Annual report 2017

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Annual report for Oncoinvent AS
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CONTENT


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Annual report for 2017

Oncoinvent had a very successful 2017, achieving important milestones in the development of company's lead product candidate Radspherin®. The company made significant advances, and have identified key product attributes for Radspherin® during preclinical testing. With the new production facility being opened and new funds raised in a private placement in 2017, the company stands poised to expand and extend the development strategy for Radspherin® in 2018.

Highlights from 2017

- **Radspherin® patent issues in USA in January**
  Oncoinvent's US Patent 9,539,346 entitled "*Radiotherapeutic particles and suspensions*" issued in January 2017, providing the product candidate Radspherin® with patent protection in one of its most important future commercial markets until 2035.

- **New funds raised in February**
  Oncoinvent announced in February the closing of a 210 MNOK private placement of ordinary shares. Large privately-owned investment companies that participated in the placement include Geveran Trading Co. Ltd., Canica AS, CGS Holding AS, Helene Sundt AS and Must Invest AS.

- **Moved to new office facilities in April**
  Oncoinvent moved its operations to a new location at Gullhaugveien 7 in Nydalen, Oslo in April. The space in new facilities allowed the company to expand its office space and research laboratory operations, as well as to design and build a modern and efficient production facility for clinical supplies of Radspherin®.

- **Publication of Radium 224 technology in May**
  Oncoinvent and Sciencons researchers published a novel method for making 212Pb-labeled monoclonal antibodies, using a novel 224Ra-based generator solution that may be simpler and less time-consuming compared with current established methods used in clinical trials.

- **Strengthening of management and research teams in May, June, and August**
  In the second and third quarters of 2017 six new highly qualified members were added to the management and research teams when Ole Peter Nordby started as CFO, Kristine Lofthus joined as Head of QA, Kristin Fure joined as Production Engineer, Kari Skinnemoen became Head of Regulatory Affairs, Hedda Wold became Head of Clinical Operations, and Gro Hjellum joined as Head of Quality Control.

- **Presentation of Radspherin data at ESMO in October**
  Oncoinvent presented Radspherin® preclinical data at 30th Annual Congress of the European Association of Nuclear Medicine (EANM). Two presentations were

held by Oncoinvent research scientists. The In vivo studies presented show that the novel α-emitting microparticles have properties that make them a promising new modality for intracavitary cancer therapy.

- **Radspherin® patent issues in Europe and OI3 antibody patent issues in USA during November**
  Oncoinvent announced in November that European Patent 3111959, entitled "*Radiotherapeutic particles and suspensions*" had issued. This patent provides patent protection for the company's lead product candidate Radspherin® in Europe. The company further announced that US Patent 9,782,500 entitled "*Monoclonal Antibody and Derivatives*" had issued. The patent relates to Oncoinvent' s novel anti-CD146 antibody, OI-3 and derivatives that can be used for therapy and imaging,

- **New production and laboratory facilities opened in December**
  Oncoinvent held an opening ceremony for its new production and lab facilities in December. The new production facility contains a dedicated Grade B clean room, two Category B type isotope production suites, a quality control laboratory, and packaging area that will support qualified operations for manufacturing, analytical control, packaging and labelling of Radspherin® for upcoming preclinical and clinical studies.

Overview of the Business

Business and location

Oncoinvent AS is a pharmaceutical company established in 2010. The company is developing new innovative products to provide better treatment options to cancer patients. The headquarters, production facilities and laboratories are located in Oslo.

Market, product, and customers

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

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.

Global Data projects that the global ovarian cancer market will grow from 1.2 billion USD in 2015 to 5.2 billion USD in 2025 based largely on the introduction and sales growth of novel PARP and PDL-1 inhibitors. The global colorectal cancer market growth in the same ten-year period from 2015 to 2025 is expected to be in the range of 3 billion US.

Radspherin®, is a novel alpha-emitting radioactive microsphere designed for treatment of metastatic cancers in body cavities. Radspherin® has been shown to cause a significant reduction in tumour 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 centres in Europe. Clinical development will be conducted in collaboration with European and American clinical research centres.

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

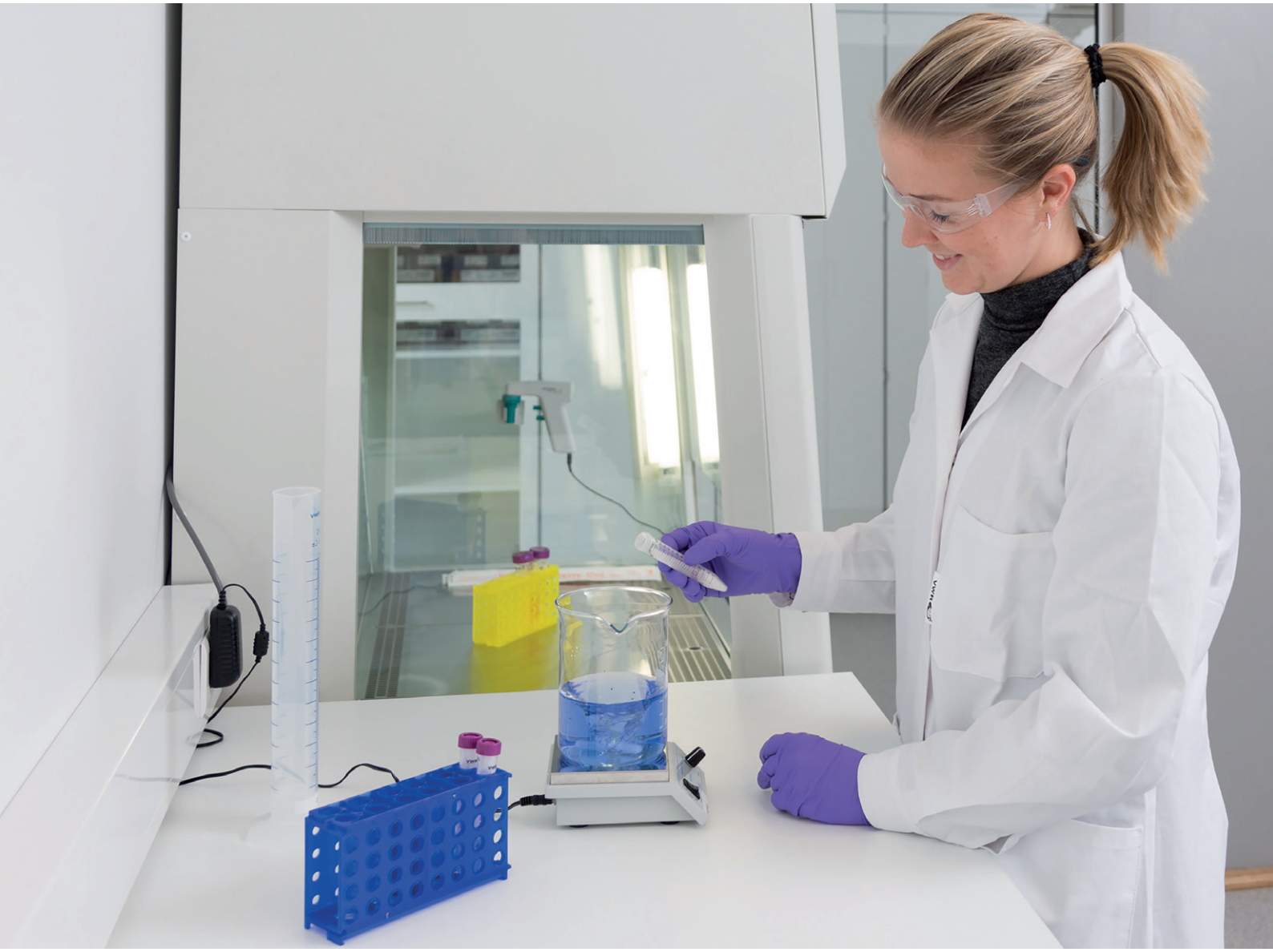
be defined as payer groups in the different geographic markets i.e. US government (Medicaid and Medicare), US commercial payers/insurance groups, and European social insurance systems in the EU and EFTA countries. The company will focus future marketing efforts towards prescribing oncologists, nuclear medicine and radiation oncology specialists that are community-, hospital- and tertiary centre-based.

Vision and strategy

Oncoinvent is committed to developing new innovative products to provide better treatment options for cancer patients. The company has asperations to become a leader in the development of radiotherapeutics for treatment of metastatic cancers.

The company' s strategic game 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' s primary focus is to obtain marketing authorization for Radspherin® for the treatment of peritoneal carcinomatosis in both Europe and North America. Significant progress has been made in 2017 to allow for the commencement of clinical trials with Radspherin® in 2018. Oncoinvent has been in dialogue with the FDA in the US as well as with notified bodies in Europe in 2017, for the company to decide as to whether it will pursue a medical device development or a pharmaceutical product development for Radspherin by the end of Q1 2018.

In 2017 the company recruited and hired key personnel with important expertise needed in the development of Radspherin®. The workforce expanded from two full-time employees to ten full-time employees by years end.

A large amount of effort and expense in 2017 went into three months of design and nine months of construction of the new production and laboratory facilities in Gullhaugveien 7. The new production facility contains a dedicated Grade B clean room, two Category B type isotope production suites, a quality control laboratory, and packaging area that will support qualified operations for manufacturing, analytical control, packaging and labelling of Radspherin® for upcoming preclinical and clinical studies.

While the design and construction process was ongoing the company continued the preclinical development of Radspherin®. Some of the results of the work were published in journals and presented at conferences during 2017.

Health, safety and the environment

The company has a good safe working environment with a low level of reported sick leave. No work-related injuries were reported in 2017.

At year's end there were a total of ten full-time employees, two Industrial Ph.D. students, two part-time employees, and one six-month contract employee. The company is an equal opportunity employer and eleven of the staff are of female 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.

Intellectual Property

US Patent 9,539,346 entitled "*Radiotherapeutic particles and suspensions*" issued in January of 2017. This patent is a composition of matter patent covering Radspherin® that expires in 2035. The patent family extends and is also granted in the following European countries: Austria, Belgium, Bulgaria, Switzerland, Czech Republic, Germany, Denmark, Spain, Finland, France, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Sweden, Slovenia, Slovakia and Turkey. The patent is pending in the following countries: Australia, China, Canada, Brazil, Hong Kong, India, Japan, Korea, Mexico, New Zealand, Russia, and Singapore.

The company' s OI-3 antibody is protected by US Patent 9,782,500 which was granted in November of 2017. The patent covering OI-3 is pending in Europe as well.

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 2016, unless otherwise specified)

Income statement

Operating revenues
Oncoinvent recorded operating revenues of NOK 5.681 million in 2017 (NOK 2.580 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 22.913 million (NOK 7.510 million). The cost increase was driven by the expansion program with recruitment of new staff members, construction of the new laboratory facilities and preparations for clinical trials. The operating loss for Oncoinvent amounted to NOK 17.232 million (NOK 4.930 million).

Net financial items
Net financial income amounted to NOK 1.310 million (NOK 0.061 million). Interest income from ordinary bank deposits came to NOK 1.317 million (NOK 0.068 million).

Net result
Losses after tax for the year were NOK 15.922 million (NOK 4.869 million). The loss is proposed allocated from the share premium.

Loss per share amounted to NOK 1.21 in 2017 compared to NOK 0.63 in 2016.

Financial position

Assets
Property, plant and equipment at year end amounted to NOK 20.880 million (NOK 0,362 million). During 2017 NOK 22.879 million was activated, out of which NOK 20.830 million originated from costs associated with the construction of the new laboratory.

Cash and cash equivalents were NOK 189.834 million (NOK 14.864 million). The change reflects the equity issue combined with the funding of the new laboratory facilities and increased operational activity level.

Total assets by year end 2017 increased to NOK 222.302 million (NOK 17.841 million), mainly due to the equity issue in January, generating proceeds of NOK 210.283 million.

Equity and liabilities
Total equity as of 31 December 2017 was NOK 210.663 million (NOK 16.302 million).

The company completed a share issue in January, which generated gross proceeds of NOK 210.283 million.

Deferred tax assets were not recognised in the statement of financial position as Oncoinvent is in a development phase and is currently generating losses.

Total liabilities were NOK 11.638 million (NOK 1.539 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 organisations ("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 capitalisation of R&D cost are not met until market authorisation 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 2017 were NOK 19.956 million, whereas NOK 13.416 million were classified as other operating expenses and NOK 6.540 million were classified as payroll.

Financial risks

Interest rate risk
The Company holds NOK 189.834 million (NOK 14.864 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 1.317 million (NOK 0.068 million) in interest income as of 31 December 2017.

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), 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 2017 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 Company secured equity funding of NOK 210.283 million in January 2017. The cash position of the Company at year-end 2017 was NOK 189.834 million (NOK 14.864 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

Technology 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 authorisation 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 commercialise in those regions. The Company's future earnings are likely to be largely dependent on the timely marketing authorisation 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 2017, there were 13 184 681 shares outstanding, up from 7 751 000 shares at year end 2016, following the share capital issue during the year.

The Company had 273 shareholders at 31 December 2017.

Subsequent events

- On the 31. January Oncoinvent announced that Radspherin® preclinical data had been published in the journal Translational Oncology
- On the 2. February Oncoinvent announced that the company has been selected by the Research Council of Norway to receive BIA funding.

Oslo, 27. februar 2018

Roy Hartvig Larsen Styreleder	Thora J Jonasdottir Styremedlem	Ludvik Sandnes Styremedlem
Jonas Einarsson Styremedlem	Leiv Askvig Styremedlem	Jan Alan Alfheim Daglig leder


METTLER TOLEDO

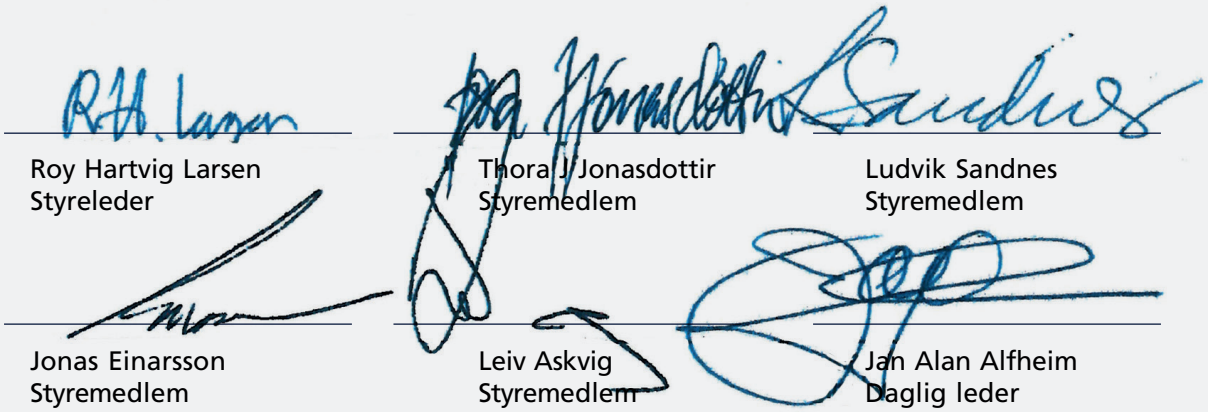
Income statement

INCOME STATEMENT	NOTE	2017	2016
Operating revenues			
Sales revenues		76 015	72 825
Other operating revenues	7	5 604 883	2 506 734
Total operating revenues		**5 680 898**	**2 579 559**
Operating expenses			
Payroll and related costs	6	10 332 347	3 541 977
Depreciation	8	1 844 362	155 089
Other operating expenses	10	10 736 098	3 812 768
Total operating expenses		**22 912 807**	**7 509 834**
OPERATING INCOME		**-17 231 909**	**-4 930 275**
Financial items			
Other interest income		1 317 190	68 078
Other financial income		15 751	3 913
Sum financial income		**1 332 941**	**71 991**
Other interest expenses		1 918	1 077
Other financial expenses		20 685	9 972
Sum financial expenses		**22 603**	**11 049**
Net financial items		**1 310 338**	**60 942**
Income before tax		-15 921 571	-4 869 333
NET INCOME		**-15 921 571**	**-4 869 333**
Distribution of profit and funds			
Uncovered loss		15 921 571	4 869 333
Total distribution of profit and funds		**15 921 571**	**4 869 333**

Balance sheet

ASSETS	NOTE	2017	2016
FIXED ASSETS			
Tangible fixed assets			
Land, buildings and other property		10 805 627	0,00
Running equipment, tools etc		10 074 123	361 875
Total tangible fixed assets	**8**	**20 879 750**	**361 875**
Total fixed assets		**20 879 750**	**361 875**
CURRENT ASSETS			
Receivables			
Accounts receivable		0,00	41 637
Other short-term receivables	5	11 588 147	2 572 925
Total receivables		**11 588 147**	**2 614 562**
Cash and cash equivalents	6	189 833 725	14 864 226
Total current assets		**201 421 872**	**17 478 788**
TOTAL ASSETS		**222 301 622**	**17 840 663**
LIABILITIES AND EQUITY			
EQUITY			
Paid-in capital			
Share capital	3,4	1 318 468	775 100
Share premium reserve	4	234 743 987	25 003 900
Total paid-in capital		**236 062 455**	**25 779 000**
Retained earnings			
Uncovered lost		25 399 014	9 477 443
Total retained earnings		**-25 399 014**	**-9 477 443**
Total equity	**4**	**210 663 441**	**16 301 557**
LIABILITIES			
Current liabilities			
Accounts payable		8 580 523	784 840
VAT, social security costs etc		885 828	386 112
Other current liabilites		2 171 830	368 154
Total short-term liabilities		**11 638 181**	**1 539 106**
Total liabilities		**11 638 181**	**1 539 106**
TOTAL EQUITY AND LIABILITIES		**222 301 622**	**17 840 663**

Oslo, 27. februar 2018



Roy Hartvig Larsen
Styreleder

Thora J Jonasdottir
Styremedlem

Ludvik Sandnes
Styremedlem

Jonas Einarsson
Styremedlem

Leiv Askvig
Styremedlem

Jan Alan Alfheim
Daglig leder

Notes

Notes to the financial statements 2017 for the period of 01.01.2017 – 31.12.2017

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

	2017	2016	ENDRING
Loss carry forward	35,553,155	14,065,362	21,487,794
Equalization, tax-increasing difference	1,592,628		
Total amount, differences	33,960,527	14,065,362	19,895,165
Deferred tax benefits 23% (24)	**7,810,921**	**3,375,687**	**4,435,234**

Deferred tax benefits of tax loss carryforwards are not included in the balance sheet as at 31 December 2017.

2.2 Specification of the basis for tax payable

	2017	2016
Result for the period	-15,921,571	-4,869,333
Permanent differences	-3,973,594	-1,482,206
Changes in temporary differences	-1,592,628	
Basis of calculation for tax payable	**-21,487,793**	**-6,351,539**
Tax payable	0	0
Deduction for R&D costs	3,991,177	

Note 3 – Share capital and shareholder information

NAME	NUMBER OF SHARES	PERCENTAGE OF SHARE CAPITAL
Sciencons AS	3,185,000	24.16
Geveran Trading Co LTd	1,100,000	8.34
Blaahaugen AS	692,500	5.25
Roy Hartvig Larsen	678,000	5.14
Radiumhospitales	670,880	5.09
Must Invest	517,000	3.92
Cancia AS	493,300	3.74
Syntax AS	440,000	3.34
Bentax AS	400,000	3.03
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
<1% remaining shareholders	3,155,880	23.94
Total	**13,184,681**	**100%**

Nominal value per share: NOK 0.10

Total number of shareholders: 273

A capital increase was carried out in 2017, with the issuance of 5,433,681 new shares

	SHARE CAPITAL	SHARE PREMIUM	UNCOVERED LOSS	TOTAL AMOUNT
Share capital as at 1 January 2017	775.100	25.003.900	-9.477.443	16.301.557
Share issuance	543.368	209.740.087		210.283.455
Result of the period			-15.921.571	-15.921.571
Share capital as at 31 December 2017	**1.318.468**	**234.743.987**	**-25.399.014**	**210.663.441**

In 2017, approximately NOK 210.2 million was paid in as new equity.

Note 5 – Other receivables

VAT refund	6,827,570
Prepaid expenses	769,400
Skattefunn[1]	3,991,177
Total amount	**11,588,147**

[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

	2017	2016
Salaries (incl. vacation pay)	8,517,128	2,960,734
Payroll tax	1,267,354	431,998
Pension costs (occupational pension scheme)	435,600	61,879
Other pension costs	112,265	87,366
Total personnel expenses	**10,332,347**	**3,541,977**
Total full-time equivalent	**11.5**	**3.5**

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

		2017	2016
CEO	Salary	1,415,413	493,332
	Bonus	169,400	
	Other remuneration	61,102	1,464
Total amount CEO		**1,645,915**	**494,796**

In 2017, the company established a share option scheme whereby certain employees are entitled to future share options connected to the value of the company's shares.

Under the option scheme, a total of 62,965 shares options with a strike price of NOK 10 had vested as at 31 December 2017, of which the CEO held 48,750 vested shares option.

6.3 Specification of remuneration to the board of directors

Paid board remuneration 2017	393,750
Incurred board remuneration – RSU registration for the upcoming year	250,000
Total amount, board remuneration	**643,750**

6.4 Specification of remuneration to the auditor

	2017	2016
Expensed remuneration to the auditor	18,500	13,700
Other certification services	10,600	15,400
Total remuneration paid to the auditor	**29,100**	**29,100**

6.5 Restricted funds

	2017	2016
Restricted funds – Tax deduction	602,221	266,437
Tax payable, 6th term	601,348	266,288

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 so significant that revenue recognition provides better information than a cost reduction against the R&D.

	2017	2016
Skattefunn	3,991,177	1,487,667
The Research Council of Norway	1,613,706	1,019,077
Total amount	**5,604,883**	**2,506,734**
Receivables:		
Skattefunn	3,991,177	1,487,667

Note 8 – Fixed assets

	INVENTORY	LAB EQUIPMENT	FIXED BUILDING INVENTORY	OFFICE MACHINERY	TOTAL AMOUNT
Balance as at 1 January 2017				516,964	516,964
Acquisitions	966,485	8,823,442	12,006,253	566,057	22,362,237
Disposals					
Acquisition cost	966,485	8,823,442	12,006,253	1.083,021	22,879,201
Accumulated depreciation	-98,420	-279,258	-1,200,625	-421,148	-1,999,451
Sum	**868,065**	**8,544,184**	**10,805,628**	**661,873**	**20,879,750**
Depreciation for the year	-98,420	-279,258	-1,200,625	-266,059	1,844,362
Useful life	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 (offices)	1,681,031
Rental costs (office machinery and equipment)	26,482
Lab costs, studies, patents, equipment	4,232,002
Foreign services – remuneration	3,242,687
Office expenses	616,721
Travel reimbursement costs	481,186
Advertisement costs	248,283
Representation	15,891
Membership fees, insurance and other costs	191,815
Total costs	**10,736,098**

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 showing a loss of NOK 15 921 571. The financial statements comprise the balance sheet as at 31 December 2017, 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 2017, 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.

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 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.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We 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 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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.

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 2018
Thorsby AS

Øyvind Thorsby
State Authorised Public Accountant

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

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