BerGenBio

BerGenBio

INTERIM REPORT FIRST QUARTER 2020

BerGenBio

Table of Contents

Richard Godfrey
Chief Executive Officer of BerGenBio

During these challenging times for so many people around the world due to the COVID-19 crisis, we continue to execute on our strategy while prioritising the health, safety and well-being of our employees and their families, our patients and collaborators. As the COVID-19 pandemic evolves we will continue to monitor the impact on our business and research operations. The impact of COVID-19 on our clinical trials started to become visible towards the end of the first quarter and on our preclinical research operations in April. As far as feasibly possible whilst protecting enrolled patients, their families and hospital staff, we are pleased to have been able to ensure that the dozens of patients currently participating in our clinical trials with our lead candidate bemcentinib are continuing their treatment throughout the current restrictions. Additional drug supplies have been made available to patients and in some hospitals outpatient visits have been staggered or completed by telemedicine. However, recruitment into trials has slowed as many sites have temporarily postponed new patient enrolment due to the on-going pandemic and BerGenBio is unable to provide guidance on the timing of enrolment completion. Enrolment is expected to regain momentum as conditions permit across the various geographies of our studies.

In April we were delighted to be invited to take part in a ground-breaking partnership between government, academia and industry to respond to COVID-19, with bemcentinib chosen as the first potential treatment to be fast-tracked in a new UK national multi-centre randomised Phase II clinical ACCORD (**AC**celerating **CO**VID-19 **R**esearch & **D**evelopment platform) trial initiative.

The aim of the trial is to get an early indication of bemcentinib's effectiveness in treating hospitalised patients with COVID-19. With strong pre-clinical data showing the role that AXL plays in infectious disease and promising anti-viral activity shown by bemcentinib, we are hopeful that we can play a significant role in the global effort to find suitable treatment options for COVID-19 patients.

Overall, the Company is in a robust cash position, with good control of costs and is well placed to weather the current global disruption. We have completed two significant fundraises so far this year; a private placement funding providing NOK 220m which closed in January and February, and an over-subscribed private placement which closed post the period end, in May, raising gross proceeds of NOK 500 million (EUR 45 million). This new funding allows us to expand the clinical development potential of our AXL drug candidates to treat patients with serious aggressive diseases without any effective treatment option. I'd like to thank our current loyal shareholders for their continued support of BerGenBio and welcome our new domestic and international investors to the register.

I would like to reassure our shareholders in the wake of this ongoing crisis that BerGenBio remains well positioned operationally and financially to regain momentum in our existing trials and continuing to investigate the potential of our pipeline in broader indications. I look forward to providing you with further updates in due course.

Q1 2020 (including post-period end) HIGHLIGHTS

- **Private Placement completed in January 2020, gross proceeds NOK 219.9 million**
- **Efficacy endpoint met for first stage of Phase II trial in bemcentinib/KEYTRUDA® combination study in NSCLC patient's refractory to check point inhibitors**
- **Bemcentinib selected to be fast-tracked as a potential treatment for COVID-19 through UK Government clinical trial initiative**
- **Post-period private placement completed in May 2020, with gross proceeds NOK 500 million**

OVERVIEW & OUTLOOK

Q1 Business Overview

BerGenBio maintained its clinical research focus with its lead drug candidate bemcentinib, a novel once-a-day, orally administered, highly selective AXL inhibitor. BerGenBio's primary focus is to confirm the clinical position of bemcentinib in second line treatment AML and NSCLC patients. Phase II trials remain ongoing to achieve this. In addition, post-period end, the Company announced its participation in a UK-Government backed Phase II programme, which will test bemcentinib in hospitalised COVID-19 patients.

All patients currently enrolled into BerGenBio's clinical trials can remain on study and continue their treatment during the current COVID-19 situation. As bemcentinib is orally administered once-a-day and is very well tolerated by patients, the Company can ensure that patients are able to be issued with several months of dosage, reducing the need to visit hospital pharmacies.

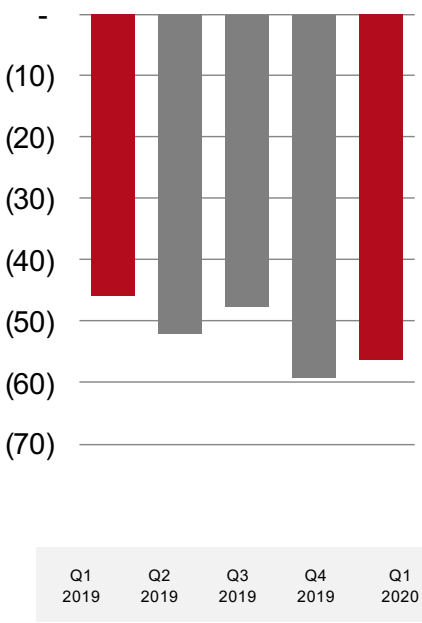
Patients enrolled in combination trials with low dose chemotherapy or checkpoint inhibitor drugs currently require redosing every three or six weeks respectively. However, the Company can confirm that dose adjustments will be made where marketing authorisations permit, and this should not adversely impact the efficacy signal of the combination trials.

Q1 2020 FINANCIAL HIGHLIGHTS

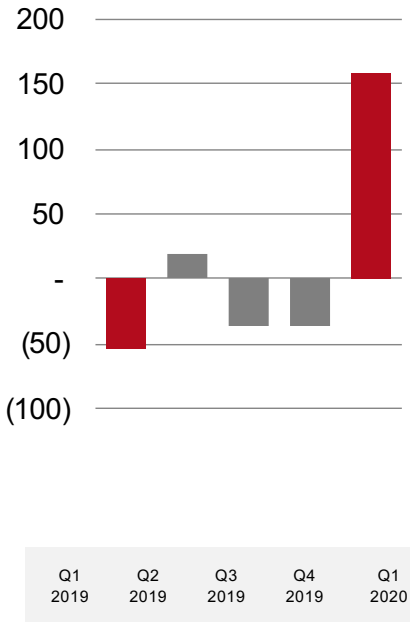
Key financial figures

(NOK million)	Q1 2020	Q1 2019	FY 2019
Operating revenues	0,0	8,7	8,9
Operating expenses	56,2	54,5	213,3
Operating profit (-loss)	-56,2	-45,8	-204,4
Profit (-loss) after tax	-48,6	-44,3	-199,3
Basic and diluted earnings (loss) per share (NOK)	-0.73	-0.81	-3.43
Net cash flow in the period	158,9	-54,2	-107,2
Cash position end of period	419,4	306,7	253,6

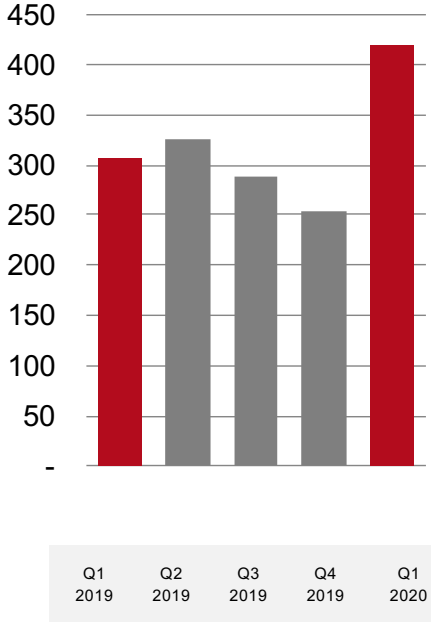
Operating loss



Cash flow



Cash position



OVERVIEW & OUTLOOK

AML Acute Myeloid Leukaemia

Bemcentinib is currently undergoing clinical development as a treatment for Acute Myeloid Leukaemia (AML) and Myelodysplastic syndrome (MDS).

Trials are currently in progress to evaluate the safety and efficacy of bemcentinib in AML and MDS patients as; a monotherapy in second line or later patients with relapsed or refractory AML or MDS; or in combination with low-dose cytarabine (LDAC) in second-line relapsed or refractory AML patients.

The Company anticipates that an update on clinical and translational data for the Phase II bemcentinib / LDAC combination study will be presented at the American Society of Haematology (ASH) in December 2020.

NSCLC Non-Small Cell Lung Cancer

Bemcentinib is also being investigated as a potential combination treatment to improve the effectiveness of immune check point inhibitor (CPI) drugs in refractory NSCLC patients.

In January BerGenBio announced that it had met the efficacy endpoint for the first stage of its Phase II clinical trial combining bemcentinib with Merck's anti-PD-1 therapy KEYTRUDA® in patients with advanced NSCLC having progressed on previous CPI therapy (BGBC008, cohort B1) enabling the trial to advance to the second stage enrolling an additional 16 patients. A third cohort of the study (BGBC008, cohort C) is actively enrolling patients that have progressed on a first line combination therapy of CPI plus chemotherapy.

The Company will present cohort B1 clinical and translational data at the Next Gen Immuno-Oncology Congress on June 25th.

Infectious Disease COVID-19 (post period)

Bemcentinib selectively inhibits AXL kinase activity, blocking viral entry and enhancing the anti-viral type I interferon response, a key cellular defence mechanism against viral infection. Furthermore it is well tolerated by patients and administered in a simple once a day capsule format.

Bemcentinib has previously been reported to exhibit potent anti-viral activity in preclinical models against several enveloped viruses, including Ebola and Zika virus. Recent data have expanded this to SARS-CoV-2.

In April, BerGenBio announced the selection of bemcentinib in a UK Government-backed national ACCORD study. The ACCORD study is a multicentre, seamless, Phase II adaptive randomisation platform trial to assess the efficacy and safety of multiple candidate agents, the first of which is bemcentinib, for the treatment of COVID-19 in hospitalised UK NHS patients.

The study, is fully funded by the UK Department of Health and Social Care and UK Research and Innovation, sponsored by University Hospital Southampton, with drug material and trial resources provided by BerGenBio. 120 hospitalised COVID-19 patients (60 will receive bemcentinib and 60 control group patients receiving standard of care treatment) will be enrolled across 6 UK NHS hospital trusts.

If positive results are seen, bemcentinib will advance rapidly into the large-scale Phase III trials currently in progress across the UK.

Strategic Priorities

The Company remains well placed to deliver its stated strategic priorities:

- Continuing to advance the bemcentinib clinical development programme towards late stage clinical trials in AML and NSCLC
- Developing companion diagnostics to enrich future clinical trials and improve chances of regulatory success
- Advancing the phase I clinical development of our anti AXL monoclonal antibody tilvestamab (BGB149)
- Securing additional pipeline opportunities for the Company's AXL inhibitors in oncology and non-oncology indications including COVID-19

Outlook

BerGenBio's broad Phase II clinical development programme with bemcentinib, pipeline of AXL inhibitors and financial position, strengthened by two successful placings in 2020, collectively provide a strong foundation to create and deliver significant value for shareholders.

The Board considers that the results emerging from the clinical development programmes, particularly in NSCLC and AML, have established proof-of-concept for AXL inhibition as a potentially valuable approach for cancer therapy. This also provides valuable information to inform the future development strategy for bemcentinib. Further clinical data will be reported at future medical congresses and as appropriate by the company.

Robust measures taken by authorities across many jurisdictions to reduce the spread of COVID-19 have increased the likelihood of delays to clinical trials throughout the sector and will invariably impact patient recruitment into BerGenBio clinical studies and extend previously anticipated timelines. Management will be continuously reviewing timelines for the progression of studies and data readouts and will update the market accordingly.

Preclinical data suggest that bemcentinib is potentially useful for the treatment of early SARS-CoV-2 infection, responsible for the current COVID-19 pandemic. A Phase II trial funded by the UK government is currently underway and the Company will provide an update on initial data as soon as is practicable.

Risks and Uncertainties

The Group operates in a highly competitive industry sector with many large players and may be subject to rapid and substantial technological change.

BerGenBio is currently in a development phase involving activities that entail exposure to various risks. BerGenBio's lead product candidate bemcentinib is currently in Phase II clinical trials. This is regarded as an early stage of development and the clinical studies may not prove to be successful. Timelines for completion of clinical studies are to some extent dependent on external factors outside the control of the Group, including resource capacity at clinical trial sites, competition for patients, etc.

The financial success of BerGenBio and / or its commercial partners requires obtaining marketing authorisation and securing an acceptable reimbursement price for its drugs. There can be no guarantee that the drugs will obtain the selling prices or reimbursement rates foreseen.

BerGenBio and / or its commercial partners will need approvals from the US Food & Drug Administration (FDA) to market its products in the US, and from the European Medicines Agency (EMA) to market its products in Europe, as well as equivalent regulatory authorities in other worldwide jurisdictions to commercialise in those regions. The future earnings are likely to be largely dependent on the timely marketing authorisation of bemcentinib for various indications.

Financial Risks

Interest rate risk

The Group holds cash and cash equivalents and does not have any borrowings. The Group'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.

Exchange rate risk

The value of non-Norwegian currency denominated costs will be affected by changes in currency exchange rates or exchange control regulations. The Group undertakes various transactions in foreign currencies and is consequently exposed to fluctuations in exchange rates. The exposure arises largely from the clinical trials and research expenses. The Group is mainly exposed to fluctuations in euro (EUR), pounds sterling (GBP) and US dollar (USD). The Group are holding part of the bank deposit in EUR, GBP and USD depending on the need for such foreign exchange.

The foreign currency exposure is also mostly linked to trade payables with short payment terms. The Group might consider changing its current risk management of foreign exchange rate if it deems it appropriate.

Credit risk

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

The Group has not suffered any loss on receivables during 2020 and the Group considers its credit risk as low.

Liquidity risk

Liquidity is monitored on a continued basis by Group management. The Group works continuously to ensure financial flexibility in the short and long term to achieve its strategic and operational objectives. Management considers the Group's liquidity situation to be satisfactory. The Group secured equity funding of NOK 220 million in January 2020 and additional NOK 500 million in May 2020.

Non-financial risks

Technology risk

The Group's lead product candidate, bemcentinib (BGB324), is currently in Phase II clinical trials and the Group's clinical studies may not prove to be successful.

Competitive technology

The Group 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 Group requires obtaining marketing authorisation and achieving an acceptable reimbursement price for its drugs. There can be no guarantee that the Group's drugs will obtain the selling prices or reimbursement rates foreseen by the Group. The Group will need approvals from the US Food and Drug Administration (FDA) to market its products in the US, and from the European Medicines Agency (EMA) to market its products in Europe, as well as equivalent regulatory authorities in other worldwide jurisdictions to commercialise in those regions. The Group's future earnings are likely to be largely dependent on the timely marketing authorisation of bemcentinib for various indications.

FINANCIAL REVIEW

Financial Results

(Figures in brackets = same period 2019 unless stated otherwise)

Revenue for the first quarter 2020 amounted to NOK 0.0 million (NOK 8.7 million). The revenue in 2019 was clinical milestone payments from ADCT.

Total operating expenses for the first amounted to NOK 56.2 million (NOK 54.5 million).

Employee expenses in the first quarter were NOK 9.8 million (NOK 7.5 million). The increase in Q1 2020 compared to Q1 2019 is a result of increased head count as part of a planned organisational build out in preparation for late stage clinical development.

Other operating expenses amounted to NOK 46.2 million (NOK 46.8 million) for the first quarter. Operating expenses are driven by the expansion of ongoing clinical trials and preparations for new clinical trials. The Company incurs costs when clinical trials meet specific milestones of progress.

The operating loss for the first quarter came to NOK 56.2 million (NOK 45.8 million), reflecting the level of activity related to the clinical trials BerGenBio are conducting. The 2019 operational loss where reduced by milestone revenues in 2019.

Net financial items amounted to a gain of NOK 7.7 million (NOK 1.5 million) for the first quarter results from a foreign exchange rate development.

Losses after tax for the first quarter were NOK 48.6 million (NOK 44.3 million).

Financial Position

Total assets at 31 March 2020 increased to NOK 433.8 million (NOK 270.4 million at year end 2019), mainly due to the operational loss in the period and reflecting the private placement completed in January raising gross NOK 220.0 million.

Total liabilities were NOK 54.6 million at year end 2019 (NOK 50.6 million at year end 2019).

Total equity as of 31 March 2020 was NOK 379.2 million (NOK 219.8 million at year end 2019), corresponding to an equity ratio of 87.4% (81.3% at year end 2019).

Cash Flow

Net cash flow from operating activities was negative by NOK 59.1 million in the quarter (negative by 55.6 million), mainly driven by the level of activity in the clinical trials.

Net cash flow from investing during the quarter was NOK 0.2 million (NOK 0.2 million).

Net cash flow from financing activities was NOK 217.8 million (NOK 1.2 million) representing the private placement completed in the quarter at gross NOK 220.0 million.

Cash and cash equivalents increased to NOK 419.4 million (NOK 253.6 at year end 2019).

The board today considered and approved the condensed, consolidated financial statement of the three months ending 31 March 2020 for BerGenBio.

Bergen 18 May 2020
Board of Directors and CEO of BerGenBio ASA

Sveinung Hole, Chairman	Pamela A. Trail
Stener Kvinnsland	Grunde Eriksen
Debra Barker	Richard Godfrey, CEO

Condensed consolidated statement of profit and loss and other comprehensive income

(NOK 1000) Unaudited	Note	Q1 2020	Q1 2019	FY 2019
Revenue		**0**	**8,682**	**8,900**
Expenses				
Employee benefit expenses	3, 10	9,829	7,460	35,717
Depreciation	2	196	196	785
Other operating expenses	6	46,212	46,844	176,773
Total operating expenses		**56,237**	**54,500**	**213,274**
Operating profit		**-56,237**	**-45,818**	**-204,374**
Finance income		8,507	1,761	11,530
Finance expense		833	254	6,434
Financial items, net		**7,675**	**1,507**	**5,096**
Profit before tax		**-48,563**	**-44,311**	**-199,278**
Income tax expense		0	0	0
Profit after tax		**-48,563**	**-44,311**	**-199,278**
Other comprehensive income				
Items which will not be reclassified over profit and loss				
Actuarial gains and losses on defined benefit pension plans		0	0	0
Total comprehensive income for the period		**-48,563**	**-44,311**	**-199 278**
Earnings per share:				
- Basic and diluted per share	7	**-0.73**	**-0.81**	**-3.43**

BerGenBio

Condensed consolidated statement of financial position

(NOK 1000) Unaudited	Note	31 MAR 2020	31 MAR 2019	31 DEC 2019
ASSETS				
Non-current assets				
Property, plant and equipment	2	778	1,563	974
Total non-current assets		**778**	**1,563**	**974**
Other current assets	5, 8	13,604	22,854	15,818
Cash and cash equivalents		419,397	306,717	253,586
Total current assets		**433,001**	**334,571**	**269,404**
TOTAL ASSETS		**433,779**	**336,134**	**270,378**
EQUITY AND LIABILITIES				
Equity				
Paid in capital				
Share capital	9	7,330	5,485	6,108
Share premium	9	344,932	266,952	187,786
Other paid in capital	4, 9	26,915	22,754	25,860
Total paid in capital		**379,176**	**295,191**	**219,754**
Total equity		**379,176**	**295,191**	**219,754**
Non-current liabilities				
Long term debt		0	0	0
Total non-current liabilities		**0**	**0**	**0**
Current liabilities				
Accounts payable		31,492	29,781	26,746
Other current liabilities		22,630	6,824	21,803
Provisions		481	4,030	2,074
Total current liabilities		**54,603**	**40,635**	**50,624**
Total liabilities		**54,603**	**40,942**	**50,624**
TOTAL EQUITY AND LIABILITIES		**433,779**	**336,134**	**270,378**

Condensed consolidated statement of changes in equity

(NOK 1000) Unaudited	Note	Share capital	Share premium	Other paid in capital	Total equity
Balance at 1 January 2020		**6,108**	**187,786**	**25,860**	**219,754**
Loss for the period			-48,563		-48,563
Other comprehensive income (loss) for the period, net of income tax			0		0
Total comprehensive income for the period		**0**	**-48,563**	**0**	**-48,563**
Recognition of share-based payments	3, 4			1,054	1,054
Issue of ordinary shares	9	1,222	218,769		219,991
Share issue costs			-13,061		-13,061
Transactions with owners		1,222	205,708	1,054	207,984
Balance at 31 March 2020		**7,330**	**344,931**	**26,915**	**379,176**

(NOK 1000) Unaudited	Note	Share capital	Share premium	Other paid in capital	Total equity
Balance at 1 January 2019		**5,471**	**309,791**	**22,018**	**337,280**
Loss for the period			-44,311		-44,311
Other comprehensive income (loss) for the period, net of income tax			0		0
Total comprehensive income for the period		**0**	**-44,311**	**0**	**-44,311**
Recognition of share-based payments	3, 4			736	736
Issue of ordinary shares	9	14	1,473		1,487
Share issue costs					
Transactions with owners		14	1,473	736	2,223
Balance at 31 March 2019		**5,485**	**266,952**	**22,754**	**295,192**

BerGenBio

Condensed consolidated statement of cash flow

(NOK 1000) Unaudited	Note	Q1 2020	Q1 2019	FY 2019
Cash flow from operating activities				
Loss before tax		-48,563	-44,311	-199,278
Adjustments for:				
Depreciation of property, plant and equipment		196	196	785
Share-based payment expense	3, 4	1,054	736	3,842
Movement in provisions and pensions		-1,593	-395	-2,658
Currency gains not related to operating activities		-6,903	-504	-332
Net interest received		-151	-176	-2,206
Working capital adjustments:				
Decrease in trade and other receivables and prepayments		2,214	-10,023	2,013
Increase in trade and other payables		-5,319	-1,128	11,151
Net cash flow from operating activities		**-59,065**	**-55,604**	**-186,683**
Cash flows from investing activities				
Net interest received		151	176	2,206
Purchase of property, plant and equipment		0	0	0
Net cash flow used in investing activities		**151**	**176**	**2,206**
Cash flows from financing activities				
Proceeds from issue of share capital	9	219,991	1,487	82,785
Share issue costs	9	-1,911		-4 875
Repayment of lease liabilities		-259	-259	-593
Net cash flow from financing activities		**217,821**	**1 228**	**77,317**
Effects of exchange rate changes on cash and cash equivalents		6,903	504	332
Net increase/(decrease) in cash and cash equivalents		158,907	-54,201	-107,160
Cash and cash equivalents at beginning of period		253,586	360,413	360,413
Cash and cash equivalents at end of period		**419,397**	**306,717**	**253,586**


BerGenBio

SELECTED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1

Corporate information

BerGenBio ASA ("the Company") and its subsidiary (together "the Group") is a clinical stage biopharmaceutical company focused on developing novel medicines for aggressive diseases, including advanced, treatment-resistant cancers.

BerGenBio ASA is a limited public liability company incorporated and domiciled in Norway. The address of the registered office is Jonas Lies vei 91, 5009 Bergen, Norway.

The condensed interim financial information is unaudited. These interim financial statements cover the three-months period ended 31 March 2020 and were approved for issue by the Board of Directors on 18 May 2020.

Note 2

Basis for preparation and significant accounting policies

Basis for preparation and significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019, except for the adoption of new standards and interpretations effective as of 1 January 2020.

The new and amended standards and interpretations from IFRS that were adopted by the EU with effect from 2020 did not have any significant impact on the reporting for Q1 2020.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Basis for consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as of 31 March 2020. The subsidiary is BerGenBio Limited, located in Oxford in the United Kingdom and is 100% owned and controlled by the parent company BerGenBio ASA

Estimates and assumptions

Preparation of the accounts in accordance with IFRS requires the use of judgment, estimates and assumptions that have consequences for recognition in the balance sheet of assets and liabilities and recorded revenues and expenses. The use of estimates and assumptions are based on the best discretionary judgment of the Group's management. The Group works continuously to ensure financial flexibility in the short and long term to achieve its strategic and operational objectives.

Capital markets are used as a source of liquidity when this is appropriate and when conditions in these markets are acceptable. A private placement and capital increase of gross NOK 220 million was completed in January 2020, and thus the Board of Directors has reasonable expectation that the Group will maintain adequate resources to continue in operational existence for the foreseeable future. The interim financial statements are prepared under the going concern assumption.

In addition a private placement was completed in May 2020 raising gross NOK 500 million.

Note 3

Payroll and related expenses

	For the three months ended 31 March	
	2020	2019
Salaries	8,677	6,104
Social security tax	1,245	1,107
Pension expense	646	483
Bonus	0	0
Share option expense employees	1,054	736
Accrued social security tax on share options	-1,593	-702
Other remuneration	103	149
Government grants 1)	-303	-418
Total payroll and related expenses	**9,829**	**7,460**
Average number of full time equivalent employees	28	24

1) See also note 5 for government grants

Members of management and Board of Directors participating in the option program

Option holder	Number of options outstanding	Grant date	Expiry date	Exercise price (NOK)
Richard Godfrey	150,000	3-Sep-13	3-Sep-21	10.62
	75,000	13-Jun-13	13-Jun-21	10.62
	120,000	11-Jun-14	11-Jun-22	11.15
	275,000	22-May-15	22-May-23	16.01
	100,000	1-Jan-16	1-Jan-24	24.00
	122,484	23-May-18	23-May-26	45.70
	50,000	31-Oct-18	31-Oct-26	28.50
	236,800	17-Apr-19	17-Apr-27	25.00
James B Lorens	55,000	3-Sep-13	3-Sep-21	10.62
	100,000	13-Jun-13	13-Jun-21	10.62
	70,000	11-Jun-14	11-Jun-22	11.15
	275,000	22-May-15	22-May-23	16.01
	50,000	1-Jan-16	1-Jan-24	24.00
	10,707	23-May-18	23-May-26	46.70
	7,000	31-Oct-18	31-Oct-26	28.50
	20,800	17-Apr-19	17-Apr-27	25,00
Rune Skeie	24,090	23-May-18	23-May-26	46.70
	20,000	31-Oct-18	31-Oct-26	28.50
	52,000	17-Apr-19	17-Apr-27	25,00
James Barnes	59,400	17-Apr-19	17-Apr-27	25.00
	1,873,281			

In the annual general meeting on the 22nd of March 2017 it was resolved a split of the shares so that 1 share with a nominal value of NOK 10 was split into 100 shares with a nominal value of NOK 0.10. The overview above takes into account the share split.

Note 4
Employee share option program

The Group has a Long Term Incentive Program for employees, an option scheme program. Each option gives the right to acquire one share in BerGenBio at exercise.

The Group has a share option program to ensure focus and align the Group's long term performance with shareholder values and interest. Most of the employees in the Group take part in the option program. The program also serves to retain and attract senior management.
The exercise price for options granted is set at the market price of the shares at the time of grant of the options. In general, for options granted after 2012 the options expire eight years after the date of grant.

Primarily the options vest annually in equal tranches over a three-year period following the date of grant.

The following equity incentive schemes grant have been granted since 2010:

	Number of options	Grant date	Expiry date	Exercise price
Granted in September 2010	225,000	Sep 2010	Dec 2017/2019	5,65
Granted in May 2011	175,000	May 2011	Dec 2017/2019	7,56
Granted in June 2012	285,000	Jun 2012	Dec 2017/2019	10,62
Granted in June 2012	225,000	Jun 2012	Jun 2020	10,62
Granted in June 2013	360,000	Jun 2013	Jun 2021	10,62
Granted in September 2013	400,000	Sep 2013	Sep 2021	10,62
Granted in June 2014	280,000	Jun 2014	Jun 2022	11,15
Granted in May 2015	650,000	May 2015	May 2023	16,01
Granted in September 2015	260,000	Sep 2015	Sep 2021	16,01
Granted in January 2016	400,000	Jan 2016	Jan 2024	24,00
Granted in February 2016	122,500	Feb 2016	Feb 2024	24,00
Granted in December 2017	50,000	Dec 2017	Dec 2025	22,00
Granted in May	385,027	May 2018	May 2026	46,70
Granted in October 2018	277,000	Oct 2018	Oct 2026	28,50
Granted in April 2019	784,629	April 2019	April 2027	25,00
Forfeited in 2015	-7,500			10,62
Forfeited in 2016	-50,000			16,01
Forfeited and cancelled in 2017 *	-220,000			12,33
Exercised in 2017	-230,000			9,98
Exercised in 2018	-160,000			19,01
Forfeited in 2018	-245,513			26,27
Exercised in 2019	-870,000			9,89
Forfeited in 2019	-511,596			28,19
Cancelled in 2019	-15,000			24,00
Cancelled in 2020	-44,150			26,13
Total	**2,525,397**			

In the annual general meeting on the 22nd of March 2017 it was resolved a split of the shares so that 1 share with a nominal value of NOK 10 was split into 100 shares with a nominal value of NOK 0.10. The overview above takes into account the share split.

** The exercise price is calculated as the weighted average exercise price of the forfeited and cancelled options.*

Total options	For the three months ended 31 March 2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 January	2,569,547	21.07	3,181,514	18.20
Granted during the period				
Exercised during the period			-140,000	10.62
Forfeited and cancelled	-44,150	26.13	-51,999	36.65
Balance at 31 March	**2,525,397**	**20.98**	**2,989,515**	**18.23**

0 options were granted in the three months period ended 31 March 2020 and 0 options were granted in the three months period ended 31 March 2019.

Vested options	For the three months ended 31 March 2020	2019
Options vested at 1 January	1,701,981	2,598,334
Exercised and forfeited in the period	- 22,370	-191,999
Vested in the period		
Options vested at 31 March	**1,679,611**	**2,406,335**
Total outstanding number of options	2,525,397	2,989,515

The options are valued using the Black-Scholes model.

The risk free interest rates are based on rates from Norges Bank and Oslo Børs on the Grant Date (bonds and certificates) equal to the expected term of the option being valued. Where there is no exact match between the term of the interest rates and the term of the options, interpolation is used to estimate a comparable term.

The vesting period is the period during which the conditions to obtain the right to exercise must be satisfied. Most of the options vest dependent on certain conditions. The Group has estimated an expected vesting date and this date is used as basis for the expected lifetime. The Group expects the options to be exercised earlier than the expiry date. For Options granted earlier than 2014, the mean of the expected vesting date and expiry date has been used to calculate expected lifetime due to the lack of exercise pattern history for the Group and experience from other companies in combination with the relatively long lifetime of these options (up to 8 years).

For valuation purposes 43% expected future volatility has been applied. As the Group recently went public it has limited history of volatility in its share price, therefore the historical volatility of similar listed companies has been used as a benchmark for expected volatility.

For the three month period ending 31 March the value of the share options expensed through the profit or loss amounts to NOK 1.1 million (for the same period in 2019: NOK 0.7 million). In addition a provision for social security contributions on share options of NOK - 1.6 million (for the same period in 2019: NOK - 0.7 million) is recognised based on the difference between the share price and exercise price on exercisable option as at the end of the period.

Government grants

Government grants have been recognised in the profit and loss as a reduction of related expense with the following amounts:

	Q1 2020	Q1 2019
Employee benefit expenses	303	418
Other operating expenses	2,798	4,326
Total	**3,101**	**4,743**

Grants **receivable** as at 31 March are detailed as follows:

	31 Mar 2020	31 Mar 2019
Grants from Research Council, BIA	1,914	1,675
Grants from Innovation Norway	-272	6,597
Grants from SkatteFunn	9,221	9,804
Grants R&D UK	1,457	0
Total grants receivable	**12,319**	**18,076**

BIA grants from the Research Council:

The Company currently has two grants from the Research Council, programs for user-managed innovation arena (BIA) in 2020. One additional grant ended in April 2019.

The first BIA grant ("Axl targeting therapeutics to treat fibrotic diseases") totals to NOK 12.0 million and covers the period from April 2015 to April 2019. The Group has recognised NOK 0.9 million in Q1 2019 classified partly as reduction of payroll and related expenses and partly as a cost reduction of other operating expenses.

The second BIA grant ("Investigator-Initiated Trials for AXL driven cancers with high unmet clinical need") totals to NOK 15.1 million and covers the period from February 2017 to January 2021. The Group has recognised NOK 0.8 million in Q1 2020 (Q1 2019: NOK 1.0 million) classified partly as reduction of payroll and related expenses and partly as a cost reduction of other operating expenses.

The third BIA grant ("AXL as a therapeutic target in fibrosis; biology and biomarkers") has been awarded from 2019 and amount up to NOK 10.7 million. The Group has recognised NOK 1.1 million in Q1 2020 (Q1 2019: NOK 0.0 million) classified partly as reduction of payroll and related expenses and partly as a cost reduction of other operating expenses.

Innovation Norway:

BerGenBio has been awarded a NOK 24 million (USD2.85m) grant from Innovation Norway to support the clinical development of BGB324 in combination with Merck & Co.'s KEYTRUDA® (pembrolizumab) in patients with advanced lung cancer.
The grant from Innovation Norway is an Industrial Development Award (IFU). The IFU program is directed to Norwegian companies developing new products or services in collaboration with foreign companies. BerGenBio received NOK 7.2 million in Q4 2017 of this grant and further NOK 12 million in Q3 2019. The grant may be withdrawn under certain circumstances. The Group has recognised NOK 0.0 million in Q1 2020 (Q1 2019: NOK 1.2 million) classified as cost reduction of other operating expenses.

SkatteFunn:

R&D projects have been approved for SkatteFunn (a Norwegian government R&D tax incentive program designed to stimulate R&D in Norwegian trade and industry) for the period from 2018 until the end of 2020. The Group has recognised NOK 1.2 million in Q1 2020 (Q1 2019: NOK 1.8 million) classified partly as reduction of payroll and related expenses and partly as a cost reduction of other operating expenses.

R&D tax grants UK:

BerGenBio Limited, a 100% subsidary of BerGenBio ASA, has been granted R&D tax grants in UK for 2017 and 2018. R&D grants are approved retrospectively by application. Grants for 2017 and 2018 have been approved and received in 2019. Application for R&D grants are expected to be approved for 2019. The Group has in 2019 recognised NOK 3.2 classified as reduction of payroll and related expenses for the years 2017, 2018 and 2019.

21

Note 6 Other operating expenses

	For the three months ended 31 March	
	2020	2019
Program expenses, clinical trials and research	37,332	33,626
Office rent and expenses	557	388
Consultants R&D projects	4,122	3,842
Patent and licence expenses	963	736
Other operating expenses	6,036	12,577
Government grants	-2,798	-4,326
Total	**46,212**	**46,844**

Note 7 Earnings per share

	For the three months ended 31 March	
	2020	2019
Loss for the period (NOK 1,000)	-48,563	-44,311
Average number of outstanding shares during the year	66,668,083	54,717,824
Earnings (loss) per share - basic and diluted (NOK)	**-0.73**	**-0.81**

Share options issued have a potential dilutive effect on earnings per share. No dilutive effect has been recognized as potential ordinary shares only shall be treated as dilutive if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the Group is currently loss-making an increase in the average number of shares would have anti-dilutive effects.

Note 8 Other current assets

	31 Mar 2020	31 Mar 2019
Government grants	12,319	18,076
Refundable VAT	355	0
Prepaid expenses	289	1,096
Other receivables	640	8,682
Total	**13,604**	**27,854**

Note 9 Share capital and shareholder information

As of 31 March	Number of shares	Nominal value (NOK)	Book value (NOK)
Ordinary shares 2020	73 298 305	0.10	7 329 830,50
Ordinary shares 2019	54 851 446	0.10	5 471 144,60

Changes in the outstanding number of shares	For the three months ended 31 March	
	2020	2019
Ordinary shares at 1 January	61,076,590	54,711,446
Issue of ordinary shares	12,221,715	140,000
Ordinary shares at 31 March	**73,298,305**	**54,851,446**

Ownership structure 31 03 2020

Shareholder		Number of shares	% share of total shares
METEVA AS		20 249 475	27,6%
INVESTINOR AS		7 270 780	9,9%
VERDIPAPIRFONDET ALFRED BERG GAMBA		3 008 561	4,1%
Northern Trust Global Services SE	NOM	2 638 105	3,6%
VERDIPAPIRFONDET KLP AKSJENORGE		2 237 484	3,1%
SARSIA SEED AS		2 117 900	2,9%
BERA AS		1 445 760	2,0%
KOMMUNAL LANDSPENSJONSKASSE		1 434 022	2,0%
MP PENSJON PK		1 345 555	1,8%
VERDIPAPIRFONDET NORDEA KAPITAL		1 268 740	1,7%
VERDIPAPIRFONDET NORDEA AVKASTNING		1 228 174	1,7%
SARSIA DEVELOPMENT AS		1 175 000	1,6%
VERDIPAPIRFONDET ALFRED BERG NORGE		1 106 606	1,5%
Skandinaviska Enskilda Banken AB	NOM	1 100 000	1,5%
VERDIPAPIRFONDET NORDEA NORGE VERD		1 039 488	1,4%
NORSK INNOVASJONSKAPITAL II AS		806 170	1,1%
VERDIPAPIRFONDET ALFRED BERG AKTIV		768 198	1,0%
ALTITUDE CAPITAL AS		715 000	1,0%
VERDIPAPIRFONDET NORDEA NORGE PLUS		623 060	0,9%
MARSTIA INVEST AS		555 556	0,8%
Top 20 shareholders		**52 133 634**	**71,1%**
Total other shareholders		21 164 671	28,9%
Total number of shares		**73 298 305**	**100,0%**

The Board of Directors has been granted a mandate from the general meeting held on 16 March 2020 to increase the share capital with up to NOK 732,919 by subscription of new shares. The power of attorney was granted for the purpose of issuance of new shares in accordance with the Company's share incentive program and is valid until the earlier of the annual general meeting in 2021 and 30 June 2021. In May 2020 there was issued 102,500 new shares under this proxy at a nominal value of NOK 10,250. See note 4 for more information about the share incentive program and number of option granted.

The Board of Directors has been granted a mandate from the general meeting held on 16 March 2020 to increase the share capital with up to NOK 1,465,838 by subscription of new shares. The proxy is valid until the earlier of the annual general meeting in 2021 and 30 June 2021. In May 2020 there was issued 13,325,000 shares under this proxy at a nominal value of NOK 1,332,500.

Shares in the Group held by the management group

	Position	Employed since	31 Mar 2020	31 Mar 2020
Richard Godfrey 1)	Chief Executive Officer	January 2009	221,005	160,408
James Bradley Lorens	Chief Scientific Officer	January 2009	280,039	250,000
Total shares held by management			**495,488**	**410,408**

1) Richard Godfrey holds 221,005 shares in the Company at 31 March 2020 through Gnist Holding AS.

Shares in the Group held by members of the Board of Directors

	Position	Served since	31 Mar 2020	31 Mar 2019
Sveinung Hole 1)	Chairman	September 2010	107,394	0
Stener Kvinnsland	Board Member	February 2015	104,444	0
Total shares held by members of the Board of Directors			**211,838**	**0**

1) Sveinung Hole holds 104,444 shares in the Company through Svev AS, a wholly owned company of Sveinung Hole, and 2,950 shares directly

Grunde Eirksen (board member) is CEO in Altitude Capital AS. Altitude Capital AS is holding 715,000 shares in BerGenBio ASA at 31 March 2020.

Note 10

Pension

BerGenBio ASA is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").
The Company has a pension scheme which complies with the Act on Mandatory company pensions.

MEDICAL AND BIOLOGICAL TERMS

Adenocarcinoma	Cancerous tumour that can occur in several parts of the body and that forms in mucus-secreting glands throughout the body. It can occur in many different places in the body and is most prevalent in the following cancer types; lung cancer, prostate cancer, pancreatic cancer, oesophageal cancer and colorectal cancer. Adenocarcinomas are part of the larger grouping of carcinomas.
ADCT601	BGB601 (ADCT-601) is an antibody drug conjugate (ADC) composed of a humanised IgG1 antibody against human AXL that is linked to a cytotoxic. Being developed by ADC Therapeutics
AML	Acute myeloid leukaemia.
Anti-AXL MAb	Anti-AXL Monoclonal antibody. A monoclonal antibody that recognises AXL and binds to the AXL receptor blocking its function.
Antibody	Proteins produced by the B Lymphocytes of the immune system in response to foreign proteins called antigens. Antibodies function as markers, biding to the antigen so that the antigen molecule can be recognized and destroyed.
ASCO	American Society of Clinical Oncology
AXL	Cell surface expressed receptor tyrosine kinase, being an essential mediator of the EMT programme. AXL is up-regulated in a variety of malignancies and and associated with immune evasion, acquired drug resistance and correlates with poor clinical prognosis.
Anti-AXL MAb	AXL Monoclonal antibody. A monoclonal antibody that recognises AXL and binds to the AXL receptor.
Anti-PD-1	Agent that is used to inhibit the PD-1 receptor
Bemcentinib	BerGenBio's lead drug candidate; a highly selective inhibitor of AXL currently undergoing Phase Ib/II clinical trials in a range of aggressive cancers.
Biomarkers	A measurable indicator of some biological state or condition. More specifically, a biomarker indicates a change in expression or state of a protein that correlates with the risk or progression of a disease, or with the susceptibility of the disease to a given treatment.
Checkpoint inhibitors	The immune system depends on multiple checkpoint to avoid overactivation of the immune system on healthy cells. Tumour cells often take advantage of these checkpoints to escape detection by the immune system. Checkpoint inhibitors, inhibit these checkpoints by "releasing the brakes" on the immune system to enhance an anti-tumour T-cell response.
Clinical Research	The research phases involving human subjects.
Clinical Trials	Clinical Trials are conducted with human subjects to allow safety and efficiency data to be collected for health inventions (e.g., drugs, devices, therapy protocols). There trials can only take place once satisfactory information has been gathered on the quality of the non-clinical safety, and Health Authority/Ethics Committee approval is granted in the country where the trial is taking place.
CR	Complete response
CRO	Contract research organisation.
CTL	Cytotoxic T-lymphocytes. Key effector cells of the body's immune response to cancer.
Cytarabine	A chemotherapy agent used mainly in the treatment of cancers of white blood cells such as acute myeloid leukaemia (AML).
DCR	Disease control rate
Decitabine	A cancer treatment drug used for acute myeloid leukaemia (AML).
Docetaxel	A clinically well-established anti-mitotic chemotherapy medication that works by interfering with cell division.
EHA	European Hematology Association
Epithelial state	A state of the cell where the cells are stationary, typically forming layers and tightly connected and well ordered. They lack mobility tending to serve their specific bodily function by being anchored in place.
EGFR inhibitors	Epidermal growth factor receptor inhibitors. EGFRs play an important role in controlling normal cell growth, apoptosis and other cellular functions, but mutations of EGFRs can lead to continual or abnormal activation of the receptors causing unregulated EGFR inhibitors are either tyrosine kinase inhibitors or monoclonal antibodies that slow down or stop cell growth.
EMT	Epithelial-mesenchymal transition, a cellular process that makes cancer cells evade the immune system, escape the tumour and acquire drug resistant properties.

EMT inhibitors	Compounds that inhibit AXL and other targets that in turn prevent the formation of aggressive cancer cells with stem-cell like properties.
Erlotinib	A drug used to treat non-small cell lung cancer (NSCLC), pancreatic cancer and several other types of cancer. It is a reversible tyrosine kinase inhibitor, which acts on epidermal growth factor receptor (EGFR).
ESMO	European Society for Medical Oncology
IHC	Immunohistochemistry
In vivo	Studies within living organisms.
In vitro	Studies in cells in a laboratory environment using test tubes, petri dishes etc.
MAb	Monoclonal antibodies. Monospecific antibodies that are made by identical immune cells that are all clones of a unique parent cell, in contrast to polyclonal antibodies which are antibodies obtained from the blood of an immunized animal and thus made by several different immune cells.
Mesenchymal state	A state of the cell where the cells have loose or no interactions, do not form layers and are less well ordered. They are mobile, can have invasive properties and have the potential to differentiate into more specialised cells with a specific function.
Mesenchymal cancer cells	Cancer cells in a mesenchymal state, meaning that they are aggressive with stem-cell like properties.
Metastatic cancers	A cancer that has spread from the part of the body where it started (the primary site) to other parts of the body.
Myeloid leukaemia	A type of leukaemia affecting myeloid tissue. Includes acute myeloid leukaemia (AML) and chronic myelogenous leukaemia.
NSCLC	Non-small cell lung cancer.
ORR	Overall response rate
Paclitaxel	A medication used to treat a number of types of cancer including ovarian cancer, breast cancer, lung cancer and pancreatic cancer among others.
PD-L1	Programmed death-ligand 1
PFS	Progression-free survival
Phase I	The phase I clinical trials where the aim is to show that a new drug or treatment, which has proven to be safe for use in animals, may also be given safely to people.
Phase Ib	Phase Ib is a multiple ascending dose study to investigate the pharmacokinetics and pharmacodynamics of multiple doses of the drug candidate, looking at safety and tolerability.
Phase II	The phase II clinical trials where the goal is to provide more detailed information about the safety of the treatment and its effect. Phase II trials are performed on larger groups than in Phase I.
Phase III	In the phase III clinical trials data are gathered from large numbers of patients to find out whether the drug candidate is better and possibly has fewer side effects than the current standard treatment.
PR	Partial Response
Receptor tyrosine kinase	High-affinity cell surface receptors for many polypeptide growth factors, cytokines and hormones. Receptor tyrosine kinases have been shown not only to be key regulators of normal cellular processes but also to have a critical role in the development and progression of many types of cancer.
RECIST	Response Evaluation Criteria In Solid Tumors, a set of published rules that define when cancer patients improve ("respond"), stay the same ("stable") or worsen ("progression") during treatments.
R/R	Relapsed/Refractory
sAXL	Soluble AXL
SITC	Society ImmunoTherapy Cancer
Small molecule	A small molecule is a low molecular weight (<900 Daltons) organic compound that may help regulate a biological process, with a size on the order of 10^{-9}m.
Squamous cell carcinoma	Is an uncontrolled growth of abnormal cells arising in the squamous cells, which compose most of the skin's upper layers. Squamous cell carcinoma is the second most common form of skin cancer.
T790M	Over 50% of acquired resistance to EGFR tyrosine kinase inhibitors is caused by a mutation in EGFR called T790M
Tilvestamab	Former BGB149, BerGenBio's AXL inhibitor antibody, currently completed Phase 1a.
WCLC	World Conference on Lung Cancer

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