	-	-	0
At December 31, 2023	**-1,964**	**-340**	**-2,304**
Carrying amount			
At December 31, 2023	**1,202**	**83**	**1,285**

Notes

10. Property, plant and equipment continued

DKK'000	Right-of-use assets	Other equipment	Total
Cost			
At January 1, 2022	1,647	157	1,804
Adjustments	456	169	625
Additions	-	-16	-16
At December 31, 2022	**2,103**	**310**	**2,413**
Depreciation			
At January 1, 2022	-618	-26	-644
Adjustments	-604	-141	-745
Additions	-	16	16
At December 31, 2022	**-1,222**	**-151**	**-1,373**
Carrying amount			
At December 31, 2022	**881**	**159**	**1,040**

Right-of-use assets
The company leases its office premises in Copenhagen. The property lease is non-cancellable in the period through January 1, 2025. Hereafter, the option to terminate is six months, meaning the contract can be terminated as of July 31, 2025 at the earliest. The contract does not provide a right, obligation, or an option to buy the office premises. The contract contains both lease and non-lease components according to the specific pricing of the services in the agreements.

Additionally, the company leases parking spaces in the area of the office premises. The contracts include options to terminate in three months, but the leasing contracts are expected to continue at least until June 30, 2025. The contracts do not contain any non-lease components.

In 2022, 2023 and 2024, the expense related to variable lease payments not included in the lease liabilities amounts to DKK 0.1m per year and was recognized in administrative costs.

11. Other receivables

DKK'000	Dec. 31 2024	Dec. 31 2023	Dec. 31 2022
VAT receivables	575	712	2,792
Prepayments	73	269	341
Deposits	396	388	294
Other receivables	-	119	136
Other receivables	**1,044**	**1,488**	**3,563**
Classified as:			
Non-current assets	-	388	294
Current assets	1,044	1,100	3,269
Other receivables	**1,044**	**1,488**	**3,563**

In 2022, 2023 and 2024 Other receivables primarily consists of VAT receivables.

12. Investments in subsidiaries

DKK'000	2024	2023	2022
Cost at January 1	226	226	226
Disposal by liquidation	-40	-	-
Cost at December 31	186	226	226
Carrying amount at December 31	**186**	**226**	**226**

Voting rights and ownership	**2024**	**2023**	**2022**
UNION therapeutics North America Inc., Collateral MMA, 33 Bedford Street, Suite 9, Lexington MA 02420	100%	100%	100%
UNION therapeutics Research Services ApS, Tuborg Havnevej 18, 2900 Hellerup	-	100%	100%
UNION therapeutics Germany GmbH, Alter Kirchenweg 83, 24983 Handewitt	100%	100%	100%

In 2024 the 100% owned subsidiary, UNION therapeutics Research Services ApS, was dissolved in liquidation. The gain on liquidation amounted to DKK 0.5 million, recognized under financial income in the statement of comprehensive profit or loss.

Accounting policies

Investments in subsidiaries are measured in the parent company financial statements at the lower of cost and recoverable amount. Distributed dividends are recognized in the income statement of the parent company.

Notes

13. Capital management and share capital

Capital Management
The Board of Directors monitors the share and capital structure to ensure that UNION therapeutics A/S' capital resources support the strategic goals. UNION therapeutics A/S' goal is to maintain a strong capital base to maintain confidence from investors, creditors, employees and collaboration partners, and a continuous advancement of the research and development pipeline and business in general.

UNION therapeutics A/S is primarily financed through equity investments from shareholders, convertible loans, and a long-term loan agreement with the European Investment Bank. UNION therapeutics A/S has also obtained financing through license agreements and governmental- and private grants.

The adequacy of UNION therapeutics A/S' available funds will depend on various factors, including the advancement of the research and development programs, the magnitude of investments in these programs, and UNION therapeutics A/S' ability to establish commercial collaboration and licensing agreements with partners.

As such, UNION will require additional funds and plans to obtain additional liquidity resources from new long-term sources of funding. This could be in the form of issuance of new shares, entering license and research and development collaboration agreements, refinancing of current outstanding debt instruments or a combination of such.

For further information regarding the European Investment Bank loan and the convertible loan, refer to note 15 and 16, respectively. For further information regarding going concern, refer to note 2 in the consolidated financial statements.

Loss of subscribed share capital
As a result of the group's operating result, accounting policy, financing strategy and utilization of the credit facility provided by the European Investment Bank, at December 31, 2024 the company had lost more than 50% of its subscribed share capital. Management expects to re-establish the subscribed share capital through capital increases or business development activities.

At December 31, 2024, the share capital comprises 7,626,034 shares of nominal DKK 0.1, each of which have been issued and paid in full. Only one class of shares exists, and no shares carry any special rights.

Share-capital movement table	Number of shares	Share capital (DKK'000)
Share capital at January 1, 2022	6,596,000	660
Capital increase at January 3, 2022 (exercise of warrants)	20,955	2
Capital increase at June 30, 2022 (conversion of loan)	232,477	23
Capital increase at December 2, 2022	250,643	25
Share capital at December 31, 2022	**7,100,075**	**710**
Share capital at January 1, 2023	7,100,075	710
Capital increase at July 13, 2023	414,724	41
Capital increase at July 13, 2023 (conversion of loan)	95,110	9
Capital increase at September 12, 2023 (exercise of warrants)	875	1
Capital increase at September 21, 2023 (exercise of warrants)	250	-
Share capital at December 31, 2023	**7,611,034**	**761**
Share capital at January 1, 2024	7,611,034	761
Capital increase at February 13, 2024 (exercise of warrants)	15,000	2
Share capital at December 31, 2024	**7,626,034**	**763**

Notes

14. Financial risks

The company's financial risks are managed by the Executive Management. UNION therapeutics A/S follows a policy where management continually monitors the following defined risks: liquidity risk, interest rate risk, currency risk and credit risk.

Liquidity risk
Liquidity risk is the risk that UNION therapeutics A/S will not be able to meet its financial obligations as they fall due. The Executive Management monitors its risk of a shortage of funds using a liquidity planning tool.

The company's objective and policy is to maintain a balance between continuity of funding and flexibility through the use of equity investments from shareholders and external loans. For discussion of going concern refer to note 2 in the consolidated financial statements.

UNION therapeutics A/S has no unused credit facilities at December 31, 2022, 2023, and 2024.

The following are the contractual undiscounted out-flows associated with the company's financial liabilities in the current and prior year based on their contractual maturities.

DKK'000	Carrying amount	Falling due within 1 year	Falling due between 1-2 years	Falling due after 2 years	Total contractual cash flows
2024					
Short-term debt (amortized cost)	122,138	141,779	-	-	141,779
Trade payables (amortized cost)	5,008	5,008	-	-	5,008
Cost accruals (amortized cost)	7,997	7,997	-	-	7,997
Lease liabilities (amortized cost)	543	543	-	-	543
Convertible loans (fair value)	33,467	-	-	37,086	37,086
Warrant and put option (fair value)	41,178	41,178	-	-	41,178
Payables to group entities (fair value)	255	255	-	-	255
	210,586	**196,760**	**0**	**37,086**	**233,846**
2023					
Short-term debt (amortized cost)	114,413	127,673	-	-	127,673
Trade payables (amortized cost)	8,788	8,788	-	-	8,788
Cost accruals (amortized cost)	9,109	9,109	-	-	9,109
Lease liabilities (amortized cost)	1,360	851	549	-	1,400
Warrant and put option (fair value)	35,305	35,305	-	-	35,305
Payables to group entities (fair value)	502	502	-	-	502
	169,477	**182,228**	**549**	**0**	**182,777**
2022					
Long-term debt (amortized cost)	107,224	-	123,613	-	123,613
Trade payables (amortized cost)	17,728	17,728	-	-	17,728
Cost accruals (amortized cost)	18,789	18,789	-	-	18,789
Lease liabilities (amortized cost)	1,035	848	229	-	1,077
Convertible loans (fair value)	19,358	-	21,590	-	21,590
Warrant and put option (fair value)	34,884	34,884	-	-	34,884
Payables to group entities (fair value)	735	735	-	-	735
	199,753	**72,984**	**145,432**	**0**	**218,416**

The amounts disclosed in the tables are the contractual undiscounted cash flows (including interest payments). Balances due within 12 months, except for the European Investment Bank loan in short-term debt, equals their carrying balances as the impact of discounting is not significant, with the exception of convertible loans. The fair value of Convertible loan and Warrant and put option are based on level 3 in the fair value hierarchy. There were no transfers between levels 1, 2 and 3 for recurring fair value measurement during the periods ended December 31, 2022, 2023 or 2024.

Notes

14. Financial risks continued

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

UNION therapeutics A/S has no significant interest-bearing debt with variable interest, and UNION therapeutics A/S' interest rate risks primarily relate to the position of cash in banks. As such, no separate analysis is provided.

Foreign currency risk
UNION therapeutics A/S has foreign exchange exposure from vendors contracted and paid in other currencies than DKK, or EUR, to which the DKK is pegged. UNION therapeutics A/S also has foreign exchange exposure through certain income elements, e.g. future milestone payments denominated in USD as discussed in note 3 and 9.

UNION therapeutics A/S manages part of the cost-related foreign exchange exposure by buying and selling foreign currencies on a quarterly basis in order to hold amounts of foreign currency that correspond to the contractually committed costs in foreign currency on a 12-months rolling basis. This simple hedging approach is subject to hedging criteria related to size of foreign exchange exposure from vendor contracts, historical currency fluctuation and transaction costs. As of December 31, 2024, UNION therapeutics A/S holds positions in USD and GBP in addition to DKK.

The table shows the expected exposure in USD, GBP and PLN and the net effect it would have had on equity and profit for the year if the year-end exchange rates of USD, GBP and PLN had been 10% higher than the actual exchange rates. A corresponding decrease in the actual exchange rates would have had an opposite (positive/negative) effect on equity and profit for the year.

DKK'000	Cash and cash equivalents	Trade receivables/ (payables)	Net position
2024			
USD	10,491	-3	10,488
GBP	1,741	-78	1,663
2023			
USD	16,053	-472	15,581
GBP	11,315	-924	10,391
2022			
USD	16,921	-654	16,267
GBP	13,314	-2,792	10,522
PLN	5,120	-	5,120

DKK'000	Change in equity	Change in profit for the year
2024		
Change if 10% higher USD-rate than actual rate	1,049	1,049
Change if 10% higher GBP-rate than actual rate	166	166
2023		
Change if 10% higher USD-rate than actual rate	1,558	1,558
Change if 10% higher GBP-rate than actual rate	1,039	1,039
2022		
Change if 10% higher USD-rate than actual rate	1,627	1,627
Change if 10% higher GBP-rate than actual rate	1,052	1,052
Change if 10% higher PLN-rate than actual rate	552	552

Credit risk
The primary potential credit risks relate to Cash and cash equivalents. Cash and cash equivalents are not deemed to be subject to any special credit risk as they are deposited with accredited bank. At December 31, 2024 UNION therapeutics A/S has no trade receivables (December 31, 2023: none; December 31, 2022: none).

Notes

15. European Investment Bank Loan

Loan facility and warrant and put option agreement with the European Investment Bank
In October 2017, UNION therapeutics A/S entered into a finance contract with the European Investment Bank ensuring a loan facility of EUR 20.0m. Under the finance contract, the loan shall be disbursed in up to two tranches and the repayment date is no later than the fifth anniversary of the relevant disbursement date. The loan agreement is subject to a number of financial and non-financial terms.

In January 2018, UNION therapeutics A/S called the first of the two tranches under the finance contract. The first tranche totaled EUR 7.0m. The loan and accumulated interest originally fell due for payment in January 2023.

In December 2019, UNION therapeutics A/S called the second of the two tranches under the finance contract. The second tranche totaled EUR 3.3m. The loan and accumulated interest fell due for payment in December 2024.

Modification of tranche 1 in 2022
In June 2022 the loan period was extended for the tranche 1 loan, meaning the loan and accumulated interest fell due for payment on January 25, 2024.

The present value of cash flow arising from the modification did not exceed 10% compared to the present value of cash-flow before modification. Therefore, the extension of the loan was considered a modification of the existing loan and not a new loan. The modification resulted in a modification loss of DKK 3.1m, reported in 2022 as Financial expenses in the consolidated statement of comprehensive income.

As a result of the modification, UNION was obliged to apply 5% of proceeds in excess of EUR 8.0m from any equity fund raised (excluding an IPO and from any public offerings) occurring between June 1, 2022 and January 23, 2024.

Modification of tranche 1 in 2023
In December 2023 the agreement for tranche 1 was amended. The 2023 addendum stipulates that accrued interest until January 24, 2024, will be capitalized and added to the principal amount. Additionally, an adjustment in the interest rate is outlined, increasing from 10.77% per annum to 12.77% per annum from January 24, 2024, and until maturity (December 18, 2024).

Considering the remaining time to maturity of the original loan relative to the contract terms, and that the extension has been negotiated by independent parties, UNION therapeutics A/S has accounted for the extension as repayment of the original loan and a replacement by a new loan on the date of the original maturity, being January 24, 2024. As a result no modification gain or loss was reported in 2023 in the consolidated statement of comprehensive income.

As a consequence of the capital increases in December 2022 and July 2023 (refer to note 13), UNION made partial repayments of the tranche 1 loan of DKK 0.1m and DKK 5.1m, respectively.

Modification of tranche 1 and 2 in 2024
In December 2024 the agreement for tranche 1 and 2 was amended. Both tranches continue with the terms agreed in previous contracts and amendments. Both tranches have been extended until 18 June 2025 in exchange for a grant of warrants. The amendment stipulates that UNION has an option to extend further to 18 December 2025 in exchange for an additional warrant grant.

As the amendment starts from the maturity date of both tranches, UNION has accounted for the extension as a repayment of the original loan and a replacement by a new loan on the date of the original maturity, being December 18, 2024. As a result no modification gain or loss was reported in 2024 in the consolidated statement of comprehensive income.

Consideration for the loan in the form of warrants
As consideration for the loan, UNION therapeutics A/S has granted 186,910 warrants to the European Investment Bank that vest relative to the drawdown on the loan in two tranches. Upon drawdown of the first tranche in 2018, 87,220 warrants vested. Upon drawdown of the second tranche in 2019, 25,460 warrants vested, and 74,230 warrants were lapsed and became void.

In 2021, the European Investment Bank has been granted additional 2,892 warrants, as an anti-dilution measure as a consequence of UNION therapeutics A/S granting additional equity settled warrants to the Board of Directors, members of the Executive Management and key personnel of the company.

In connection with the modification and extension of the loan period of the first tranche in June 2022, the European Investment Bank has been granted an additional 25,431 warrants.

In 2023, the European Investment Bank has been granted additional 1,700 warrants, as an anti-dilution measure because the Board of Directors' authorization to grant warrants was increased by 100,000 warrants.

In 2024, the European Investment Bank was granted an additional 23,738 warrants in connection with the modification and extension of the loan period of the first and second tranches in December.

166,441 warrants were outstanding at December 31, 2024 (December 31, 2023: 142,703; December 31, 2022: 141,003). Each warrant entitles the European Investment Bank to subscribe for 1 share of nominal DKK 0.1 against payment of exercise price of DKK 0.1. Vested warrants can be exercised in part of in full at any time at the discretion of the European Investment Bank. Warrants not exercised after 20 years shall lapse.

Notes

15. European Investment Bank Loan continued

Put option related to repurchase of vested warrants held by the European Investment Bank
The loan agreement further includes an embedded derivative in form of a put option, pursuant to which the European Investment Bank may require UNION to purchase all or part of the vested warrants held by the European Investment Bank at an option price equivalent to the fair value of the warrants at the time of exercise.

Floating charge
As part of the loan agreement, UNION entered into a floating charge agreement pursuant to which a floating charge of EUR 2.0m is pledged. Furthermore, UNION entered into a negative pledge preventing it from subsisting any security over any of its assets. Refer to note 22.

Fair value measurement of warrant and put option
Summary of the assumptions, conditions and other information used in calculating the fair value using the Black-Scholes option pricing model relating to the warrant and put option:

	2024	2023	2022
Dividend yield	-	-	-
Volatility (%)	68	72	71
Annual risk-free interest rate	0.0%	3.2%	1.4%
Market share price at year-end	DKK 248	DKK 248	DKK 248
Exercise price	DKK 0.1	DKK 0.1	DKK 0.1
Life of option	1 year	1 year	1-2 years

Sensitivity
At December 31, 2022, December 31, 2023 and December, 2024, other things being equal, a 10% increase in the share price will result in a 10% increase in the fair value of the warrant and put option. Similarly, a 10% decrease in the share price will reduce the fair value of the warrant and put option by 10%. Reconciliation of fair value measurements under Level 3 hierarchy:

DKK'000	Warrant and put option
At December 31, 2021	**18,480**
Fair value adjustment through profit or loss (unrealized)	10,112
Warrants added	6,292
At December 31, 2022	**34,884**
Fair value adjustment through profit or loss (unrealized)	-
Warrants added	421
At December 31, 2023	**35,305**
Fair value adjustment through profit or loss (unrealized)	-
Warrants added	5,873
At December 31, 2024	**41,178**

Notes

16. Convertible loans

Convertible loan issued July 2021 and converted in 2023
In July 2021, UNION therapeutics A/S issued a convertible debt instrument of DKK 62.0m, which was received from various parties, including members of the Board of Directors and Executive Management. UNION therapeutics A/S elected the fair value option and accounts for both the debt and the embedded derivatives as a single instrument that is measured at fair value, whereby the convertible debenture at initial recognition is designated at fair value and subsequently remeasured with the change being presented in the statement of profit or loss for the reporting period.

On June 30, 2022, lenders holding nominal DKK 45.0m of total DKK 62.0m of the convertible loan agreed to convert the convertible loans including incurred interests into share capital with a discount of 15% (conversion rate of DKK 210 per share). The fair value of the portion of the converted loan that was converted to equity is equal to DKK 57.5m.

On July 13, 2023, lenders holding the remaining nominal DKK 17.0m of the convertible loan agreed to convert the convertible loans including incurred interests into share capital with a discount of 15% ((conversion rate of DKK 210 per share). The fair value of the portion of the converted loan that was converted to equity is equal to DKK 23.5m.

The following table summarizes the changes in the convertible debt instrument in 2022 and 2023:

DKK'000	
Carrying amount at January 1, 2021	63,778
Converted to equity	-57,541
Fair value adjustment through profit or loss, included in finance expenses	13,121
Carrying amount at fair value at December 31, 2022	**19,358**
Converted to equity	-23,540
Fair value adjustment through profit or loss, included in finance expenses	4,182
Carrying amount at fair value at December 31, 2023	**0**

The convertible loan was at each applicable balance sheet date and upon conversion measured at fair value (level 3) taking into account:

- The convertible loan was a fixed rate loan carrying an interest rate of 9% with maturity on July 16, 2024.
- The convertible loan was denominated in DKK.
- Conversion or repayment at maturity. On the maturity date, July 16, 2024, UNION had the discretion to (i) convert the loan into new shares of the company at the share price at the latest capital increase with a discount of 15%. If the loan was converted at maturity, the conversion price had a cap of DKK 160 per share less 15%; or (ii) repay the loan in cash to the extent that the loan amount and accrued interest had not been converted into shares and the company's existing loan to European Investment Bank had been repaid or consent had been provided by European Investment Bank, though with bondhold discretion to elect conversion to equity.
- Mandatory conversion in the occurrence of an exit-event including (i) an admission to trading of the company's shares on a regulated market (IPO), (ii) a trade sale of more than 90% of the company's shares and (iii) an equity financing with issuance of new shares with proceeds of minimum DKK 120m.
- Conversion or repayment in connection with a De-SPAC transaction. In the event of a De-SPAC transaction the lenders have the discretion to demand the outstanding loan amount repaid in cash or converted into shares with a conversion price equal to the final offer price with a discount of 15%. In the event of a De-SPAC transaction the lenders may elect to demand the loan repaid in cash against receiving additional 6% interest rate.

Since the convertible debt instrument includes conversion features resulting in settlement in a variable number of shares, the convertible debt instrument does not comprise an equity component. The convertible debt instrument includes the following elements:

- Fixed rate debt host contract.
- Embedded prepayment option (exit event).
- Embedded prepayment option (De-SPAC).
- Cap on conversion price at maturity.

Notes

16. Convertible loans continued

Convertible loan issued May 2024
In May 2024, UNION issued a convertible debt instrument of DKK 28.5m, which was received from various parties, including members of the Board of Directors and Executive Management. UNION elected the fair value option and accounts for both the debt and the embedded derivatives as a single instrument that is measured at fair value, whereby the convertible debenture at initial recognition is designated at fair value and subsequently remeasured with the change being presented in the statement of profit or loss for the reporting period.

The following table summarizes the changes in the convertible debt instrument in 2024:

DKK'000	
Carrying amount at January 1, 2024	0
Amount received May 2024	28,528
Fair value adjustment through profit or loss, included in finance expenses	4,939
Carrying amount at fair value at December 31, 2024	**33,467**

The convertible loan was at each applicable balance sheet date and upon conversion measured at fair value (level 3) taking into account:

- The convertible loan is a fixed rate loan carrying an interest rate of 10% with maturity on May 21, 2027.
- The convertible loan is denominated in DKK.
- Conversion or repayment at maturity. On the maturity date, May 21, 2027, UNION has the discretion to (i) convert the loan into new shares of the company at the share price equivalent to the lowest of the latest capital increase with a discount of 15% or a capped share price of DKK 247.5 less 15%; or (ii) repay the loan in cash to the extent that the loan amount and accrued interest has not been converted into shares and the company's existing loan to European Investment Bank has been repaid or consent has been provided by European Investment Bank, though with bondhold discretion to elect conversion to equity.
- Mandatory conversion in the occurrence of an exit-event including (i) an admission to trading of the company's shares on a regulated market (IPO), (ii) a trade sale of more than 75% of the company's shares and (iii) an equity financing with issuance of new shares with proceeds of minimum DKK 120m, and other defined exit events.

Since the convertible debt instrument includes conversion features resulting in settlement in a variable number of shares, the convertible debt instrument does not comprise an equity component. The convertible debt instrument includes the following elements:

- Fixed rate debt host contract.
- Embedded prepayment option (exit event).
- Cap on conversion price at maturity or exit event.
- Cap on conversion price at exit event.

Management has designated, due to the existence of non-closely related embedded derivatives, the entire debt instrument to be carried at fair value through profit or loss using a probability weighted expected return method. Changes arising from changes in the company's own credit risk are recognized in other comprehensive income. The inputs used in the valuation on December 31, 2024 are detailed in the table below:

Assumptions applied	**December 31, 2024**
Discount rate	30%
Probability of conversion at maturity	5%
Probability of conversion due to exit event	95%

The sensitivity of the required return towards key assumptions regarding probabilities has been analyzed.

The following table shows the estimated market value of the convertible loan assuming various changes in assumed conversion probabilities, timing of conversion as well as pricing and discount rates:

Illustrative probability of exit event	**Calculated debt at Dec. 31 (DKK'000)**
93%	33,252
94%	33,359
98%	33,791
99%	33,899
100%	34,007

Notes

17. Other payables

DKK'000	2024	2023	2022
Salary related payables	696	1,946	1,102
Cost accruals	7,997	9,109	18,759
Other Payables	-	11	8
	8,693	**11,066**	**19,869**

Cost accruals primarily comprise accruals for clinical research organization costs. Cost accruals in 2022 primarily reflected a higher level of CRO activity at year end.

18. Related party disclosures

Related parties exercising control or significant influence
As of December 31, 2022, 2023 and 2024, there are no related parties that individually or jointly exercise control over UNION therapeutics A/S.

Related Parties with significant influence
As of December 31, 2022, 2023 and 2024, Vendler ApS and Manjin ApS, which are controlled by the two founders and current members of Board of Directors and the Executive Management, Rasmus Vendler Toft-Kehler and Morten Sommer, respectively, hold 24.35% (2023: 24.40%; 2022: 26.15%) each of the share capital and voting rights of UNION therapeutics A/S.

Related parties with significant influence also comprise the board members and companies controlled by board members. For remuneration of the board of directors refer to note 5 and note 6.

Key management personnel
Key management personnel comprise the Executive Management of UNION therapeutics A/S.

For disclosures of compensation to the Board of Directors and Key management personnel, including the Executive Management, refer to note 5 and note 6.

DKK'000	2024	2023	2022
Transactions with related parties with significant influence, Board of Directors and key management personnel:			
Research and development costs * **	75	430	913
Year end balances arising from transactions with related parties with significant influence, Board of Directors and key management personnel:			
Convertible loan	1,061	-	-
Trade payables	47	177	-

* The company has received consultancy services from a company which is 50% owned by the Chairperson of the Board of Directors, and from a company which is 100% owned by a member of the Board of Directors. In 2024, these services amounted to DKK 75 thousand (2023: DKK 0 thousand; 2022: DKK 45 thousand).

** The Company has received recruitment services from a company where a significant part of the shares ultimately is owned by Rasmus Vendler Toft-Kehler and Morten Sommer. There have been no expenses related to such services in 2024.

Notes

18. Related party disclosures continued

In May 2024, UNION received a convertible debt instrument of DKK 28.5m from various parties, including the Board of Directors and Executive Management. At December 31, 2024, the Board of Directors and Executive Management's part of the loan totaled DKK 1.1m.

Subsidiaries
Balances and transactions between UNION therapeutics A/S and its three subsidiaries: UNION Research Services ApS (dissolved in September 2024), UNION therapeutics Germany GmbH and UNION therapeutics North America Inc.

Other related parties
Other related parties include subsidiaries and associates of shareholders with significant influence and companies controlled by and close family members of members of executive management or members of the board of directors.

DKK'000	2024	2023	2022
Transactions with subsidiaries:			
Research and development costs	5,028	5,298	5,472
Year end balances arising from transactions with subsidiaries:			
Trade receivables	-	65	1,290
Trade payables	255	502	735
Transactions with other related parties:			
Research and development costs*	31	-	373

* The company has received employee services from two family members of different members of the Board of Directors and Executive Management.The employees were terminated in September 2022 and February 2024, respectively. In 2024, these services amounted to DKK 31 thousand (2023: DKK 0 thousand, 2022: DKK 373 thousand).

19. Changes in liabilities arising from financing activities

2024

			Non-cash changes				
DKK'000	2023	Cash flows	Conversion to equity	Split accounting	Fair value adjustment/ Interest	Foreign exchange adjustment	2024
Short/long debt	114,413	-	-	-6,246	13,971	-	122,138
Convertible loans	-	28,528	-	-	4,939	-	33,467
Lease liability	1,360	-851	-	-	34	-	543
Total	**115,773**	**27,677**	**0**	**-6,246**	**18,944**	**0**	**156,148**

2023

			Non-cash changes				
DKK'000	2022	Cash flows	Conversion to equity	Addition during the period	Fair value adjustment/ Interest	Foreign exchange adjustment	2023
Short/long debt	107,224	-5,148	-	-	12,337	-	114,413
Convertible loans	19,358	-	-23,540	-	4,182	-	0
Lease liability	1,035	-796	-	1,063	58	-	1,360
Total	**127,617**	**-5,944**	**-23,540**	**1,063**	**16,577**	**0**	**115,773**

2022

			Non-cash changes				
DKK'000	2021	Cash flows	Conversion to equity	Addition during the period	Fair value adjustment/ Interest	Foreign exchange adjustment	2022
Short/long debt	99,286	-126	-	-	8,064	-	107,224
Convertible loans	63,778	-	-57,541	-	13,121	-	19,358
Lease liability	1,090	-564	-	456	53	-	1,035
Total	**164,154**	**-690**	**-57,541**	**456**	**21,238**	**0**	**127,617**

Notes

20. Cash flow statement – adjustment for non-cash items

DKK'000	2024	2023	2022
Income taxes	-5,500	-5,500	-5,500
Depreciation and amortization	813	931	745
Financial costs/income	15,797	14,667	36,160
Share-based compensation costs	-142	9,323	21,467
Dividend from subsidiaries	-	-233	-
	10,968	**19,188**	**52,872**

21. Cash flow statement – changes in net working capital

DKK'000	2024	2023	2022
Changes in other receivables	44	92	1,358
Changes in VAT receivables	137	2,080	1,452
Changes in prepayments	-102	72	1,829
Changes in employee related liabilities	-1,250	844	-451
Changes in intercompany payables	-247	-233	-25
Changes in intercompany receivables	65	1,225	-170
Changes in trade payables	-3,780	-8,940	6,482
Changes in investments in subsidiaries	40	-	-
Changes in other liabilities	-1,746	-11,945	-11,597
	-6,839	**-16,805**	**-1,122**

22. Contingent assets and liabilities, contractual obligations and pledges

Pledges: European Investment Bank loan, floating charge, pledges, and mandatory partial prepayment
UNION therapeutics A/S has entered into a floating charge agreement with the European Investment Bank pursuant to which a floating charge of EUR 2.0m (2023: EUR 2.0m; 2022: EUR 2.0m) is pledged.

The European Investment Bank loan also contains certain covenants in respect of the future maintenance and conduct of the company's business, including restrictive covenants such as restrictions on providing security (negative pledge), disposal of assets, distribution of dividends, repurchase of shares, incurrence of financial indebtedness, change of business, mergers, granting loans and guarantees, and requirements to provide financial and certain other information to the European Investment Bank.

The European Investment Bank loan also contains customary events of default, including, non-payment, breach of covenants, material breach of representations and warranties, cross-default, certain insolvency and bankruptcy events and judgements against the company and a material adverse change clause and change-of-control repayment requirement in the event of a third-party obtaining control over the company.

Bank accounts in UNION therapeutics Germany GmbH have been pledged as security for outstanding credit card debt in the entity. The outstanding amount at December 31, 2024 is immaterial.

Contingent assets: Payment under out-license agreements
UNION therapeutics A/S is entitled to potential milestone payments and royalties upon materialization of certain scientific and regulatory milestones and on successful commercialization of products developed under license agreements with Innovent Biologics Inc (reference is made to note 3). Since the size and timing of such payments are uncertain until the milestones are reached or sales are generated, the agreements may qualify as contingent assets. However, it is associated with a very high degree of uncertainty to measure the value of such contingent assets, and, accordingly, no such assets have been recognized.

Contingent payments of acquisition of intangible rights
Under the terms of the agreement with LEO Pharma A/S, UNION therapeutics A/S agreed to make future payments to LEO Pharma A/S that were contingent upon the achievement of specified clinical, regulatory, and sales milestones. UNION therapeutics A/S applies the cost accumulation method for the accounting for such contingent payments.

Under the agreement, UNION therapeutics A/S will, subject to meeting certain clinical, regulatory, and sales milestones, pay in cash to the seller up to USD 202m equivalent to DKK 1,240m. Also, UNION therapeutics A/S will pay to the seller low single-digit percentage royalty applied on net sales of covered products until the expiry of the royalty term which ends at the latest on the twelfth anniversary of the first commercial sale of covered products.

Other information

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today discussed and approved the annual report of UNION therapeutics A/S for the financial year January 1 – December 31, 2024.

The annual report has been prepared in accordance with IFRS accounting standards as adopted by the EU, and further requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the group and the parent company at December 31, 2024 and of the results of their operations and cash flows for the financial year January 1 – December 31, 2024.

Further, in our opinion, the management's review includes a fair review of developments in the group's and the parent company's activities and finances, results for the year and the group's and the parent company's financial position in general, as well as a description of the most significant risks and uncertainties to which the group and the parent company are exposed.

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

Hellerup, February 10, 2025

Executive Management

Kim Domela Kjøller
Co-Chief Executive Officer

Rasmus Vendler Toft-Kehler
Co-Chief Executive Officer

Morten Højland Boesen
Chief Financial Officer

Morten Otto Alexander Sommer
Chief Scientific Officer

Board of Directors

Stig Løkke Pedersen
Chair of the Board

Arthur Higgins
Vice Chair of the Board

Gitte Pugholm Aabo
Board member

Andrew John Oakley
Board member

Peter Kristensen
Board member

Rasmus Vendler Toft-Kehler
Board member

Morten Otto Alexander Sommer
Board member

Independent Auditor's Report

To the shareholders of UNION therapeutics A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of UNION therapeutics A/S for the financial year 1 January – 31 December 2024, which comprise statement of comprehensive income or loss, cash flow statement, statement of financial position, statement of changes in equity and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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.

Material uncertainty related to going concern

The financial statements have been prepared on a going concern assumption. We draw attention to note 2 in the financial statements, which describes that the Group and the Parent Company, considering its net current assets, initiated cost saving measures, and forecasted cash requirements, have liquidity to finance its operations as planned into December 2025 and that funding of the Group and Parent Company's operating activities beyond December 2025, including refinancing of the European Investment Bank loan, is not secured as of the date of these financial statements. Accordingly, a material uncertainty that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern exists. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We have not modified our opinion in respect of this matter.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and 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 Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

Copenhagen, February 10 2025

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Christian Schwenn Johansen
State Authorised
Public Accountant
mne33234

Rasmus Bloch Jespersen
State Authorised
Public Accountant
mne35503

Forward looking statements

This annual report contains forward-looking statements. All statements, other than statements of historical facts, included in this report are forward-looking statements. These statements include, but are not limited to, statements regarding the potential benefits UNION's product candidates, including orismilast; the development, scope, timing and progress, including as to enrolment and data readouts, from ongoing and future clinical trials; business prospects and opportunities; future plans and intentions, results, level of activities, performance, goals or achievements or other future events; the potential regulatory approval of UNION's product candidates; and UNION's ability to commercialize its product candidates, once approved.

These forward-looking statements are based on current expectations and beliefs, as well as assumptions concerning future events. These statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from the results discussed in the forward-looking statements.

Any forward-looking statement made in this report speaks only as of the date of this report and represents estimates and assumptions only as of the date of this report. Nothing contained in this report should be construed as a profit forecast or profit estimate.

To the extent this report includes market and industry data obtained by the company from industry publications and surveys, the company may not have access to the facts and assumptions underlying the numerical data, market data and other information extracted from public sources and as a result neither the company nor any of the company's advisors or representatives are able to verify such information and assume no responsibility for the accuracy or completeness of any such information. Any information contained or views expressed in this report do not purport to be comprehensive and are based on financial, economic, market and other conditions prevailing as of the date of this report and are subject to change without notice.

Except as required by law, UNION assumes no obligation to update these statements publicly, whether as a result of new information, future events or otherwise after the date of this report.

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Company information

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Established

October 10, 2011

UNION THERAPEUTICS

Passionately creating medicines that make a difference

Production and layout: NOTED

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