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Annual report 2018

CONTENT

Annual report for Oncoinvent AS
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Annual report for 2018

Oncoinvent has during 2018 taken important steps in the development of Radspherin®. During the year several positive efficacy data from pre-clinical studies were published, adding confidence to the company's development program. Furthermore, the development of the company was according to plan and several important milestones were met; the company succeeded in attracting several highly qualified key employees through the year, upscaling the production of Radspherin, as well as receiving approval (GMP certificate) for the manufacturing of Radspherin from the Norwegian Medical Agency in the beginning of 2019. This positions the company well for further development and to initiate the planned clinical study in 2019.

Highlights from 2018

- **New Radspherin® efficacy data published**
  Oncoinvent researchers published in January data demonstrating the efficacy of the Radspherin® in two separate models of peritoneal carcinomatosis originating from ovarian cancer cells. The research was published in the Journal of Translational Oncology.

  In both models, intraperitoneal treatment with Radspherin® gave significant antitumor effect with either considerably reduced tumor volume and/or a survival benefit. An advantageous discovery was that only a few kilobecquerels were needed to yield therapeutic effects. The treatment was well tolerated up to a dose of 1000 kBq/kg with no signs of acute or sub-acute toxicity observed.

  The conclusion of the study was that it has been demonstrated that intraperitoneal α-therapy with Radspherin® has a significant potential for treatment of peritoneal micro metastases in ovarian carcinoma.

- **Initiation of a research collaboration with KZ Leuven**
  Oncoinvent initiated its collaboration with researchers at University Hospitals Leuven, Belgium. The objective with the collaboration was to test Radspherin® in a preclinical model of peritoneal carcinomatosis originating from ovarian cancer cells that has been developed by the researchers at Leuven.

  The model more closely mimics the disease situation experienced by human cancer patients than previous severe disease models that the company had used.

- **Radspherin® program selected for funding**
  The Norwegian Research Council awarded Oncoinvent public funding as part of their user-driven research-based innovation (BIA).

  Oncoinvent was granted up to NOK 12 million over 3 years in public funding as part of the program.

  The funding will be paid out in increments and will be based on the company successfully reaching pre-approved milestones that have been set up in the project plans. The project includes research related to development of manufacturing and control procedures for Radspherin®, additional preclinical studies, and the first in human study with Radspherin® in the treatment of peritoneal carcinomatosis in ovarian cancer patients.

- **New Radspherin® data presented at SNMMI**
  Oncoinvent research scientist Elisa Napoli presented her Radspherin® research during the Novel Radiochemistry session at The Society of Nuclear Medicine and Molecular Imaging (SNMMI) Annual Meeting in Philadelphia, USA in June.

  Ms. Napoli presented her findings on the release and retention of 212Pb from 224Ra-labeled microparticles. Her work shows that the release to air of 220Rn, a daughter isotope of 224Ra, appears to be significantly reduced when 224Ra is bound to microparticles and that 212Pb released through the diffusion and decay of 220Rn can be reabsorbed on the particles in suspensions.

  The SNMMI Annual Meeting is a prestigious educational, scientific, research, and networking

event in nuclear medicine and molecular imaging and provides physicians, technologists, pharmacists, laboratory professionals, and scientists with an in-depth view of the latest research and development in the field as well as providing insights into practical applications for the clinic. As such, the company was honored that Ms. Napoli was selected to give an oral presentation at this annual meeting.

- **Successful imaging of Radspherin® in pre-clinical study**
  The company performed imaging studies in rats using gamma cameras and SPECT CT scanners to test the feasibility of using these imaging modalities to measure the distribution of Radspherin® in human peritoneal (abdominal) cavities during pre-clinical trials.
- Radspherin® particles were imaged by gamma cameras from 1 up to 96 hours after injection. Results from the imaging studies indicate the feasibility of using gamma camera images to confirm the distribution of Radspherin® in the abdominal cavity after administration in patients. Further imaging studies are being carried out to confirm this finding.
- **Radspherin® clinical formulation for phase 1 study selected**
  Oncoinvent selected a formulation for the Radspherin® drug product candidate that will be used during the upcoming phase 1 clinical trials based on the results of formulation development studies carried out in 2018. GMP productions of the Radspherin® clinical drug product formulation will be carried towards the end of 2018 / beginning of 2019.

Overview of the Business

Oncoinvent AS is a pharmaceutical company established in 2010. The company is developing new innovative products to provide better treatment options to cancer patients suffering from peritoneal carcinomatosis.

The headquarters, production facilities and laboratories are located in Oslo, Norway.

Market, product, and customers

Peritoneal carcinomatosis is one of the most serious complications of gastrointestinal and gynecological malignancies. The standard of care treatment of peritoneal carcinomatosis originating from ovarian cancer and colorectal cancer is cytoreductive surgery of macroscopic/visible tumors.

This debulking procedure is combined with treatment with pre- and/or post-adjuvant systemic cytostatic drugs (e.g. paclitaxel, carboplatin, cisplatin, and mitomycin-C).

75% of ovarian cancer patients respond to initial carboplatin chemotherapy, but the majority relapse within 2 years, and then with resistance to subsequent chemotherapy. Hence, the survival rate of these patients is poor. Women diagnosed with stage III ovarian cancer have a five-year survival rate of approximately 35%, and for diagnosis at stage IV the five-year survival rate is approximately 15%.

Approximately 4%-7% of patients with colorectal cancer are found to have peritoneal carcinomatosis (PC) at the time of diagnosis. The prognosis of these late stage disease patients is poor with a median survival of 6-9 months after diagnosis.

The global nuclear medicine market is estimated to reach USD 9.4 billion by 2024 growing at a mid-single digit compound annual growth rate (CAGR).[1]

The diagnostics segment held the largest market revenue in 2017 and is expected grow at single digit CAGR due to increase in SPECT and PET procedures. The radiopharmaceuticals segment is expected to be the fastest growing segment at high double digit CAGR from 2017 to 2024 due to technological advancements in targeted treatment of cancers. Potential new radioisotopes in pipeline and advancements in neurological treatments are the key factors driving the growth of the therapeutics market.

The radiopharmaceuticals market is segmented based on radiation type into alpha radiation, beta radiation and brachytherapy. Alpha radiation accounted for the largest share in 2017 and is the fastest growing market with projected high double digit CAGR from 2017 to 2024.

Radspherin®, is a novel alpha-emitting radioactive

1 Source: https://www.businesswire.com/news/home/20180724005773/en/Global-Nuclear-MedicineRadiopharmaceutical-Market-2024---9.366

microsphere designed for treatment of metastatic cancers in body cavities. Radspherin® has been shown to cause a significant reduction in tumor cell growth in pre-clinical studies.

It is anticipated that the product can potentially treat several forms of metastatic cancer. The product candidate is currently undergoing preclinical safety, biodistribution, and efficacy studies both in Norway and other research centers in Europe. Clinical development will be conducted in collaboration with European and American clinical research centers.

Oncoinvent recognizes the importance of putting customers first, whether they are managed care organizations, group purchasers, hospitals, medical practices, special patient interest groups or the consumers (patients) themselves, both in terms of product design as well as information dissemination. Target customers can also be defined as payer groups in the different geographic markets i.e. US government (Medicaid and Medicare), US commercial payers/insurance groups, and European social insurance systems in the EU and EFTA countries. The company will focus future marketing efforts towards prescribing oncologists, nuclear medicine and radiation oncology specialists that are community-, hospital- and tertiary center-based.

Vision and strategy

Oncoinvent is committed to develop new innovative products that provides better treatment options for cancer patients. The company aspires to become a leader in the development of radiotherapeutics for treatment of metastatic cancers.

The company' s strategic plan is to:

- Vest most financial and human resources on the rapid development of Radspherin® and focus on accomplishing major milestones
- Pursue an opportunistic approach to research funding
- Leverage the company's proprietary technology, knowledge, and assets to expand the company's portfolio of product candidates to target unmet medical needs

Operational Review

Oncoinvent has a primary objective on obtaining market approval for Radspherin in the treatment of patient suffering from peritoneal carcinomatosis within the seven major markets. During 2018 significant progress towards this objective has been taken.

The company has decided on the regulatory path going forward developing Radspherin as a pharmaceutical product. The company has plans to pursue the initiation of phase I clinical trial in the beginning of 2019 and preparations has been made to accomplish this. Oncoinvent has during 2018 invested significant time and effort in establishing a robust organization that has the capacity and flexibility to manufacture the necessary clinical trial material needed, as well as performing the clinical trials planned. An approval (GMP certificate) was received from the Norwegian Medical Agency early 2019.

Health, safety and environment

The company has a good safe working environment with a low level of reported sick leave. No work-related injuries were reported in 2018.

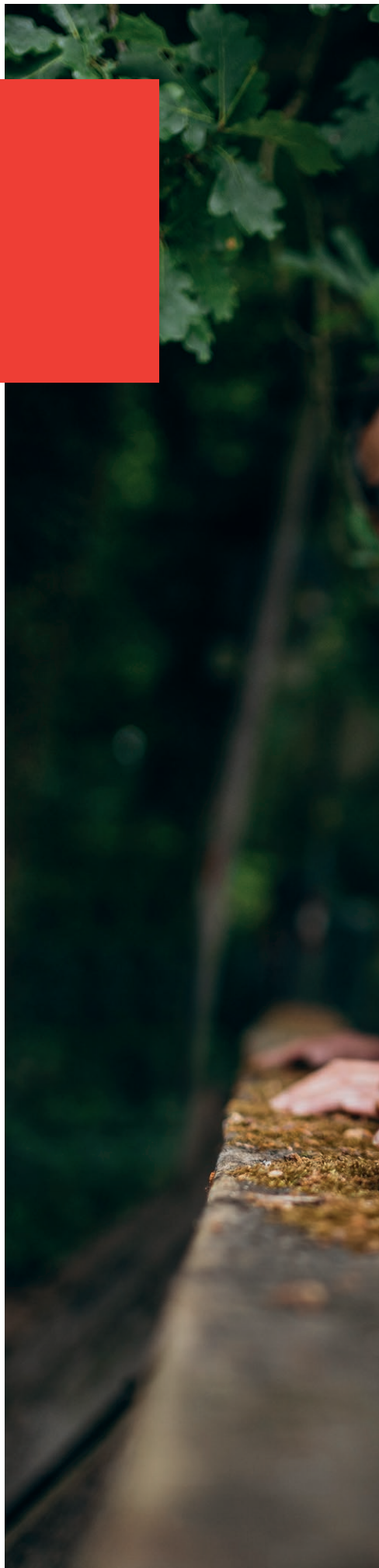
At year's end there were a total of fourteen full-time employees, three part-time employees and three Industrial Ph.D. students. The company is an equal opportunity employer and fourteen of the staff are of female gender and six of the staff are of male gender. As such the company believes that it has taken sufficient active, targeted, and systematic efforts to promote equality.

Oncoinvent has designed and implemented multiple safeguards into its laboratory and production facilities and standard operating procedures to prevent potential environmental impacts from its operations.

Financial Review

Accounting policies

The financial statements of Oncoinvent AS have been prepared in accordance with the provisions of the Norwegian Accounting Act and generally accepted accounting principles for small businesses. (Figures in brackets refer to the corresponding period or balance date in 2017, unless otherwise specified)



Income statement

Operating revenues
Oncoinvent recorded operating revenues of NOK 10.459 million in 2018 (NOK 5.681 million). Government support for its research and development activities from the Research Council of Norway was recognized as income.

Operating expenses
Net operating expenses for the year amounted to NOK 45.197 million (NOK 22.913 million). The cost increase was driven by the expansion program with recruitment of new staff members, operation of the new laboratory facilities and preparations for clinical trials. The operating loss for Oncoinvent amounted to NOK 34.738 million (NOK 17.232 million).

Net financial items
Net financial items amounted to NOK 1.686 million (NOK 1.310 million). Interest income from ordinary bank deposits came to NOK 1.656 million (NOK 1.317 million).

Net result
Losses after tax for the year were NOK 33.052 million (NOK 15.922 million). The loss is proposed allocated from the share premium.

Loss per share amounted to NOK 2.51 in 2018 compared to NOK 1.21 in 2017.

Financial position

Assets
Property, plant and equipment at year-end amounted to NOK 19.524 million (NOK 20.880 million). During 2018 NOK 2.631 million was activated. Neither of these expenses was associated with the construction of the new laboratory.

Cash and cash equivalents were NOK 153.553 million (NOK 189.834 million). The change reflects increased operational activity level. Total assets by year end 2018 decreased to NOK 185.189 million (NOK 222.302 million.

Equity and liabilities
Total equity as of 31 December 2018 was NOK 177.637 million (NOK 210.663 million). Deferred tax assets were not recognized in the statement of financial position as Oncoinvent is in a development phase and is currently generating losses.

Total liabilities were NOK 7.552 million (NOK 11.638 million), the increase driven primarily by higher accounts payable and provisions.

Research and development

While the research and development strategy is designed in-house in Oncoinvent, the Company leverages its network of external consultants and contract research organizations ("CROs") to execute its development strategy. Oncoinvent also collaborates with academic institutions to extend the research in areas of interest of the Company.

The Company has employed experienced personnel that can direct work that is performed by the consultants and CROs. This approach to product development allows the Company to quickly change research directions and efforts when needed and to quickly bring in new technologies and expertise when necessary.

Uncertainties related to the regulatory approval process and results from future clinical trials generally indicate that the criteria for capitalization of R&D cost are not met until market authorization is obtained from relevant regulatory authorities. The Company has currently no development expenditure that qualifies for recognition as an asset.

Expenses for research and development for the financial year 2018 were NOK 30.399 million, whereas NOK 20.788 million were classified as other operating expenses and NOK 9.611 million were classified as payroll.

Financial risks

Interest rate risk
The Company holds NOK 153.553 million (NOK 189.834 million) in cash and cash equivalents and does not have any borrowings. The Company's interest rate risk is therefore in the rate of return of its cash on hand. Bank deposits are exposed to market fluctuations in interest rates, which affect the financial income and the return on cash. The Company had NOK 1.656 million (NOK 1.317 million) in interest income as of 31 December 2018.

Exchange rate risk
The value of non-Norwegian currency denominated revenues and costs will be affected by changes in currency exchange rates or exchange control regulations. The Company undertakes various transactions in foreign currencies and is consequently exposed to fluctuations in exchange rates. The exposure arises largely from the R&D expenses and IP expenses. The Company is mainly exposed to fluctuations in Danish kroner (DKK), euro (EUR), American dollar (USD) and Canadian dollar (CAD).

The Company has chosen not to hedge its operational performance as the Company's cash flow is denominated in several currencies and the foreign currency exposure is mostly linked to trade payables with short payment terms. The Company might consider changing its current risk management of foreign exchange rate if it deems it necessary.

Credit risk
Credit risk is the risk of counterparty's default in a financial asset, liability or customer contract, giving a financial loss. The Company's receivables are generally limited to receivables from public authorities by way of government grants. The credit risk generated from financial assets in the Company is limited since it is cash deposits. The Company only places its cash in bank deposits in recognized financial institutions to limit its credit risk exposure.

The Company has not suffered any loss on receivables during 2018 and the Company considers its credit risk as low.

Liquidity risk
Liquidity is monitored on a continual basis by Company management. The Company works continuously to ensure financial flexibility in the short and long term to achieve its strategic and operational objectives. Management considers the Company's liquidity situation to be satisfactory. The cash position of the Company at year-end 2018 was NOK 153.553 million (NOK 189.834 million).

Capital markets are used as a source of equity financing when this is appropriate and when conditions in these markets are acceptable. The Board is considering conducting a capital increase within the next 24 months, if market conditions are acceptable. The Board of Directors has reasonable expectation that the Company will maintain adequate funding to maintain operational activity for the foreseeable future.

Non-financial risks
Technologcal risk: The Company's lead product candidate Radspherin is currently in preclinical trials. This is regarded as an early stage of development

and the Company's planned clinical studies may not prove to be successful.

Competitive technology
The Company operates in a highly competitive industry sector with many large players and is subject to rapid and substantial technological change.

Market risks
The financial success of the Company requires obtaining marketing authorization and achieving an acceptable reimbursement price for its products. There can be no guarantee that the Company's products will obtain the selling prices or reimbursement rates foreseen by the Company.

The Company will need approvals from the US Food and Drug Administration (FDA) to market its products in the US, and from the relevant authorities to market its products in Europe, as well as equivalent regulatory authorities in other worldwide jurisdictions to commercialize in those regions. The Company's future earnings are likely to be largely dependent on the timely marketing authorization of Radspherin for various indications.

Going concern
The Board stated that the annual accounts represent a true and fair view on the Company's financial position at the turn of the year. According to the Norwegian Accounting Act §3-3 (a), the Board of Directors confirmed that the financial statements have been prepared under the assumption of going concern.

Share information
As of 31 December 2018, there were 13 187 181 shares outstanding. The Company had 291 shareholders at 31 December 2018.

Subsequent events

- The company received approval for manufacturing of clinical trial material (GMP certificate) from the Norwegian Medical Agency in January 2019.

Oslo, February 27th 2019

Roy Hartvig Larsen Chairman of the Board	Thora J. Jonasdottir Board member	Ludvik Sandnes Board member
Jonas Einarsson Board member	Leiv Askvig Board member	Jan Alan Alfheim CEO

Income Statement

INCOME STATEMENT	NOTE	2018	2017
Operating revenues			
Sales Revenue		299.904	76.015
Other operating revenues	7	10.158.946	5.604.883
Total operating revenues		**10.458.850**	**5.680.898**
Operating expenses			
Cost of goods		9.300	0
Payroll and related costs	6	15.617.140	10.332.347
Depreciation	8	3.987.007	1.844.362
Other operating expenses	10	25.583.454	10.736.098
Total operating expenses		**45.196.901**	**22.912.807**
OPERATING INCOME		**-34.738.051**	**-17.231.909**
Financial items			
Other interest income		1.655.881	1.317.190
Other financial income		88.902	15.751
Total financial income		**1.744.783**	**1.332.941**
Other interest expenses		3.973	1.918
Other financial expenses		54.683	20.685
Total financial income		**58.656**	**22.603**
Net financial items		**1.686.127**	**1.310.338**
Income before tax		-33.051.924	-15.921.571
NET INCOME		**-33.051.924**	**-15.921.571**
Distribution of profit and funds			
Uncovered loss		33.051.924	15.921.571
Total distribution of profit and funds		**33.051.924**	**15.921.571**

Balance sheet

ASSETS	NOTE	31.12.2018	31.12.2017
FIXED ASSETS			
Tangible fixed assets			
Land, Buildings and other property		9.605.003	10.805.627
Running equipment, tools etc.		9.918.887	10.074.123
Total tangible fixed assets	**8**	**19.523.890**	**20.879.750**
Total fixed assets		**19.523.890**	**20.879.750**
CURRENT ASSETS			
Receivables			
Accounts receivables		62.500	0
Other short-term receivables	5	12.048.987	11.588.147
Total receivables		**12.111.487**	**11.588.147**
Cash and cash equivalents	6	153.553.317	189.833.725
Total current assets		**165.664.804**	**201.421.872**
TOTAL ASSETS		**185.188.694**	**222.301.622**
LIABILITIES AND EQUITY			
EQUITY			
Paid-in capital			
Share capital	3,4	1.318.718	1.318.468
Share premium reserve	4	234.768.737	234.743.987
Total paid-in capital		**236.087.455**	**236.062.455**
Retained earnings			
Uncovered lost		58.450.938	25.399.014
Total retained earnings		**-58.450.938**	**-25.399.014**
Total equity	**4**	**177.636.517**	**210.663.441**
LIABILITY			
Current liabilities			
Accounts payables		4.242.222	8.580.523
VAT, social security costs, etc.		1.214.041	885.828
Other current liabilities		2.095.914	2.171.830
Total short-term liability		**7.552.177**	**11.638.181**
Total liabilities		**7.552.177**	**11.638.181**
TOTAL EQUITY AND LIABILITIES		**185.188.694**	**222.301.622**

Oslo, February 27th 2019

Roy Hartvig Larsen
Chairman of the Board

Thora J. Jonasdottir
Board member

Ludvik Sandnes
Board member

Jonas Einarsson
Board member

Leiv Askvig
Board member

Jan Alan Alfheim
CEO

Noter

Note 1 – Accounting principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998, and are based on Norwegian accounting principles. The financial statements have been prepared on the basis of applicable rules for preparation of financial statements for small enterprises..

Operations
The company's business is to develop pharmaceutical drugs. So far, the company has not had any income from commercial sales, and its business is therefore primarily financed though equity capital and public grants. In addition to wages and administration costs, the company's expenses are mainly derived from research and development costs, including expenses for the implementation of clinical studies and ongoing securing of patent protection. Said costs are expensed on an ongoing basis..

Operating revenues
Operating revenues are recognized as income as they are earned. The same applies to public grants, which are recognized as other operating revenues.

Research and development costs
Research and development costs are in their entirety expensed. Said costs are not recognized in the balance sheets.

Current assets/current liabilities
Current assets and current liabilities normally include items due for payment within one year after the balance sheet date, as well as items related to goods in production and inventory. Current assets are valued at the lower of acquisition cost and estimated fair value. Current liabilities are recognized at the nominal amount as at the date of establishment.

Fixed assets
Fixed assets are valued at their acquisition cost, but are depreciated to their fair value when the impairment is expected to not be temporary. Fixed assets with a limited economic lifespan are depreciated according to a reasonable depreciation plan.

Receivables
Trade accounts receivables and other receivables are listed at par value less expected loss. Allocation of loss is made on the basis of an individual assessment of each receivable..

Taxes
Taxes are expensed as they accrue, which means that tax expenses are connected to profit before tax.

Tax expenses comprise tax payables (tax on taxable income of that year) and changes in net deferred tax liability. The company has decided not to recognize deferred tax benefits.

Pensions
The company uses a defined contribution-based plan for its employees in accordance with the law's requirements for pension schemes. The annual pension cost corresponds to the annual premium.

Currency
Items in foreign currencies are valued at the prevailing exchange rate at the end of the financial year.

Note 2 – Taxes

2.1 Specification of temporary differences

	2018	2017	ENDRING
Loss carry forward	73.403.171	35.553.155	37.850..016
Equalization, tax-increasing difference	1.111.601	1.592.628	481.027
Total amount difference	**72.291.570**	**33.960.527**	**38.331..043**
Deferred tax benefits 23%	16.627.061	7.810.921	8.816.140

Deferred tax benefits of tax loss carry forward are not included in the balance sheet as of 31 December 2018.

2.2 Specification of the basis for tax payable

	2018	2017
Result for the period	-33.051.924	-15.921.571
Permanent differences	-5.279.119	-3.973.594
Changes in temporary differences	481.027	-1.592.628
Basis of calculation for tax payables	**-37.850.016**	**-21.487.793**
Tax payable	0	0
Deduction for R&D expenses	5.283.260	3.991.177

Note 3 – Share capital and shareholder information

AKSJONÆRER PR 31.12.2018	AKSJER	ANDEL
Sciencons AS	3.185.000	24,15%
Geveran Trading Co LTd	1.009.800	7,66%
Roy Hartvig Larsen	678.000	5,14%
Radiumhospitales	670.880	5,09%
Blaahaugen AS	632.500	4,80%
Must Invest	517.000	3,92%
Cancia AS	493.300	3,74%
Bentax AS	450.000	3,41%
Syntax AS	440.000	3,34%
Trond Larsen	310.000	2,35%
Tina Bjørklind Bønsdorff	277.600	2,11%
CGS Holding AS	260.000	1,97%
Helene Sundt AS	260.000	1,97%
Thora Johanna Jonasdottir	255.000	1,93%
Lucellum AS	192.351	1,46%
Inven2 AS	158.500	1,20%
Artal AS	138.670	1,05%
Aksjonærer < 1% øvrige	3.258.580	24,71%
Sum	**13.187.181**	**100%**

Nominal value per share: NOK 0.10

Total number of shareholders: 291

A capital increase was carried out in 2018, with the issuance of 2.500 shares (options)

Note 4 – Equity

	SHARE CAPITAL	SHARE PREMIUM	UNCOVERED LOSS	TOTAL EQUITY
Share capital as of 01.01.2018	1.318.468	234.743.987	-25.399.014	210.663.441
Share issuance	250	24750		25.000
Results of the period			-33.051.924	-33.051.924
Share capital as of 31.12.2018	**1.318.718**	**234.768.737**	**-58.450.938**	**177.636.517**

Note 5 – Other receivables

VAT refund	4.775.763
Prepaid expenses	656.630
The Research Council of Norway	*1.333.334*
Skattefunn[1]	5.283.260
Sum	**12.048.987**

[1] The SkatteFUNN R&D tax incentive scheme is a governmental program designed to stimulate research and development (R&D) in Norwegian trade and industry. Approved projects may receive a tax deduction of up to 20 per cent of the eligible costs related to R&D activity.

Note 6 – Employees, remuneration, loans to employees, etc.

6.1 Specification of labor costs

	2018	2017
Salaries (incl. vacation pay)	12.586.354	8.517.128
Payroll tax	1.946.358	1.267.354
Pension costs (occupational pension scheme)	921.198	435.600
Other pension costs	163.230	112.265
Total personnel expenses	**15.617.140**	**10.332.347**
Total full-time equivalent	**15,5**	**11,5**

6.2 Specification of remuneration to the management and the board of directors

		2018	2017
CEO	Salary	1.581.862	1.415.413
	Bonus	212.312	169.400
	Other remuneration	73.094	61.102
Total amount CEO		**1.867.268**	**1.645.915**

Oncoinvent established an option scheme in 2017 as an important part of the employee's possibility to participate in the value creation of the company. At the end of 2018 a total of 389 000 stock options has been allocated including 180 000 stock options for the CEO. The stock options have a strike price between NOK 10-38.70 per share depending on the time of allocation.

6.3 Specification of remuneration to the board of directors

Paid board remuneration 2018	425.000
Incurred board remuneration – RSU registration	250.000
Total amount, board remuneration	**675.000**

6.4 Specification of remuneration to the auditor

	2018	2017
Expensed remuneration to the auditor	45.000	18.500
Other certification services	16.800	10.600
Total remuneration paid to the auditor	**61.800**	**29.100**

6.5 Restricted funds

	2018	2017
Restricted funds – Tax deduction	808.078	602.221
Tax payable, 6th term	805.454	601.348

Note 7 – Other operating revenues – public grants

Other operating revenues consist of public grants received. In relation to the company's activity, the size of the received grants is considered to be of significant importance that revenue recognition provides better information than a cost reduction against the R&D.

	2018	2017
Skattefunn	5.283.260	3.991.177
The Research Council of Norway	4.875.686	1.613.706
Total amount	**10.158.946**	**5.604.883**
Receivables:		
Skattefunn	5.283.260	3.991.177

Note 8 – Fixed assets

	INVENTORY	LAB EQUIPMENT	FIXED BUILDING INVENTORY	OFFICE MACHINERY	TOTAL AMOUNT
OB 01.01.2018 Acquisition cost	966.485	8.823.442	12.006.253	1.083.021	22.879.201
Acquisitions	32.700	2.419.728		178.720	2.631.148
Disposals					
Sum 31.12 Acquisition cost	999.185	11.243.170	12.006.253	1.261.741	25.510.349
Acc. Depreciation	-301.192	-2.490.940	-2.401.249	-793.077	-5.986.458
Sum 31.12 Booked values	**697.993**	**8.752.230**	**9.605.004**	**468.664**	**19.523.891**
Depreciation for the year	202.772	2.211.682	1.200.625	371.929	3.987.008
Useful life Depreciation rate	5 years	5 years	10 years	3 years	
Depreciation rate	20%	20%	10%	30%	

Note 9 – Currency exchange gains and losses

The company's recognized gains and losses on currency exchange rate relate mainly to the purchase of R&D services from abroad.

Note 10 – Other operating expenses

Lease payment (office)	2.744.945
Rental costs (office machinery and equipment)	32.145
Lab costs, studies, patents, equipment	11.338.463
Foreign services – remuneration	9.054.287
Office expenses	1.179.245
Travel reimbursement costs	638.146
Advertisement costs	127.242
Representation	20.635
Memberships fees, insurance and other costs	448.346
Total Other operating expenses	**25.583.454**

Glossary

GMP	Good manufacturing practices (GMP) are the practices required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture.
Intraperitoneal	Intraperitoneal injection or IP injection is the injection of a substance into the peritoneum (body cavity). The method is widely used to administer chemotherapy drugs to treat some cancers, particularly ovarian cancer.
Metastases	Metastasis is the medical term for cancer that spreads to a different part of the body from where it started.
Microparticles	Microparticles are particles between 0.1 and 100 micrometers in size. Commercially available microparticles are manufactured in a wide variety of materials, including ceramics, glass, polymers, and metals. Microparticles have been found to have widespread applications in medicine, biochemistry, colloid chemistry, and aerosol research.
Peritoneal carcinomatosis	Peritoneal carcinomatosis is a type of cancer that occurs in the peritoneum, the thin layer of tissue that covers abdominal organs and surrounds the abdominal cavity. The disease develops when cancers of the appendix, colon, ovaries or other organs spread to the peritoneum and cause tumors to grow.
Peritoneal cavity	The space within the abdomen that contains the intestines, the stomach, and the liver. It is bound by thin membranes.
Radspherin®	Oncoinvent's lead product candidate currently being developed to treat peritoneal carcinomatosis
Radioisotope	A radioisotope (radioactive nuclide, radionuclide, or radioactive isotope) is an atom that has excess nuclear energy, making it unstable. This excess energy can be either emitted from the nucleus as gamma radiation, or create and emit from the nucleus a new particle (alpha particle or beta particle), or transfer this excess energy to one of its electrons, causing that electron to be ejected as a conversion electron. During those processes, the radionuclide is said to undergo radioactive decay.
Radiotherapeutics	The treatment of disease, especially cancer, by means of alpha or beta particles emitted from an implanted or ingested radioisotope, or by means of a beam of high-energy radiation.

Auditor´s Report

THORSBY AS
REVISJON & RÅDGIVNING

To the General Meeting of Oncoinvent AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oncoinvent AS, which comprise the balance sheet as at 31 December 2018, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, 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.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in

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Medlemmer av Den norske Revisorforening
Autorisert regnskapsførerselskap

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accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Report on Other Legal and Regulatory Requirements

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Drammen, 27 February 2019
Thorsby AS

Øyvind Thorsby
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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