

Scandion Oncology A/S

Ole Maaløes Vej 3
2200 København N
Business Registration No
38613391

Interim report

**01.01.2018 -
30.06.2018**

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Entity details

Entity

Scandion Oncology A/S
Ole Maaløes Vej 3
2200 København N

Central Business Registration No (CVR): 38613391
Registered in: København
Financial year: 01.01.2018 - 30.06.2018

Board of Directors

Jørgen Vilhelm Løvenørn Bardenfleth, formand
Thomas Feldthus, næstformand
Christian Vinding Thomsen
Karl Arne Krister Borrebaeck

Executive Board

Nils Aage Brünner, adm. direktør

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the interim report

The Board of Directors and the Executive Board have today considered and approved the interim report of Scandion Oncology A/S for the interim period 01.01.2018 - 30.06.2018.

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

In our opinion, the interim report gives a true and fair view of the Entity's financial position at 30.06.2018 and of the results of its operations and cash flows for the interim period 01.01.2018 - 30.06.2018.

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

We recommend the interim report for adoption by the Executive Board and the Board of Directors.

København, 17.08.2018

Executive Board

Nils Aage Brünner
adm. direktør

Board of Directors

Jørgen Vilhelm Løvenørn
Bardenfleth
formand

Thomas Feldthus
næstformand

Christian Vinding Thomsen

Karl Arne Krister Borrebaeck

Independent auditor's report

To the shareholders of Scandion Oncology A/S

Opinion

We have audited the interim financial statements of Scandion Oncology A/S for the interim period 01.01.2018 - 30.06.2018, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The interim financial reports are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the interim financial reports give a true and fair view of the Entity's financial position at 30.06.2018 and of the results of its operations and cash flows for the interim period 01.01.2018 - 30.06.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the interim financial reports

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

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

Auditor's responsibilities for the audit of the interim financial reports

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

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

Independent auditor's report

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

Independent auditor's report

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

København, 17.08.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Thomas Hermann
State Authorised Public Accountant
Identification No (MNE) mne26740

Management commentary

Primary activities

The object of the company is research and development in the pharmaceutical industry and thus related activity.

Development in activities and finances

Scandion Oncology is based on a merger of ion channel technology from Saniona AB (www.saniona.com) and cancer research technologies and inventions from University of Copenhagen. The company was legally founded April 2017. The founders are Saniona AB (46,5%) and Nils Brünner (13,1%), Jan Stenvang (18,3%), Kim Arvid Nielsen (12,8%).

The goal at Scandion Oncology is to develop drugs that specifically target chemotherapy resistance mechanisms. Scandion Oncology has two products, SCO-101 and SCO-201, and additionally 800 analogs of SCO-101.

Development plan is to bring the compound SCO-101 through clinical proof-of-concept phase II studies. Scandion Oncology A/S will initially prepare for conducting two clinical run-in phase IIa studies with metastatic breast cancer and metastatic colorectal cancer patients in which patients are exposed to combinations of standard dose of chemotherapy and increasing doses of SCO-101. The main objective of the run-in phase is to evaluate safety when co-administering SCO-101 with chemotherapy.

Scandion Oncology raised further capital of DKK 1,965 thousand in December 2017 and DKK 450 thousand in May 2018. The new shareholders are members of the Board and others.

In 2018, Scandion Oncology reported revenues of DKK 0 and net profit before tax of DKK - 3,062 thousand. At 30 June 2018, Scandion Oncology had DKK -486 thousand in equity and DKK 327 thousand in cash and cash equivalents.

It is the intention of Scandion Oncology to raise approximately 18.4 mill. DKK in a private placement during 2018, potentially in combination with a company listing on Spotlight Stock Market, Sweden.

Scandion Oncology will carry out the development plan as and when funding permits it. Scandion Oncology expects that it will be able to raise sufficient capital to fund the planned activities for the next 12 months.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this interim report.

Income statement

		01.01.2018 - 30.06.2018	02.05.2017 - 31.12.2017
	Notes	DKK	DKK
Costs of raw materials and consumables		(180.654)	0
Other external expenses		<u>(2.590.849)</u>	<u>(927.538)</u>
Gross profit/loss		(2.771.503)	(927.538)
Staff costs	1	<u>(289.966)</u>	<u>(245.467)</u>
Operating profit/loss		(3.061.469)	(1.173.005)
Other financial expenses	2	<u>(383)</u>	<u>(112)</u>
Profit/loss before tax		(3.061.852)	(1.173.117)
Tax on profit/loss for the year		<u>673.525</u>	<u>160.281</u>
Profit/loss for the period	3	<u>(2.388.327)</u>	<u>(1.012.836)</u>

Balance sheet

	<u>Notes</u>	<u>30.06.2018</u> DKK	<u>31.12.2017</u> DKK
Deposits		34.578	34.578
Other receivables		673.525	0
Fixed asset investments		708.103	34.578
Fixed assets		708.103	34.578
Other receivables		122.039	112.504
Income tax receivable		160.281	160.281
Prepayments	4	2.059	16.752
Receivables		284.379	289.537
Cash		327.122	1.637.670
Current assets		611.501	1.927.207
Assets		1.319.604	1.961.785

Balance sheet

	<u>Notes</u>	<u>30.06.2018</u> DKK	<u>31.12.2017</u> DKK
Contributed capital		548.546	540.065
Share premium		2.367.058	1.925.539
Retained earnings		<u>(3.401.163)</u>	<u>(1.012.836)</u>
Equity		<u>(485.559)</u>	<u>1.452.768</u>
Trade payables		1.804.595	508.449
Other payables		<u>568</u>	<u>568</u>
Current liabilities other than provisions		<u>1.805.163</u>	<u>509.017</u>
Liabilities other than provisions		<u>1.805.163</u>	<u>509.017</u>
Equity and liabilities		<u>1.319.604</u>	<u>1.961.785</u>
Unrecognised rental and lease commitments	6		
Contingent liabilities	7		
Transactions with related parties	8		

Statement of changes in equity for 2018

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	540.065	1.925.539	(1.012.836)	1.452.768
Increase of capital	8.481	441.519	0	450.000
Profit/loss for the period	0	0	(2.388.327)	(2.388.327)
Equity end of year	548.546	2.367.058	(3.401.163)	(485.559)

Cash flow statement for 2018

	<u>Notes</u>	<u>30.06.2018</u> <u>DKK</u>	<u>31.12.2017</u> <u>DKK</u>
Operating profit/loss		(3.061.469)	(1.173.005)
Working capital changes	5	<u>1.301.304</u>	<u>379.761</u>
Cash flow from ordinary operating activities		(1.760.165)	(793.244)
Financial income paid		<u>(383)</u>	<u>(112)</u>
Cash flows from operating activities		(1.760.548)	(793.356)
Acquisition of fixed asset investments		<u>0</u>	<u>(34.578)</u>
Cash flows from investing activities		0	(34.578)
Cash increase of capital		<u>450.000</u>	<u>2.465.604</u>
Cash flows from financing activities		450.000	2.465.604
Increase/decrease in cash and cash equivalents		(1.310.548)	1.637.670
Cash and cash equivalents beginning of year		<u>1.637.670</u>	<u>0</u>
Cash and cash equivalents end of year		<u>327.122</u>	<u>1.637.670</u>

Notes

	01.01.2018 - 30.06.2018	02.05.2017 - 31.12.2017
	DKK	DKK
1. Staff costs		
Wages and salaries	138.000	150.000
Other social security costs	960	745
Other staff costs	151.006	94.722
	289.966	245.467

	01.01.2018 - 30.06.2018	02.05.2017 - 31.12.2017
	DKK	DKK
2. Other financial expenses		
Other interest expenses	83	10
Exchange rate adjustments	300	102
	383	112

	01.01.2018 - 30.06.2018	02.05.2017 - 31.12.2017
	DKK	DKK
3. Proposed distribution of profit/loss		
Retained earnings	(2.388.327)	(1.012.836)
	(2.388.327)	(1.012.836)

4. Prepayments

Prepayments consists of DKK 2 thousand paid to supplier.

	30.06.2018	31.12.2017
	DKK	DKK
5. Change in working capital		
Increase/decrease in receivables	5.158	(129.256)
Increase/decrease in trade payables etc	1.296.146	509.017
	1.301.304	379.761

6. Unrecognised rental and lease commitments

The Company's rental agreement has a rental period with expiry 1 October 2020. Within the rental period, the agreement can be terminated with a four months notice. The rental commitment constitutes DKK 67 thousand.

Notes

7. Contingent liabilities

The company is committed to compensate workers for unpaid working hours when the company's funding is in place. If funding is unsuccessful the commitment will not be realized. The total commitment is DKK 1.475 thousand.

8. Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the interim report. No such transactions have been conducted in the period.

Accounting policies

Reporting class

This interim report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

It is the company's first financial report in class C.

Income statement

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the interim period after adjustment for changes in inventories of these goods from the beginning to the end of the period. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

Balance sheet

Receivables

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

Income tax payable or receivable

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

Prepayments

Prepayments comprise incurred costs relating to subsequent interim periods. Prepayments are measured at cost.

Accounting policies

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the interim period.

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

Cash flows from investing activities comprise payments in connection with fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.

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Nils Aage Brünner

Adm. direktør

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KARL BORREBAECK

Bestyrelsesmedlem

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IP: 130.235.xxx.xxx

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Thomas Hermann

Revisor

Serienummer: CVR:33963556-RID:61881459

IP: 93.164.xxx.xxx

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Thomas Feldthus

Bestyrelsesmedlem

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Bestyrelsesformand

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Christian Vinding Thomsen

Bestyrelsesmedlem

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