SCANDION ONCOLOGY

YEAR-END REPORT 01-JAN-2018 – 31-DEC-2018

Scandion Oncology A/S | 38613391 | www.scandiononcology.com

Year-end report for the period 01-JAN-2018 – 31-DEC-2018

In this document, the following definitions shall apply unless otherwise specified: "the Company" or "Scandion Oncology" refers to Scandion Oncology A/S, CVR number 38613391.

> *Scandion Oncology is focused on developing cancer-fighting drugs that can block or circumvent drug resistance in cancer treatment. In preclinical studies, our candidate drug SCO-101 enhances the efficacy of standard cancer treatment when given in combination with the cancer drug and restores chemotherapy sensitivity in resistant cells. SCO-101 has successfully undergone four Phase I studies and is now ready for Phase II clinical trials in cancer patients with drug-resistant disease.*
>
> ***CEO, Nils Brünner***

Statement by the Board of Directors

The Board of Directors provide their assurance that the year-end report provides a fair and true overview of the Company's operations, financial position and results.

Copenhagen, February 21, 2019
The Board of Directors of Scandion Oncology A/S

Joergen Bardenfleth	*Chairman of the Board*
Carl Borrebaeck	*Member of the Board of Directors*
Christian Vinding Thomsen	*Member of the Board of Directors*
Thomas Feldthus	*Member of the Board of Directors*

Key figures and selected financial posts

DKK	01-OCT-2018 31-DEC-2018	01-OCT-2017 31-DEC-2017	01-JAN-2018 31-1DEC2018	02-MAY-2017 31-DEC-2017
Net sales	0	0	0	0
Operating profit/loss	-5,577,224	-631,874	-9,934,585	-1,173,005
Profit/loss before tax	-5,596,608	-631,884	-9,957,906	-1,173,117
Profit/loss for the period	-4,780,663	-590,674	-8,182,558	-1,012,836
Total assets	13,562,750	1,961,784	13,562,750	1,961,784
Equity ratio	0.93	0.74	0.93	0.74
Number of registered shares	11,907,651	7,347,822	11,907,651	7,347,822
Earnings per share	-0.40	-0.08	-0.85	-0.14

Definitions

Equity ratio: Shareholders' equity as a proportion of total assets.

Earnings per share: Profit/Loss for the period divided by average number of shares.

Highlights during Q4 2018

- 01OCT18: Scandion Oncology is approved for listing at Spotlight.
- 16OCT18: Scandion Oncology files a new patent application covering a second indication for SCO-101. The second indication is a non-cancer indication where there is a significant medical need and market potential.
- 23OCT18: Scandion Oncology completes successfully an initial public offering (IPO) and receives approx. 1,500 new shareholders and proceeds of SEK 26 million prior to financial expenses. Scandion Oncology's IPO was oversubscribed more than 4 times prior to the listing on Spotlight.
- 08NOV18: Scandion Oncology has its first day of public trading at Spotlight.
- 13NOV18: Scandion Oncology receives a small but important EU grant.
- 16NOV18: Scandion Oncology receives an EU-Upstart grant.
- 11DEC18: Scandion Oncology Board and management team have a Strategy Meeting in Sweden.
- 14DEC18: Scandion Oncology informs on the selection of collaborator for the Boost4Health Internationalisation grant.
- 21DEC18: Senior executives increase their holdings in Scandion Oncology.

CEO Nils Brünner

2018 has been an eventful year for Scandion Oncology. Our single most important event was the listing on Spotlight and the associated new share issue during the third and fourth quarter. During 2018, we worked hard to prepare the Company for listing and in November we completed our new share issue, which provided Scandion Oncology with approximately SEK 26 million before financial expenses. I would like to thank everyone who subscribed, for your confidence in Scandion Oncology and our drug candidates. The financing has enabled us to accelerate the development of our business. A significant milestone was reached when the production of the first technical SCO-101 batch produced at Cambrex in Sweden was approved. We have now initiated the manufacturing of the drug substance for clinical use and expect that the final capsules will be available in Q4, 2019. We are in parallel working on the clinical protocol together with the clinical centres and expect to initiate the phase II study during Q4, 2019. We are thus strictly following the pre-set timelines for SCO-101 drug production.

Scandion Oncology's target

More than one-half of all cancer patients with metastatic disease fail their cancer treatment – largely due to the cancer either being resistant, or developing resistance, to the drug. Therefore, drug resistance is increasing mortality and represents a major burden on health care systems. With approximately 14 million new cancer cases being diagnosed globally every year, a new treatment with the potential to overcome treatment resistance and significantly reduce mortality, and the burden on the healthcare system, constitutes a significant potential business opportunity.

What will happen in 2019

The primary objective for 2019 is to finalize the production (June 2019) and formulation (Q4, 2019) of SCO-101 and in parallel file a Clinical Trial Application (CTA) with the aim of obtaining approval to start Phase II clinical studies in Denmark this year. We are also currently developing so-called predictive biomarkers for SCO-101 efficacy and we expect to start the clinical validation of at least two different predictive biomarkers in connection with the first clinical phase II study. All biomarkers have been or will be sought protected by patent applications.

Status update:

1. Finances: As you know, we successfully raised SEK 26 million with an additional 402% oversubscription. We are very pleased that so many investors showed faith in Scandion Oncology, which made it possible for us to continue our drug development. A large share of the SEK 26 million was reserved to pay for production and formulation of our lead drug SCO-101 (see below). Another large share is reserved to perform the first part of the clinical phase II study with SCO-101 (see below). In order to further progress the clinical development of SCO-101 we have applied for soft money grants. We have received two grants from EU that have allowed us to start collaboration with Nijmegen University, the Netherlands, where a group of researchers headed by Professor Paul Span, are now further investigating the relationships between SCO-101 and resistance to anti-estrogens in breast cancer. A third EU grant received by Scandion Oncology is used to pay for support in writing a new EU application.

2. SCO-101 production and formulation: Cambrex AB in Sweden is currently producing SCO-101. By telephone conferences every second week and face-to-face meetings, Cambrex and Scandion Oncology have secured that the SCO-101 production is strictly following the pre-set timelines. This means that we according to the plans expect the raw SCO-101 material to be ready in June 2019. Scandion Oncology has close contacts to a company, which can formulate SCO-101 into capsules and deliver these capsules to the hospitals, where the patients will be treated. We are following the original plans and will receive the capsules in Q4, 2019 and then start the clinical study. This timeline is in accordance with the information in the memorandum. We have invaluable support from three consultants within drug production and drug formulation – which secures a smooth and progressive process.

3. Clinical development of SCO-101: Our main candidate drug SCO-101 is a “First in Class” drug with new mechanisms of action in killing cancer cells when combined with chemotherapy in otherwise drug resistant cancer disease. SCO-101 is taken as a daily capsule and has undergone four Phase I studies, including single and multiple dose studies, which included 92 healthy individuals. SCO-101 is well-tolerated and has a good pharmacokinetic profile. Following our original plans Scandion Oncology has requested an advisory meeting with the Danish Medical Agency (Lægemiddelstyrelsen). This meeting will take place early March 2019. At this meeting, Scandion Oncology will present its clinical plans for SCO-101 and expects to receive qualified feedback. The results of this meeting will be used to refine the clinical protocol for the phase II trial and we expect to submit the final protocol to the authorities shortly after. We have entered into an agreement with an expert within regulatory affairs and drug development to secure that we adhere to EMA (Europe) and FDA (US) standards. Scandion Oncology has meet with potential clinical investigators, that will carry out the phase II trial and further meetings are scheduled. To improve the chances of success of the upcoming clinical phase II trial with SCO-101, we are working with so-called predictive biomarkers for SCO-101 in cancer. A predictive biomarker is a characteristic of the patient or the patient’s disease, which predicts that the patients will have benefit from a specific treatment. The plan is to perform a first clinical validation of these biomarkers during the phase II trial.

4. Patents: Scandion Oncology is active with its patent strategy. We have regular meetings with our patent law firm to discuss how to handle and secure our inventions. As previously announced, we have so far filed two patent applications on SCO-101 and cancer treatment. The first of these has now entered national phase.

5. Preclinical research: Scandion Oncology has continued its preclinical research with SCO-101 and SCO-201. We have in particular extended the studies on SCO-101 and endocrine (antiestrogen) resistance. In

this collaboration with our Dutch partner, we are exploring the exact mechanism of action of SCO-101 in reverting endocrine resistance. These results will form the basis for a later clinical phase II trial, where we will combine SCO-101 with endocrine treatment in women with breast cancer, who have progressed during anti-estrogen treatment. We continue the preclinical work with SCO-201 and a scientific publication is in progress.

6. Business Development: Scandion Oncology has made contract agreements with two companies regarding development of predictive biomarkers for SCO-101. In addition, we have signed an agreement with Leo Pharma's Open Innovation Programme for testing SCO-101 and SCO-201 in their proprietary pre-clinical models.

7. Investor Relationship: We continue our investor presentations in Denmark and Sweden. For example, Scandion Oncology will present at the Sedermera Day in Copenhagen in March 12, 2019. We do hope to see you at this event.

8. Non-cancer indication for SCO-101: As previously announced in the Memorandum, Scandion Oncology has discovered a non-cancer indication, where preclinical results have indicated that SCO-101 could play a major role as a new therapeutic for this disease entity. A patent application has been filed on this indication. The Board of Directors and Management of Scandion Oncology is presently discussing next step within this business area.

As the CEO of Scandion Oncology, I am very satisfied and pleased with the latest progress of our activities, where we have followed the plans laid out in the Memorandum. From the above descriptions, it is clear that we have the very best background to reach our goals for 2019. The most important of these are to finalize the production and formulation of SCO-101 and to initiate the planned clinical phase II trial. Thus, 2019 will be an exciting year with important milestones to be reached.

Once again, my sincere thanks to all our investors, who made it possible.

Nils Brünner
CEO
Scandion Oncol ogy A/S

About Scandion Oncology

Scandion Oncology is a biotech company founded in 2017 with the purpose of addressing one of the greatest and most important challenges in modern oncology – the effective treatment of cancer, which is or has become resistant to the prescribed cancer-treating drugs. Scandion Oncology's innovative drug, SCO-101, has in preclinical studies shown that it can reverse resistance against some of the most commonly used cancer drugs. Scandion Oncology has so far identified two different molecular mechanisms of actions of SCO-101 in reversing drug resistance. One mechanisms of action is inhibition of drug efflux pumps that often are upregulated when cancer cells become drug resistant. These pumps confer drug resistance by transporting the anti-cancer drugs out of the cancer cells so the drugs cannot kill the cancer cells. The other mechanism of action is inhibition of a specific kinase involved in drug resistance. Scandion oncology has in 2018 filed patent applications on these molecular mechanisms of action of SCO-101.

Scandion Oncology was formed as a spin-out company from the University of Copenhagen and the research & development company Saniona AB, where the latter still owns 29.2% of the Company.

In 2015, researchers at the University of Copenhagen were granted the rights to test SCO-101 and related substances in their screening systems, which led to the finding that SCO-101 showed an exciting potential to overcome cancer treatment resistance by restoring the cancer cell´s sensitivity to standard cancer treatment.
Under the same agreement, scientists at University of Copenhagen together with Scandion Oncology identified a potential second indication for SCO-101 medical treatment. This second indication is different from the cancer indication and represents a huge medical need. A patent application covering this second indication was submitted in 2018.

Positive Phase I results for SCO-101

The candidate drug SCO-101 has as an oral formulation undergone four Phase I studies comprising a total of 92 healthy subjects. These clinical studies showed very good results in single and multiple doses with good safety and tolerability, as well as excellent pharmacokinetic profile. Overall, the Phase I studies showed that SCO-101 was safe and well tolerated. Based on these positive clinical phase I data, Scandion Oncology is now preparing an application to the Danish Medical Agency for a Phase II clinical trial on chemotherapy-resistant cancer. Scandion Oncology will also present its clinical phase II plans to the European Medical Agency (EMA).

Pipeline - Multiple assets targeted several forms of cancer

In addition, Scandion Oncology's has another compound/drug in its pipeline-SCO-201.

SCO-201 is still in preclinical testing. SCO-201 is directed against other solid cancers, including lung cancer and pancreatic cancer.

The development pipeline of Scandion Oncology's drug pipeline is shown in Figure 1.

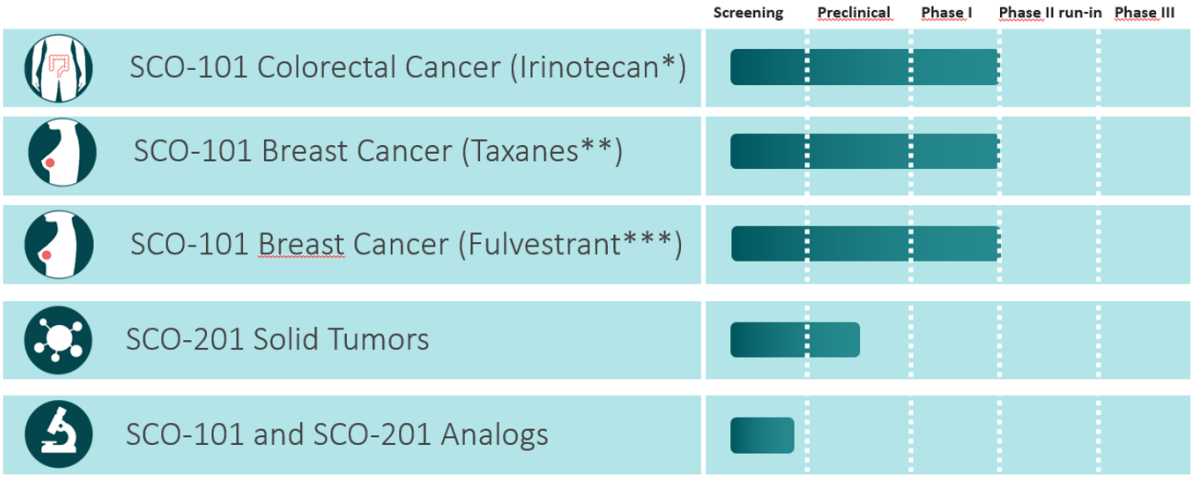

Figure 1

** Irinotecan is one of the most often used chemotherapeutic drugs being used to treat metastatic colorectal cancer. However, almost all the patients will develop resistance towards irinotecan.*
*** Taxanes are used to treat a large number of cancer types including breast cancer where it is the main type of chemotherapy.*
**** Fulvestrant is a form of anti-estrogen treatment being used to treat women with estrogen receptor positive metastatic breast cancer.*

Mechanisms of Action

Scandion Oncology has filed patents on the Mechanisms of Action of SCO-101 when restoring sensitivity to anti-cancer drugs. One mechanism of action of SCO-101 is inhibition of so-called drug efflux pumps (Figure 2). These pumps are located in the membrane of the cells. In resistant cancer cells, the pumps can be many folds upregulated and the cancer cells thereby protects themselves against the toxic anti-cancer drugs simply by pumping the drugs out of the cells before the drugs can kill the cells. Another Mechanism of Action of SCO-101 is inhibition of a specific kinase in cells. By blocking this kinase and its down-stream signalling, resistant cells may become sensitive to the anti-cancer drugs again.

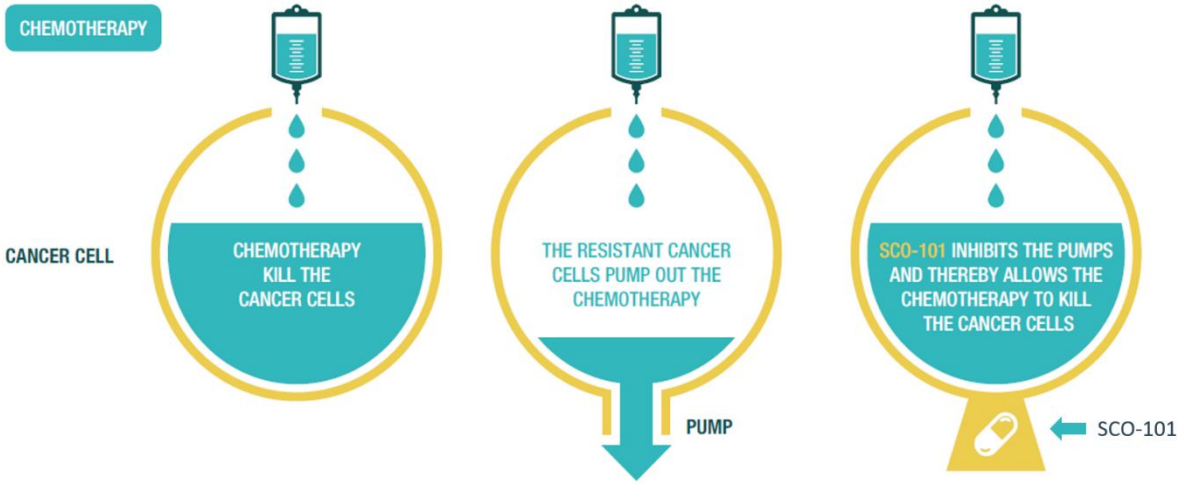

Figure 2: Drug resistant cancer cells may upregulate drug efflux pumps and thereby pump out chemotherapy leading to resistance

A little less than half of all cancer patients with metastatic disease fail their cancer treatment – largely due to the cancer either being resistant already from the time of the primary diagnosis, or that the cancer acquire resistance during anti-cancer treatment. As a result, the cancer continues to grow despite treatment and after a period of time the patient will eventually lose his/her life to the cancer disease. Therefore, drug resistance is a major burden on health and medical care systems and presents a significant commercial opportunity for Scandion Oncology.

Business model

The target group for developing the candidate drug SCO-101 into a commercial success will be the major pharmaceutical and biotechnology companies who have already established cancer-fighting drugs on the market. Due to SCO-101 being “first in class” with new mechanisms of action, Scandion Oncology has already attracted a high degree of interest from several drug companies.

Chemotherapy is still the primary treatment to fight cancer and chemotherapy is expected to remain the primary treatment option for the coming years. Immune oncological drugs, such as immune checkpoint inhibitors, may also be combined with chemotherapy in order to increase the immune systems attack on the cancer cells. It is expected that approximately 15% of cancer patients will be candidates for immune oncology drugs while the remaining 85% of patients will still be offered chemotherapy including endocrine treatment. Scandion Oncology plans to out-license SCO-101 to a pharmaceutical company upon completion of Phase II proof of concept studies. Scandion Oncology’s partner will from that time be responsible for further clinical development and commercialisation. Scandion Oncology expects to receive upfront- and milestone payments in relation to the development and regulatory approval of SCO-101 as well as royalties on product sales.

Scandion Oncology has extended the preclinical studies on SCO-101 and endocrine (antiestrogen) resistance. These results will form the basis for a clinical phase II study where Scandion Oncology will combine SCO-101 with endocrine treatment in breast cancer women who have progressed during endocrine treatment. Scandion Oncology has also continued the preclinical work with SCO-201. These results are now being written- up and is expected soon to be submitted as a scientific paper to an international peer-reviewed journal.

Shareholders

The table below presents the 25 largest shareholders (based on nominee accounts) in Scandion Oncology as per December 31, 2018.

Name	Number of shares	Percentage of voting right and capital (%)
Saniona AB	3,473,577	29.17
Jan Stenvang *	1,506,516	12.65
Nils Brünner**	1,205,045	10.12
Nordnet Pensionsförsäkring AB	902,470	7.58
Avanza Pension	723,305	6.07
Kim Arvid Nielsen	476,765	4.00
Christian René Tang-Jespersen	327,869	2.75
I/S P. Bolvig	141,880	1.19
Lioneagle ApS***	130,030	1.09
JPM Chase NA	120,511	1.01
Morten Fadum Nissen	113,191	0.95
Bank of New York Mellon SA NV	111,065	0.93
Jimmie Landerman	106,719	0.90
Christian Holger Mörch	82,051	0.69
Göran Ofsén	80,000	0.67
Sparekassen Kronjylland	71,800	0.60
Jyske Bank	68,376	0.57
Mats Lagerdahl	59,432	0.50
CB Ocean Capital AB****	54,645	0.46
Niclas Löwgren	50,000	0.42
Stefan Olsson	50,000	0.42
Alan K.Hueg	47,863	0.40
Skandia	44,508	0.37
Peter Nilsson	42.735	0.36
Others	1,917,298	16.13
Total	**11,907,651**	**100.00**

** CSO, member of the Board Jan Stenvang.*

*** CEO, member of the Board Nils Brünner.*

**** Chairman of the Board Joergen Bardenfleth.*

***** Member of the Board Carl Borrebaeck.*

The share

The shares of Scandion Oncology A/S were listed on Spotlight Stock Market on November 8, 2018. The short name/ticker is SCOL and the ISIN code is DK0061031895. As per December 31, 2018, the number of shares was 11,907,651. Every stock share equals the same rights to the Company´s assets and results.

Operational risks and uncertainties

The risks and uncertainties that Scandion Oncology's operations are exposed to are related to factors such as development, competition, capital requirements, currencies and interest rates. For a more detailed description of risks and uncertainties, please read the memorandum published in October 2018. During the current period, no significant changes in risk factors or uncertainties have occurred. The documents are available on the Scandion Oncology website (www.scandiononcology.com).

Proposed appropriation of Scandion Oncology's profit and loss

The Board of Directors and the CEO propose that no dividend shall be paid for the financial year 01-JAN-2018 – 31-DEC-2018.

Annual general meeting and annual report 2018

The Annual General Meeting of Scandion Oncology will be held at May 29, 2019 in Copenhagen, Denmark.

Principles for year-end Report

The year-end report has been made in accordance with Danish jurisdiction for annual accounts.

Going concern

As stated in the memorandum in connection with the Initial Public Offering at Spotlight Stock Market, Sweden November 2018, Scandion Oncology will seek additional capital during 2019 to complete the Phase II clinical trial and other activities.

Auditor´s review

The year-end report has not been reviewed by the Company's auditor.

For further information, please contact

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E-mail: nb@scandiononcology.com

Financial Review

Income Statement Q1 – Q4 2018

Operating loss for fourth quarter 2018 is DKK -5,577 thousand (-632) and operating loss for 2018 is DKK -9,935 thousand (-1.173).

External expenses for fourth quarter 2018 are DKK -3,352 thousand (-462) and staff costs are DKK -2.225 thousand (-170). External expenses for 2018 are DKK -7,385 thousand (-928) and staff costs are DKK -2.550 thousand (-245). External expenses and staff costs are consisting of costs of manufacturing of product, patent expenses and business expenses.

Costs and losses for the fourth quarter 2018 and for the full year 2018 are in line with plans and expectations. Activities and therefor also costs have increased both in fourth quarter 2018 and 2018 compared with 2017 as financing of SEK 26 million in fourth quarter 2018 has been performed.

Balance Sheet

Total assets as of December 31, 2018 are DKK 13,563 thousand (1.962) of which cash is DKK 7.662 thousand (1.638). Current liabilities as of December 31, 2018 are DKK 993 thousand (509) consisting primarily of ordinary trade payables.

Equity as of December 31, 2018 is DKK 12,571 thousand (1.452).

Cash Flow

Cash flow from operating activities for 2018 is a cash outflow of DKK -13,252 thousand (-793). Operating cash flow for 2018 is explained by the operating loss of DKK -9,935 thousand (-1.173) during the period and a decrease in working capital primarily due to prepayment of production of SCO-101 at Cambrex AB, Sweden.

Cash flow from financing activities in 2018 equals DKK 19,300 thousand (2.466) which predominantly comes from issue of new shares in relation to the Company's IPO prior to the listing on Spotlight.

Cash as of December 31, 2018 is DKK 7.662 thousand (1.638).

Financial Calendar

April 29, 2019	Annual report is published
May 23, 2019	Quarterly statement Q1, 2019
May 29, 2019	Annual general meeting
August 22, 2019	Semi-annual Report Q2, 2019
November 21, 2019	Quarterly statement Q3, 2019
February 20, 2020	Q4 2019 and Year-end report

Income Statement

DKK	01-OCT-2018 31-DEC-2018	01-OCT-2017 31-DEC-2017	01-JAN-2018 31-DEC-2018	02-MAY-2017 31-DEC-2017
Net sales	0	0	0	0
Other external expenses	-3,352,076	-461,659	-7,385,008	-927,538
Gross profit/loss	**-3,352,076**	**-461,659**	**-7,385,008**	**-927,538**
Staff costs	-2,225,149	-170,215	-2,549,577	-245,468
Operating profit/loss	**-5,577,224**	**-631,874**	**-9,934,585**	**-1,173,005**
Financial costs	-19,384	-10	-23,321	-112
Profit/loss before taxes	**-5,596,608**	**-631,884**	**-9,957,906**	**-1,173,117**
Tax on profit/loss for the period	815,945	41,210	1,775,348	160,281
Profit/loss for the period	**-4,780,663**	**-590,674**	**-8,182,558**	**-1,012,836**
Proposed distribution of profit/loss				
Retained earnings	-4,780,663	-590,674	-8,182,558	-1,012,836

Balance sheet in comparison

DKK	01-JAN-2018 31-DEC-2018	02-MAY-2017 31-DEC-2017
Assets		
Deposits	34,578	34,578
Other receivables long term	0	0
Fixed asset investments	**34,578**	**34,578**
Fixed Assets	**34,578**	**34,578**
Other receivables	240,210	112,504
Income tax receivable	1,775,348	160,281
Prepayments	3,850,495	16,752
Receivables	**5,866,052**	**289,537**
Cash	7,662,120	1,637,670
Current assets	**13,528,172**	**1,927,206**
Assets	**13,562,750**	**1,961,784**
Equity and liabilities		
Share capital	875,212	540,065
Share premium	20,890,289	1,925,539
Retained earnings	-9,195,394	-1,012,836
Equity	**12,570,107**	**1,452,768**
Loan	0	0
Trade payables	715,602	262,846
Other payables	277,041	246,171
Current liabilities other than provisions	**992,643**	**509,016**
Equity and liabilities	**13,562,750**	**1,961,784**

Equity

02-MAY-2017 – 31-DEC-2017 DKK	Contributed capital	Share premium	Retained earnings	Total
Contribution upon formation	500,604	-	-	500,604
Increase of capital	39,461	1,925,539	-	1,965,000
Profit/loss for the period	-	-	-1,012,836	-1,012,836
Equity end of year	**540,065**	**1,925,539**	**-1,012,836**	**1,452,768**

01-JAN-2018 – 31-DEC-2018 DKK	Contributed capital	Share premium	Retained earnings	Total
Contribution upon formation	540,065	1,925,539	-1,012,836	1,452,768
Increase of capital	335,147	18,964,750	-	19,299,897
Profit/loss for the period	-	-	-8,182,558	-8,182,558
Equity end of period	**875,212**	**20,890,289**	**-9,195,394**	**12,570,107**

Cash flow statement

DKK	01-OCT-2018 31-DEC-2018	01-OCT-2017 31-DEC-2017	01-JAN-2018 31-DEC-2018	02-MAY-2017 31-DEC-2017
Operating profit/loss	-5,577,224	-631,874	-9,934,585	-1,173,005
Working capital changes	-5,335,329	216,989	-3,317,540	379,761
Cash flow from ordinary operating activities	**-10,912,553**	**-414,885**	**-13,252,125**	**-793,245**
Financial income paid	-19,384	-10	-23,321	-112
Cash flow from operating activities	**-19,384**	**-10**	**-23,321**	**-112**
Acquisition of fixed asset investments	-	-	-	-34,578
Cash flow from investing activities	-	-	-	**-34,578**
Cash increase of capital	18,849,897	1,965,000	19,299,897	2,465,604
Loan	-800,000		-	-
Cash flow from financing activities	**18,049,897**	**1,965,000**	**19,299,897**	**2,465,604**
Increase/decrease in cash and cash equivalents	**7,117,960**	**1,550,105**	**6,024,451**	**1,637,670**
Cash and cash equivalents beginning of period	544,160	87,564	1,637,670	-
Cash and cash equivalents end of period	**7,662,120**	**1,637,670**	**7,662,120**	**1,637,670**
Change in working capital				
Increase/decrease in receivables	-3,852,237	-14,087	-3,801,167	-129,256
Increase/decrease in trade payables etc.	-1,483,091	231,076	483,627	509,016
	-5,335,329	**216,989**	**-3,317,540**	**379,761**

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