BerGenBio

INTERIM REPORT SECOND QUARTER AND HALF YEAR 2022

BerGenBio

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Q2 2022 CORPORATE HIGHLIGHTS

"The prioritization of bemcentinib development in two key areas in the second quarter has created momentum entering the second half of the year.

By following strong scientific rationale, clinical and preclinical data, and areas of significant unmet medical need, we are confidently enthusiastic about bemcentinib's potential in aiding patients in the two indications of focus: STK11 mutated Non-Small Cell Lung Cancer and patients hospitalized by COVID-19.

The initiation of the next phase of clinical development for both indications in 2H22 moves us a meaningful step closer to addressing two large patient populations that are in need of better treatments."

Martin Olin
Chief Executive Officer

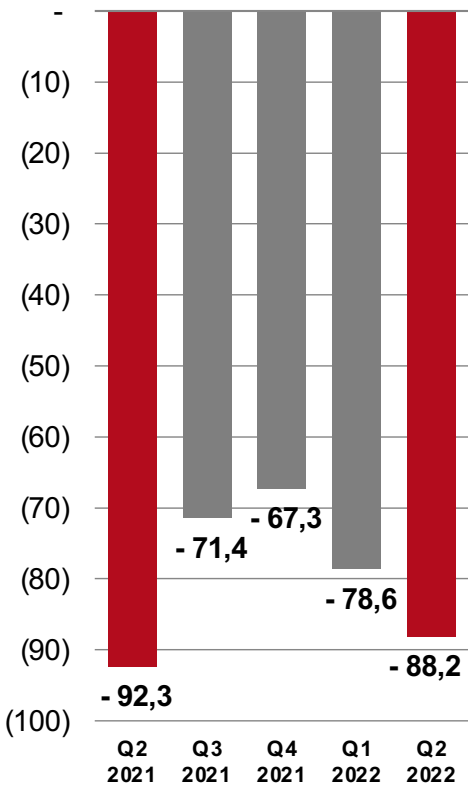
- Phase 2 trial of *bemcentinib* in hospitalized COVID-19 patients met the primary endpoint of improved clinical response and key secondary endpoints, including a reduction in death and clinical deterioration
- The Phase 2b trial under the EU-SolidAct platform enrolling up to 500 hospitalized COVID-19 patients is open for enrollment
- Preparations for the initiation a Phase 1b/2a trial evaluating *bemcentinib* in 1L STK11m NSCLC patients in the second half of 2022
- ADC Therapeutics dosed the first patient in a Ph 1 trial evaluating *mipasetamab uzoptirine*, which contains an AXL-targeting mAb licensed from BerGenBio
- Strengthened leadership team with the addition of Cristina Oliva, M.D., as Chief Medical Officer

Q2 2022 FINANCIAL HIGHLIGHTS

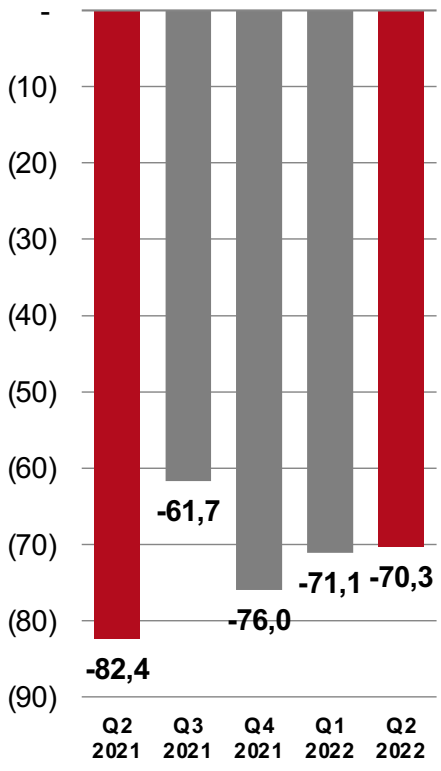
Key financial figures

(NOK million)	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Operating revenues	0,0	0,0	0,0	0,0	0,8
Operating expenses	88,2	92,3	166,8	175,7	315,2
Operating profit (-loss)	-88,2	-92,3	-166,8	-175,7	-314,5
Profit (-loss) after tax	-84,1	-88,9	-165,1	-170,1	-309,4
Basic and diluted earnings (loss) per share (NOK)	-0,95	-1,02	-1,86	-1,94	-3,52
Net cash flow in the period	-70,3	-82,4	-141,5	-144,2	-284,2
Cash position end of period	292,1	574,0	292,1	574,0	436,6

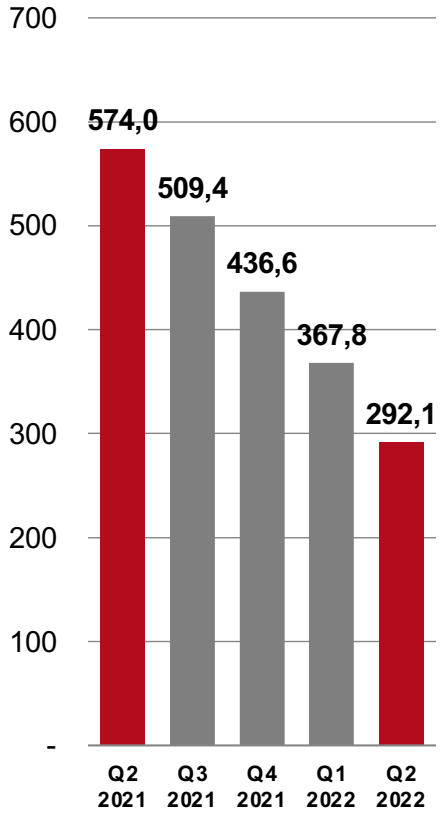
Operating loss



Cash flow



Cash position



Q2 2022 QUARTERLY OVERVIEW

Clinical Development

Bemcentinib
BerGenBio's lead compound, bemcentinib, is a potent, first-in-class, oral, small molecule, highly selective inhibitor of the receptor tyrosine kinase AXL, which is overexpressed in response to cellular stress, inflammation, hypoxia and chemotherapy. Bemcentinib inhibits the host cells' ability to propagate the progression of serious disease through the modulation of resistance mechanisms and the adaptive immune system.

The Company is advancing bemcentinib development in two lung indications, STK11 mutated (STK11m) Non-Small Cell Lung Cancer (NSCLC) and Hospitalized COVID-19 patients, where bemcentinib's novel mechanisms of action and primary accumulation in the lungs make it uniquely positioned to address severe lung diseases.

First-Line STK11m NSCLC
BerGenBio is preparing a Phase 1b/2a trial of bemcentinib in 1L STK11m NSCLC, a group that represents approximately 20% of NSCLC patients. Mutations in the STK11 gene are highly correlated with poor treatment response and survival with today's standard of care treatments, including immune checkpoint inhibitors in NSCLC. Through inhibition of AXL, bemcentinib seeks to prevent AXL activation, consequently removing the innate immunosuppression that it causes and driving the proliferation of immune cells to restore sensitivity to immune checkpoint therapy. UT Southwestern Medical Center in Texas has shown that bemcentinib in models of NSCLC has the ability to restore the sensitivity of checkpoint inhibitors. Further bemcentinib is also believed to delay the development of chemoresistance.

- The detrimental effect of mutations in the STK11 gene on clinical outcomes was further highlighted by several academic groups at the American Society of Clinical Oncology (ASCO) meeting in June 2022. In a retrospective study funded by Roche, Spain (Abstract #9047), of real-world outcomes in 1L NSCLC patients, STK11m was identified as having the poorest prognosis in all effectiveness outcomes, including lower response, progression free survival and overall survival, of 185 detected mutations.

- The Company is preparing and has post period filed an IND with the purpose to initiate a Phase 1b/2a trial evaluating bemcentinib in combination with a checkpoint inhibitor and doublet chemotherapy in 1L STK11m NSCLC patients in the second half of 2022.

- In parallel with the preparation of the Phase 1b/2a trial, the Company is evaluating the role of STK11 mutations in combination with other relevant co-mutations such as TP53, KRAS and KEAP1 to further characterize the potential of bemcentinib is this area of high unmet medical need.

Hospitalized COVID-19 Patients
Bemcentinib is currently being studied in a Phase 2b clinical trial in hospitalized COVID-19 patients. AXL, when induced by an infection, such as COVID-19, is known to play a variety of key roles in transporting the virus into cells, aiding replication, and dampening immune responses. Bemcentinib selectively inhibits AXL to block viral entry, stimulate the innate immune system and facilitate tissue repair regardless of known variants or mutation.

- In the ACCORD2 UK platform study of hospitalized COVID-19 patients, bemcentinib treatment resulted in a clear reduction in clinical deterioration, causing: a significant reduction in deaths, patients requiring less supplementary oxygen, a significant reduction in the need for intubation or ventilation and a shortening of hospital stays compared to the control group.

- Bemcentinib has been selected by an expert group to be studied in a Phase 2b trial under the EU-SolidAct platform through a sub-protocol enrolling 500 hospitalized COVID-19 patients across Europe.

Mipasetamab Uzoptirine
Post period, ADC Therapeutics announced dosing of the first patient n a Phase 1 clinical trial evaluating mipasetamab uzoptirine as a single agent and in combination with gemcitabine in patients with selected advanced solid tumors. Mipasetamab uzoptirine contains an AXL-targeting humanized monoclonal antibody licensed from BerGenBio. BerGenBio received a financial milestone in 2019 for the first Phase I study under the license agreement with ADC Therapeutics. Subject to further development and marketing of mipasetamab uzoptirine, BerGenBio is entitled to additional milestones and royalties.

Other clinical activities
Bemcentinib is being investigated in 2L AML (BGB003) and 2L NSCLC (BGB008) trials which are fully enrolled and topline data from each of such studies will be reported when available. Further, bemcentinib is being investigated in several Investigator Led Trials which will generate further data on bemcentinib and its potential applications. Tilvestamab is current being investigated in a Phase 1b trial in ovarian cancer and data will be reported when available.

Corporate Activities

BerGenBio strengthened its leadership team in April 2022 with the addition of Cristina Oliva, M.D., as Chief Medical Officer. Dr. Oliva is a Board-certified oncologist with over 20 years of senior clinical development experience across large pharmaceutical, biotechnology and CROs, including her most recent position as Vice President, Oncology and Head of Oncology Centre of Excellence at IQVIA, Ltd.

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 2022 and the Group considers its credit risk as low.

Funding and 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.

Funding of ongoing operations is and will be for some time depending on external sources, mainly equity contributions. Significant changes to financial market conditions, may affect the climate for investor investments.

Management considers the Group's liquidity situation to be satisfactory.

Non-financial risks

Technology risk

The Group's lead product candidate, bemcentinib, 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.

Patent and IP risks

The success of the company will highly depend on the company's ability to obtain and maintain patent protection for its products, methods, processes and other technologies, to prevent third parties from infringing proprietary rights of the company and to operate without infringing the proprietary rights of third parties. To date, the company holds certain exclusive patent rights in major markets. The patent rights are limited in time. The company cannot predict the range of protection any patents will afford against competitors and competing technologies, including whether third parties will find ways to invalidate the patents, obtain patents claiming aspects similar to those covered by the company's patents and patents applications, and whether the company may be subject to litigation proceedings.

Regulatory & Commercial 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.

COVID-19

The long-term impact of the COVID-19 crisis remains unclear although no greater for BerGenBio than any other business in the sector. Our ability to conduct clinical trials at the expected pace is a risk factor in the evolving pandemic.

FINANCIAL REVIEW

Financial Results

(Figures in brackets = same period 2021 unless stated otherwise)

Revenue for the second quarter 2022 amounted to NOK 0.0 million (NOK 0 million) and for the first half year 2022 NOK 0 million (NOK 0 million).

Total operating expenses for the second quarter 2022 amounted to NOK 88.2 million (NOK 92.3 million) and for the first half year 2022 NOK 166.8 million (NOK 175.7 million).

Payroll and other employee related cost in the second quarter was NOK 21.1 million (NOK 16.1 million) and for the first half year 2022 NOK 36.2 million (NOK 30.6 million). The increase in Q2 2022 compared to Q2 2021 is related to restructuring cost.

Employee share option cost in the second quarter was positive NOK 0.6 million (cost of NOK 0.5 million) and for the first half year 2022 NOK 0.8 million (NOK 2.4 million). The decrease in cost in Q2 2022 compared to Q2 2021 is a non-cash effect due to the reduction in social security tax provision on share options driven by a decrease in share price as well as effect of restructuring.

Other operating expenses amounted to NOK 67.4 million (NOK 75.4 million) for the second quarter and NOK 129.2 million (NOK 142.0 million) for the first half year 2022. Operating expenses are driven by the timing of cost of the clinical trials and drug manufacturing in preparations for clinical trial launches.

The operating loss for the second quarter came to NOK 88.2 million (NOK 92.3 million) and for the first half year 2022 NOK 166.8 million (NOK 175.7 million), reflecting the level of activity related to the clinical trials BerGenBio is conducting.

Net financial items amounted to a profit of NOK 4.2 million (profit of NOK 3.5 million) for the second quarter related to foreign exchange rates. For the first half year 2022 the net financial items amounted to a profit of NOK 1.7 million (profit of NOK 5.6 million).

Losses after tax for the second quarter were NOK 84.1 million (NOK 88.9 million) and for the first half year 2022 NOK 165.1 million (NOK 170.1 million).

Financial Position

Total assets as of 30 June 2022 decreased to NOK 306.0 million (NOK 380.6 million at 31 March 2022) mainly due to the operational loss in the period.

Total liabilities were NOK 82.0 million as of 30 June 2022 (NOK 72.6 million at 31 March 2022).

Total equity as of 30 June 2022 was NOK 224.0 million (NOK 308.0 million as of 31 March 2022), corresponding to an equity ratio of 73.2% (80.9% as of 31 March 2022).

Cash Flow

Net cash flow from operating activities was negative by NOK 70.7 million in the second quarter (negative by 84.4 million) and NOK 144.9 million for the first half year 2022 (NOK 154.3 million), mainly driven by the level of activity in the clinical trials and drug development.

Net cash flow from investing during the second quarter was NOK 0.4 million (NOK 0.1 million) and for the first half year 2022 NOK 0.5 million (NOK 0.1 million).

Net cash flow from financing activities in second quarter 2022 was negative by NOK 0.1 million (NOK 1.9 million) and for the first half year 2022 NOK 2.9 million (NOK 10.0 million).

Cash and cash equivalents decreased to NOK 292.1 million by 30 June 2022 (NOK 367.8 by 31 March 2022 and NOK 574.0 by 30 June 2021).

Outlook

The Board's aim is to continue its work towards a number of upcoming milestones, to be achieved across its oncology and infectious diseases pipeline.

The Company has reiterated its focus on the clinical development of bemcentinib within NSCLC STK11m and respiratory diseases (initially COVID-19). Each of the therapeutic areas represents attractive commercial opportunities.

The Company remains funded to progress its activities with a strong team in place to continue the advancement of its pipeline and working towards delivering new treatment options for patients in need and value for shareholders.

The Board today considered and approved the condensed, consolidated financial statement of the six months ending 30 June 2022 for BerGenBio**.**

Bergen 22 August 2022

Board of Directors and CEO of BerGenBio ASA

Anders Tullgren, Chairman

Sally Bennett

Sveinung Hole

François Thomas

Debra Barker

Martin Olin, CEO

RESPONSIBILITY STATEMENT

Responsibility Statement

The board today considered and approved the condensed, consolidated financial statement for the six months ending 30 June 2022 for BerGenBio. The half year report has been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU and additional Norwegian regulation.

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 30 June 2022 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole.

We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Bergen 22 August 2022

Board of Directors and CEO of BerGenBio ASA

Anders Tullgren, Chairman

Sally Bennett

Sveinung Hole

François Thomas

Debra Barker

Martin Olin, CEO

Condensed consolidated statement of profit and loss and other comprehensive income

(NOK 1000) Unaudited	Note	Q2 2022	Q1 2021	YTD 2022	YTD 2021	FY 2021
Revenue		**0**	**0**	**0**	**0**	**774**
Expenses						
Payroll and other related employee cost	3, 10	21,149	16,136	36,226	30,628	69,929
Employee share option cost	3	-605	466	791	2,414	4,116
Depreciation	2	314	335	631	670	1,312
Other operating expenses	6	67,380	75,368	129,156	142,013	239,880
Total operating expenses		**88,238**	**92,306**	**166,804**	**175,725**	**315,237**
Operating profit (-loss)		**-88,238**	**-92,306**	**-166,804**	**-175,725**	**-314,464**
Finance income		5,970	4,570	**6,373**	8,938	15,993
Finance expense		1,802	1,119	**4,706**	3,313	10,894
Financial items, net		**4,168**	**3,451**	**1,667**	**5,625**	**5,100**
Profit (-loss) before tax		**-84,070**	**-88,855**	**-165,136**	**-170,099**	**-309,364**
Income tax expense		0	0	**0**	0	0
Profit (-loss) after tax		**-84,070**	**-88,855**	**-165,136**	**-170,099**	**-309,364**
Other comprehensive income						
Items that may be reclassified to profit and loss in subsequent periods						
Translation effects		-86	0	-45	0	-112
Total comprehensive income (-loss) for the period		**-84,156**	**-88,855**	**-165,182**	**-170,099**	**-309,476**
Earnings per share:						
- Basic and diluted per share	7	**-0.95**	**-1.02**	**-1.86**	**-1.94**	**-3.52**

Condensed consolidated statement of financial position

(NOK 1000) Unaudited	Note	30 JUN 2022	30 JUN 2021	31 DEC 2021
ASSETS				
Non-current assets				
Property, plant and equipment		560	1,833	1,191
Total non-current assets		**560**	**1,833**	1,191
Other current assets	5, 8	13,325	8,909	12,398
Cash and cash equivalents		292,144	574,033	436,646
Total current assets		**305,469**	**582,943**	**449,045**
TOTAL ASSETS		**306,030**	**584,776**	**450,236**
EQUITY AND LIABILITIES				
Equity				
Paid in capital				
Share capital	9	8,866	8,796	8,846
Share premium	9	173,204	468,311	335,195
Other paid in capital	4, 9	41,928	37,786	40,386
Total paid in capital		**223,998**	**514,894**	**384,426**
Total equity		**223,998**	**514,894**	**384,426**
Non-current liabilities				
Long term debt		651	1,240	942
Total non-current liabilities		**651**	**1,240**	**942**
Current liabilities				
Accounts payable		26,040	15,929	26,726
Other current liabilities		5,340	50,274	37,172
Provisions		0	2,439	969
Total current liabilities		**81,381**	**68,642**	**64,868**
Total liabilities		**82,031**	**69,882**	**65,810**
TOTAL EQUITY AND LIABILITIES		**306,030**	**584,776**	**450,236**

Condensed consolidated statement of changes in equity

(NOK 1000) Unaudited	Note	Share capital	Share premium	Other paid in capital	Total equity
Balance as of 1 January 2022		**8,846**	**335,195**	**40,386**	**384,426**
Loss for the period			-165,136		-165,136
Other comprehensive income (loss) for the period, net of income tax			-45		-45
Total comprehensive income for the period		**0**	**-165,182**	**0**	**-165,182**
Recognition of share-based payments	3, 4			1,543	1,543
Issue of ordinary shares	9	21	3,198		3,218
Share issue costs	9		-7		-7
Transactions with owners		21	3,191	1,543	4,754
Balance as of 30 June 2022		**8,866**	**173,204**	**41,928**	**223,998**

(NOK 1000) Unaudited	Note	Share capital	Share premium	Other paid in capital	Total equity
Balance as of 1 January 2021		**8,726**	**628,231**	**33,272**	**670,229**
Loss for the period			-170,099		-170,099
Other comprehensive income (loss) for the period, net of income tax			0		0
Total comprehensive income for the period		**0**	**-170,099**	**0**	**-170,099**
Recognition of share-based payments	3, 4			4,514	4,514
Issue of ordinary shares	9	70	10,218		10,288
Share issue costs	9		-38		-38
Transactions with owners		70	10,179	4,514	14,764
Balance as of 30 June 2021		**8,796**	**468,311**	**37,786**	**514,894**

Condensed consolidated statement of cash flow

(NOK 1000) Unaudited	Note	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Cash flow from operating activities						
Loss before tax		-84,156	-88,855	-165,182	-170,099	-309,476
Adjustments for:						
Depreciation of property, plant and equipment		314	335	631	670	1,312
Share-based payment expense	3, 4	114	2,543	1,543	4,514	7,113
Movement in provisions and pensions		-887	-2,325	-969	-3,569	-5,039
Currency gains not related to operating activities		5,363	2,935	3,042	3,372	667
Net interest received		-445	-139	-530	-139	-3,130
Working capital adjustments:						
Decrease in trade and other receivables and prepayments		-1,429	2,748	-927	5,319	1,830
Increase in trade and other payables		10,433	-1,668	17,498	5,587	3,270
Net cash flow from operating activities		**-70,694**	**-84,426**	**-144,894**	**-154,346**	**-303,340**
Cash flows from investing activities						
Net interest received		445	139	530	139	3,130
Purchase of property, plant and equipment						
Net cash flow from investing activities		**445**	**139**	**530**	**139**	**3,130**
Cash flows from financing activities						
Proceeds from issue of share capital	9		1,952	3,218	10,288	16,629
Share issue costs	9		-23	-7	-38	-70
Repayment of lease liabilities		-74	-61	-307	-278	-565
Net cash flow from financing activities		**-74**	**1,868**	**2,904**	**9,972**	**15,995**
Effects of exchange rate changes on cash and cash equivalents		-5,363	-2,935	3,042	-3,372	-779
Net increase/(decrease) in cash and cash equivalents		-70,323	-82,419	-141,460	-144,236	-284,216
Cash and cash equivalents at beginning of period		367,829	659,388	436,646	721,641	721,641
Cash and cash equivalents at end of period		**292,144**	**574,033**	**292,144**	**574,034**	**436,646**

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 and COVID-19.

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 30 June 2022 and were approved for issue by the Board of Directors on 22 August 2022.

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 2021.

The new and amended standards and interpretations from IFRS that were adopted by the EU with effect from 2021 did not have any significant impact on the reporting for Q2 2022.

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

Amounts are in Norwegian kroner (NOK) unless stated otherwise. The functional currency of the group is NOK. BerGenBio Limited has changed functional currency to GBP from 1 November 2021.

Basis for consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as of 30 June 2022. 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. The company secured in total NOK 740 million in new equity funding during 2020. Cash position at end of Q2 2022 was NOK 292 million, and 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.

Note 3 Payroll and related expenses

			First half year	
	Q2 2022	Q2 2021	2022	2021
Salaries	18,404	13,597	30,701	25,713
Social security tax	1,657	1,544	3,407	3,166
Pension expense	1,268	1,153	2,308	2,062
Short term incentive	0	0	0	0
Other remuneration and employee expenses	161	220	495	445
Government grants 1)	-342	-378	-685	-758
Total payroll and other employee related cost	**21,149**	**16,136**	**36,226**	**30 628**
Share option expense employees	114	2,543	1,543	4,514
Change in accrued social security tax on share options	-719	-2,077	-752	-2,100
Total employee share option cost	**-605**	**466**	**791**	**2 414**
Total employee benefit cost	**20,544**	**16,603**	**37,016**	**33,042**
Average number of full time equivalent employees			40	46

1) See also note 5 for government grants

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 program ensures focus and aligns 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 attract and retain 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.

Total options	First half year 2022		First half year 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance as of 1 January	3,560,897	22,96	4,209,232	18,45
Granted during the period			1,379,871	28,55
Exercised during the period	-205,277	15,68	-702,772	14,64
Forfeited and cancelled	-831,326	27,52	-88,139	24,79
Balance as of 30 June	**2,524,294**	**22,05**	**4,798,192**	**21,81**

0 options were granted in the six months period ended 30 June 2022 and 1.379.871 options were granted in the sixt months period ended 30 June 2021.

Vested options	First half year	
	2022	2021
Options vested as of 1 January	1,541,168	1,887,201
Exercised and forfeited in the period	-641,088	-730,695
Vested in the period	832,844	847,160
Options vested as of 30 June	**1,732,924**	**2,003,666**
Total outstanding number of options	2,524,294	4,798,192

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. 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 66,54 % expected future volatility has been applied.

For the six months period ending 30 June the value of the share options expensed through the profit or loss amounts to NOK 1.5 million (for the same period in 2021: NOK 4.5 million). In addition, a change in provision for social security contributions on share options of NOK -0.8 million (for the same period in 2021: NOK - 2.1 million). The provision for social security contribution is calculated on the difference between the share price and exercise price on exercisable option as at the end of the period.

Members of senior management participating in the option program

Option holder	Position	Number of options outstanding 30 Jun 2022	Weighted Average Strike Price 2022	Number of options outstanding 30 Jun 2021	Weighted Average Strike Price 2021
Rune Skeie	Chief Financial Officer	297,097	22,71	297,097	22,71
James Barnes	Chief Operating Officer	301,522	19,85	301,522	19,85
		598,619		**598,619**	

Government grants

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

			First half year	
	Q2 2022	Q2 2021	2022	2021
Employee benefit expenses	342	378	685	758
Other operating expenses	1,414	578	2,827	1,153
Total	**1,756**	**955**	**3,512**	**1,910**

Grants **receivable** as of 30 June are detailed as follows:

	30 Jun 2022	30 Jun 2021
Grants from Research Council, BIA	172	566
Grants from Research Council, PhD	265	389
Grants from SkatteFunn	7,125	4,750
Grants R&D UK	4,262	4,243
Total grants receivable	**11,823**	**9,948**

BIA grants from the Research Council of Norway:

The Company currently has one grant from the Research Council, programs for user-managed innovation arena (BIA) in 2022.

The 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 recognized NOK 0.3 million in Q2 2022 (Q2 2021: NOK 1.1 million) classified partly as reduction of payroll and related expenses and partly as a cost reduction of other operating expenses

PhD grants from the Research Council of Norway:

BerGenBio has been awarded two grants supporting industrial PhD's in 2020. The fellowship covers 50 % of the established current rates for doctoral research fellowships and an operating grant to cover up to 50 % of additional costs related to costly laboratory testing connected with the research fellow's doctoral work.
The Group has recognized NOK 0.8 million in Q2 2022 (Q2 2021 : NOK 0.8 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 (USD 2.85 million) 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 has by end of 2020 recognized and received the total grant of NOK 24 million. The grant may be withdrawn under certain circumstances.

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 2021 until the end of 2023. The Group has recognized NOK 2.4 million in Q2 2022 (Q2 2021: NOK 0.0 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 from 2017. R&D grants are approved retrospect by application. The Group has in first half year 2022 recognised NOK 0.0 (first half year 2021: NOK 0.0 mill) classified as reduction of payroll and related expenses.

Note 6 Other operating expenses

			First half year	
	Q2 2022	Q2 2021	2022	2021
Program expenses, clinical trials and research	53,276	65,117	105,055	118,783
Office rent and expenses	994	608	1,722	995
Consultants R&D projects	1,762	3,674	4,219	7,823
Patent and licence expenses	2,510	2,030	3,339	4,074
Other operating expenses	10,252	4,516	17,648	11,490
Government grants	-1,414	-578	-2,827	-1,153
Total	**67,380**	**75,368**	**129,156**	**142,013**

Note 7 Earnings per share

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Loss for the period (NOK 1,000)	-84,156	-88,855	-165,182	-170,099
Average number of outstanding shares during the period	88,660,532	87,318,158	88,612,055	87,658,459
Earnings (loss) per share - basic and diluted (NOK)	**-0.95**	**-1.02**	**-1.86**	**-1.94**

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

	30 Jun 2022	30 Jun 2021
Government grants	11,823	7,535
Refundable VAT	259	163
Prepaid expenses	1,214	1,151
Other receivables	29	60
Total	**13,325**	**8,909**

Note 9 Share capital and shareholder information

As of 30 June	Number of shares	Nominal value (NOK)	Book value (NOK)
Ordinary shares 2022	88,660,532	0.10	8 866 053,20
Ordinary shares 2021	87,962,755	0.10	8 796 275,50

	First half year	
Changes in the outstanding number of shares	2022	2021
Ordinary shares as of 1 January	88,455,255	87,259,983
Issue of ordinary shares	205,277	702,772
Ordinary shares as of 30 June	**88,660,532**	**87,962,755**

Ownership structure 30 06 2022:

Shareholder		Number of shares	% share of total shares
METEVA AS		24,039,650	27,1 %
INVESTINOR DIREKTE AS		7,270,780	8,2 %
FJARDE AP-FONDEN		4,487,493	5,1 %
SARSIA SEED AS		2,117,900	2,4 %
J.P. Morgan SE	NOMINEE I	1,726,731	1,9 %
BERA AS		1,712,426	1,9 %
VERDIPAPIRFONDET NORDEA AVKASTNING		1,510,174	1,7 %
SARSIA DEVELOPMENT AS		1,175,000	1,3 %
NORDNET LIVSFORSIKRING AS		1,093,868	1,2 %
VERDIPAPIRFONDET NORDEA NORGE PLUS		909,260	1,0 %
VERDIPAPIRFONDET NORDEA KAPITAL		889,920	1,0 %
VERDIPAPIRFONDET NORDEA NORGE VERD		864,688	1,0 %
MOHN, MARIT		850,000	1,0 %
MARSTIA INVEST AS		850,000	1,0 %
VERDIPAPIRFONDET KLP AKSJENORGE IN		519,530	0,6 %
MOHN, LOUISE		509,676	0,6 %
J.P. Morgan SE	NOMINEE II	430,541	0,5 %
RO INVEST AS		350,000	0,4 %
Nordnet Bank AB	NOMINEE	339,242	0,4 %
BIRK VENTURE AS		330,000	0,4 %
Top 20 shareholders		**51,976,879**	**58,6 %**
Total other shareholders		36,683,653	41,4 %
Total number of shares		88,660,532	100,0 %

The Board of Directors has been granted a mandate from the general meeting held on 28 April 2022 to increase the share capital with up to NOK 883,605 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 2023 and 30 June 2023. 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 28 April 2022 to increase the share capital with up to NOK 1,773,210 by subscription of new shares. The proxy is valid until the earlier of the annual general meeting in 2023 and 30 June 2023.

Shares in the Group held by the management group

	Position	Employed since	30 Jun 2022	30 Jun 2021
Martin Olin	Chief Executive Officer	September 2022	37,100	0
Total shares held by management			**37,100**	**0**

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

	Position	Served since	30 Jun 2022	30 Jun 2021
Anders Tullgren	Chairman	January 2022	50,000	0
Sveinung Hole 1)	Board member	September 2010	107,394	107,394
Total shares held by members of the Board of Directors			**157,394**	**107,394**

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.

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

ACCORD	Accelerating COVID-19 Research & Development
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
ASH	American Society of Hematology
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 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.
cAXL	Composite AXL
CDx	Companion diagnostics
Checkpoint inhibitors	The immune system depends on multiple checkpoints 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.
CPI	Immune checkpoint inhibitor
CR	Complete response
CRi	Complete response with incomplete recovery of peripheral counts
CRO	Contract research organisation.
DCR	Disease control rate
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.

ESMO	European Society for Medical Oncology
EU-SolidAct	The EU-SolidAct trial is part of EU-RESPONSE, a pan-European research project involved with rapid and coordinated investigation of new and repurposed medication to treat Covid-19 during the ongoing pandemic. EU-SolidAct is an Adaptive Platform Trial.
FDA	Food and Drug Administration
Glioblastoma	Is the most aggressive of the gliomas, a collection of tumours arising from glia or their precursors within the central nervous system. Gliomas are divided into four grades, grade 4 or glioblastoma multiforme (GBM) is the most aggressive of these and is the most common in humans.
HR-MDS	High Risk Myelodysplastic Syndromes
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.
MDS	Myelodysplastic Syndrome
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
PDAC	Pancreatic ductal adenocarcinoma is the most common type of pancreatic cancer and a notoriously lethal disease
PD-1	Programmed death 1
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
SARS-CoV-2	Severe acute respiratory syndrome coronavirus 2
sAXL	Soluble AXL
SITC	Society for Immunotherapy of Cancer
SoC	Standard of care
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.
Tilvestamab	Former BGB149, BerGenBio's AXL inhibitor antibody.
UKRI	UK Research and Innovation
WCLC	World Conference on Lung Cancer

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