BerGenBio

INTERIM REPORT FIRST QUARTER 2019

BerGenBio

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BerGenBio (OSE:BGBIO) is a clinical-stage biopharmaceutical company developing novel, selective AXL kinase inhibitors for multiple cancer indications.

HIGHLIGHTS

Clinical & Operational Highlights (including post-period)

First quarter 2019

Richard Godfrey, Chief Executive Officer of BerGenBio

"We are pleased to see the positive strategic and clinical momentum generated in the last year continue into 2019. We have continued to see promising data emerging from the clinical development programme with bemcentinib, particularly in AML and NSCLC. We believe that this data provides us with sufficient evidence to persue late stage clinical development in these indications during 2019. We are looking forward to providing an update on these data at the forthcoming American Society of Clinical Oncology (ASCO) meeting in June"

Bemcentinib meets efficacy endpoint in combination with cytarabine in AML patients

- Phase II trial evaluating bemcentinib in combination with low-intensity chemo-therapy in AML patients unfit for intensive therapy fully recruited
- Bemcentinib in combination with LDAC meets efficacy endpoint: Three out of 10 evaluable LDAC patients (30%) had CR/CRi
- Combination regiment warrants further expansion, meanwhile, company prepares for late stage bemcentinib monotherapy trial in later line elderly AML patients unfit for intensive chemotherapy

Phase II trial with bemcentinib and KEYTRUDA® in NSCLC expanded

- Additional cohort (Cohort B) added under collaboration agreement with Merck & Co extending eligibility to patients who have disease progression on prior immune checkpoint inhibitors

Start of Phase II Investigator-Initiated Trial Evaluating Selective AXL Inhibitor bemcentinib in high-risk MDS

- Will enrol up to 43 patients at leading MDS centres across Europe

Start of Phase I trial evaluating first-in-class anti-AXL antibody BGB149

- BGB149, a wholly owned asset, is the first therapeutic anti-AXL monoclonal antibody to enter clinical development
- Phase I study will investigate safety and pharmacokinetics in healthy volunteers

Start of phase I trial evaluating ADCT-601, a novel anti-AXL antibody drug conjugate (ADC), in patients with advanced solid tumours

- ADCT-601 uses a proprietary AXL antibody developed by BerGenBio and licensed to ADC Therapeutics for ADC development
- Phase I dose escalation and expansion trial will evaluate ADCT-601 in 75 cancer patients. The trial managed and sponsored by ADC Therapeutics
- First clinical milestone met and milestone payment received

Preclinical data presented at AACR reinforces bemcentinib's potential to reverse tumour immunosuppression and therapy resistance

- Extensive data in pre-clinical models of non-small cell lung cancer (NSCLC) and pancreatic cancer demonstrating AXL's role in reversing tumour-mediated immunosuppression and therapy resistance presented at AACR
- bemcentinib shown to reverse AXL's effects, thus acting synergistically with immune cells and anti-cancer therapies

Strategic operational moves prepare the organisation for next phase of development

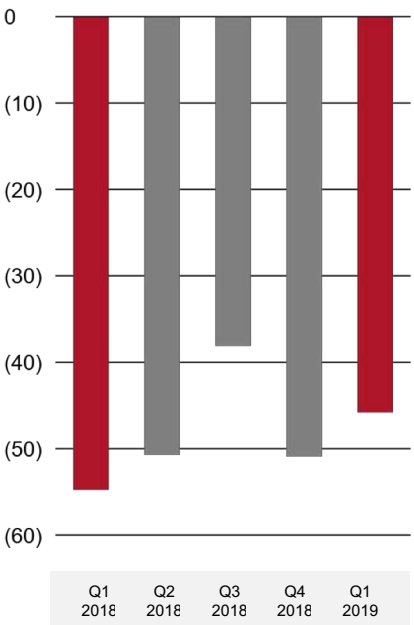
- Key appointments to executive team and Board to prepare organisation for next phase of development; Board of Directors strengthened. Grunde Eriksen, Debra Barker and Pamela Trail elected as new board members.
- Dr. Dominic Smethurst appointed as permanent Chief Medical Officer (CMO)
- Favourable outcome of arbitration brought by BerGenBio against Rigel Pharmaceuticals clarifying the extent of Rigel's entitlement to receive compensation in the event of a sale of BerGenBio, its assets, or a license of Bemcentinib.
- R&D grant of up to NOK 11m awarded by Research Council of Norway

FINANCIAL 2019

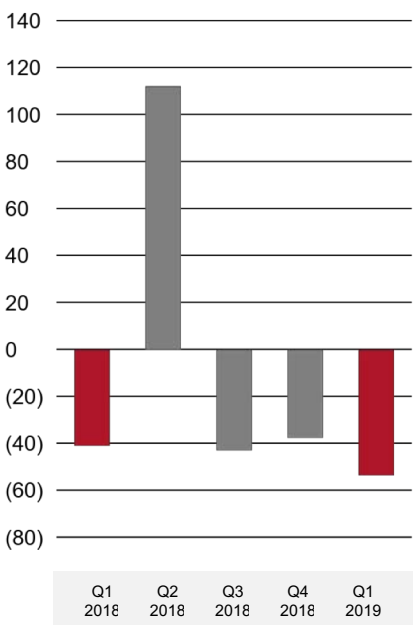
Key financial figures

(NOK million)	Q1 2019	Q1 2018	FY 2018
Operating revenues	8,7	0	2,3
Operating expenses	54,5	54,8	196,9
Operating profit (loss)	-45,8	-54,8	-194,5
Profit (loss) after tax	-44,3	-53,8	-191,7
Basic and diluted earnings (loss) per share (NOK)	-0,81	-1,08	-3,60
Net cash flow in the period	-53,7	-41,1	-9,9
Cash position end of period	306,7	329,2	360,4

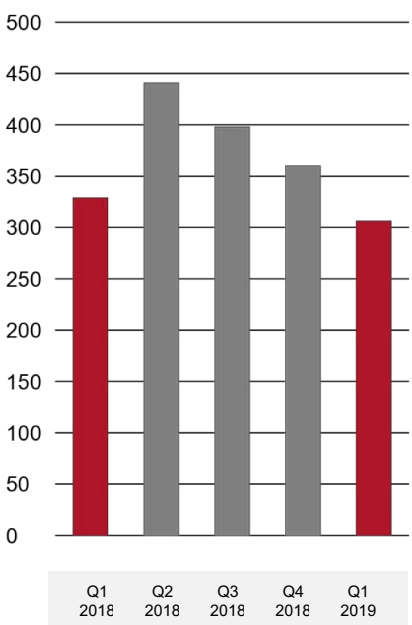
Operating loss



Cash flow



Cash position



OVERVIEW & OUTLOOK

Q1 Business Overview

During the quarter BerGenBio continued to progress the phase II clinical development of bemcentinib and initiated a phase I clinical trial of BGB149, an anti-AXL monoclonal antibody drug candidate. Bemcentinib, the Company's lead asset, is a potentially first-in-class, highly selective, potent, oral, small-molecule AXL inhibitor. It has demonstrated clinical proof-of-concept as a monotherapy in AML and in combination in lung cancer. The Company announced the initiation of an expansion cohort in check-point inhibitor refractory NSCLC patients in the combination trial with Keytruda. Post-period end, the Company announced that bemcentinib had met the first efficacy endpoint in a Phase II trial evaluating bemcentinib in combination with low-intensity chemo-therapy in AML patients unfit for intensive therapy. Late stage clinical trials based on this and other promising data obtained so far will commence during 2019 with AML as a first indication followed by non-small cell lung cancer (NSCLC).

In addition to BerGenBio's sponsored studies, a broad investigator-initiated clinical trial programme is exploring the wider potential of bemcentinib in disease indications with high unmet medical need, KOL support and strong scientific rationale; with a view to develop future label expansion opportunities. In January 2019 the Company announced the commencement of an Investigator-sponsored Phase II monotherapy study of bemcentinib in high-risk Myelodysplastic syndrome (MDS) and AML.

The Company is focused on the following 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 clinical development of BGB149.
Securing additional pipeline opportunities for the company's AXL inhibitors in oncology and non-oncology indications.

Outlook: Towards late stage clinical trials in 2019

Promising phase II clinical data from bemcentinib, in addition to a pipeline of other AXL inhibitors and a robust financial position, provides BerGenBio with a strong foundation to create and deliver significant value for shareholders.

The Board considers that the results emerging from the clinical development programme with bemcentinib, particularly in AML and NSCLC, have established sufficient clinical proof-of-concept to warrant initiation of late stage clinical development in these indications.

BerGenBio maintains complete strategic flexibility for bemcentinib's future development and commercialisation, aimed at creating maximum value for shareholders including potential partnering, as well as go-to-market strategies in select indications and territories.

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 depending 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 achieving 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 has chosen not to hedge its operational performance as the Group's cash flow is denominated in several currencies that change depending on where clinical trials are run. In 2019 the risk management of foreign exchange have been changed by increasing the holding of 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 2019 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 187 million gross in April 2018.

Non-financial risks

Technology risk

The Group's lead product candidate, bemcentinib (BGB324), is currently in Phase II clinical trials. This is regarded as an early stage of development 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.

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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.

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PIPELINE


Indication
Discovery
Cinical PoC
Late stage development
Regist ration
Current Status
Bemcentinib
Selective oral small molecule AXL inhibitor
Randomised trial (TBC)
NSCLC
Planned for 2H 2019
1L & 2L combination
1. + pembrolizumab 2L (ongoing)
2. + erlotinib 1L & 2L (complete)
3. + docetaxel 2L+ (ongoing)
2L AML monotherapy
AML/MDS
Planned for 2H 2019
monotherapy & chemo combination
1. Monotherapy (complete)
2. + LDAC (fully enrolled)
3. + decitabine (fully enrolled)
Additional advanced tumour indications
ILS Support
Numerous ongoing trials as mono therapy, or in combination with targeted drugs or check-point inhibitors.
BGB149
Anti-AXL mAb
Phase 1b Patient trial
Therapeutic focus not yet disclosed
Planned for 2H 2019
Phase 1a Healthy volunteers
Ongoing
BGB601
AXL ADC outlicensed
ADC THERAPEUTICS
Phase 1
Metastatic cancers
Ongoing
Study in planning or start up stage

FINANCIAL REVIEW

Financial Results

Figures in brackets = same period 2018 unless stated otherwise)

Revenue for the first quarter 2019 amounted to NOK 8.7 million (NOK 0 million). The revenue is received from ADCT from a phase I milestone payment.

Total operating expenses for the first quarter amounted to NOK 54.5 million (NOK 54.8 million). Employee expenses were NOK 7.5 million (NOK 15.7 million). The decrease was mainly due to higher provisions for social security tax on employee options in Q1 2018 due to share price appreciation in the period.

Other operating expenses amounted to NOK 46.8 million (NOK 39.1 million) for the quarter. Operating expenses is driven by expansion of clinical trials and preparations for new clinical trials. Costs are triggered when clinical trials meet specific milestones of progress, and as recruitment of patients to the clinical trials have progressed costs have increased proportionately, in keeping with forecasts.

The operating loss for the quarter came to NOK 45.8 million (NOK 54.8 million), reflecting the level of activity related to the many clinical trials BerGenBio is conducting.

Net financial profit amounted to NOK 1.5 million (NOK 1.0 million) for the quarter.

Losses after tax for the quarter were NOK 44.3 million (NOK 53.8 million).

Financial Position

Total assets at 31 March 2019 decreased to NOK 336.1 million (NOK 378.8 million at year-end 2018), mainly due to the operational loss in the period.

Total liabilities were NOK 40.9 million (NOK 41.5 million at year-end 2018).

Total equity as of 31 March 2019 was NOK 295.2 million (NOK 337.3 million at year-end 2018), corresponding to an equity ratio of 87.8% (89.0%).

Cash Flow

Net cash flow from operating activities were negative by NOK 53.7 million for the quarter (NOK 41.4 million), mainly driven by the level of activity in the clinical trials.

Net cash flow for investing during the quarter was NOK 0.0 million (NOK 0.0 million).

Net cash flow from financing activities was NOK 1.2 million (NOK 0.2 million).

Cash and cash equivalents decreased to NOK 306.7 million (NOK 360.4 million at year-end 2018).

The board today considered and approved the condensed, consolidated financial statement of the three months ending 31 March 2019 for BerGenBio.

Bergen 7 May 2019
Board of Directors and CEO of BerGenBio ASA

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

BerGenBio

Condensed consolidated statement of profit and loss and other comprehensive income

(NOK 1000) Unaudited	Note	Q1 2019	Q1 2018	FY 2018
Revenue		8,682	0	2,335
Expenses				
Employee benefit expenses	3, 10	7,460	15,672	38,012
Depreciation	2	196	54	204
Other operating expenses	6	46,844	39,055	158,658
Total operating expenses		**54,500**	**54,781**	**196,874**
Operating profit		**-45,818**	**-54,781**	**-194,539**
Finance income		1,761	1,046	4,857
Finance expense		254	44	2,065
Financial items, net		**1,507**	**1,001**	**2,792**
Profit before tax		**-44,311**	**-53,780**	**-191,747**
Income tax expense		0	0	0
Profit after tax		**-44,311**	**-53,780**	**-191,747**
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		**-44,311**	**-53,780**	**-191,747**
Earnings per share:				
- Basic and diluted per share	7	-0.81	-1.08	-3.60

Condensed consolidated statement of financial position

(NOK 1000) Unaudited	Note	31 MAR 2019	31 MAR 2018	31 DEC 2018
ASSETS				
Non-current assets				
Property, plant and equipment	2	1,563	503	581
Total non-current assets		**1,563**	**503**	**581**
Current assets				
Other current assets	5, 8	27,854	11,884	17,831
Cash and cash equivalents		306,717	329,224	360,413
Total current assets		**334,571**	**341,108**	**378,245**
TOTAL ASSETS		**336,134**	**341,610**	**378,826**
EQUITY AND LIABILITIES				
Equity				
Paid in capital				
Share capital	9	5,485	4,993	5,471
Share premium	9	266,952	271,478	309,791
Other paid in capital	4, 9	22,754	20,376	22,018
Total paid in capital		**295,192**	**296,846**	**337,280**
Total equity		**295,192**	**296,846**	**337,280**
Non-current liabilities				
Long term debt	2	307	0	0
Total non-current liabilities		**307**	**0**	**0**
Current liabilities				
Accounts payable		29,781	19,314	23,939
Other current liabilities		6,824	14,001	12,875
Provisions		4,030	11,449	4,732
Total current liabilities		**40,635**	**44,764**	**41,546**
Total liabilities		**40,942**	**44,764**	**41,546**
TOTAL EQUITY AND LIABILITIES		**336,134**	**341,610**	**378,826**

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 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
Paid in, not registed capital raise	9				0
Share issue costs					0
Balance at 31 March 2019		**5,485**	**266,952**	**22,754**	**295,192**

(NOK 1000) Unaudited	Note	Share capital	Share premium	Other paid in capital	Total equity
Balance at 1 January 2018		**4,992**	**325,018**	**20,340**	**350,350**
Loss for the period			-53,780		-53,780
Other comprehensive income (loss) for the period, net of income tax			0		0
Total comprehensive income for the period		**0**	**-53,780**	**0**	**-53,780**
Recognition of share-based payments	3, 4			36	36
Issue of ordinary shares	9	1	239		240
Paid in, not registed capital raise	9				0
Share issue costs					**0**
Balance at 31 March 2018		**4,993**	**271,478**	**20,376**	**296,846**

Condensed consolidated statement of cash flow

(NOK 1000) Unaudited	Note	YTD 2019	YTD 2018
Cash flow from operating activities			
Loss before tax		-44,311	-53,780
Non-cash adjustments to reconcile loss before tax to net cash flows			
Depreciation of property, plant and equipment		196	54
Calculated interest element on convertible loan		0	0
Share-based payment expense	3, 4	736	36
Movement in provisions and pensions		-395	8,429
Working capital adjustments:			
Decrease in trade and other receivables and prepayments		-10,023	1,546
Increase in trade and other payables		-1,128	2,348
Net cash flow from operating activities		**-54,924**	**-41,366**
Cash flows from investing activities			
Purchase of property, plant and equipment		0	0
Net cash flow used in investing activities		**0**	**0**
Cash flows from financing activities			
Proceeds from issue of share capital	9	1,487	240
Paid in, not registered capital increase	9	0	0
Debt repayments		-259	0
Net cash flow from financing activities		**1,228**	**240**
		1,228	**240**
Net increase/(decrease) in cash and cash equivalents		-53,696	-41,126
Cash and cash equivalents at beginning of period		360,413	370,350
Cash and cash equivalents at end of period		306,717	329,224

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 2019 and were approved for issue by the Board of Directors on 7 May 2019.

Note 2. Basis for preparation and significant accounting policies

Basis for preparation and significant accounting policies

The interim condensed consolidated financial statements for the Group have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with BerGenBio's annual financial statements as at 31 December 2018.

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 2018, except for the adoption of new standards and interpretations effective as of 1 January 2019.

The new and amended standards and interpretations from IFRS that were adopted by the EU with effect from 2019 did not have any significant impact on the reporting for Q1 2019.

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

IFRS 16 Leases

The company has implemented IFRS 16 Leases from 1.1.2019.

IFRS 16 replaces IAS 17, Leases and related interpretations. IFRS 16 from a lessee viewpoint eliminates the classification of leases as either operating leases or finance leases. Instead, all leases are treated in a similar way to finance leases under IAS 17. The standard is effective for accounting periods beginning on or after 1 January 2019 and adopted by the company from the same date.

IFRS 16 allows various adoption approaches. The company applies the modified retrospective approach under which all right-of-use assets (ROU assets) are measured at an amount equal to the lease liability at 1 January 2019. The lease liability in turn is calculated as the discounted present value of remaining lease payments under the leases. The cumulative effect of initially applying the standard as an adjustment to the opening balance on retained earnings is zero. Under this transition approach, the 2018 comparable numbers presented in the first quarter 2019 reporting are not restated as ifIFRS 16 was applied in 2018. The presented amounts are calculated based on judgements and interpretations at the time of adopting the new standard.

The company only has lease agreements previously classified as operational lease. Under IFRS 16 these are treated as financial lease.

Implementation effects of adopting the new standard and effects on the income statement for the first quarter of 2019 are shown in the tables below.

(NOK 1,000 Unaudited)			
Effect on Statement of Financial Position	**31.12.2018**	**IFRS 16 effect**	**1.1.2019**
Non-current assets	581	1,178	1,759
Total assets	378,826	1,178	380,004
Long term debt	0	551	551
Current liabilities	41,546	627	42,173
Total liabilities	41,546	1,178	42,724
Total equity and liabilities	378,826	1,178	380,004

	Q1 2019 excl		
Effect on Income Statement	**IFRS 16**	**IFRS 16 effect**	**Q1 2019**
Total operating revenue	8,682	0	8,682
Depreciation	41	155	196
Other operating expenses	47,006	-162	46,844
Total operating expenses	54,507	-7	54,500
Operating profit	-45,825	-7	-45,818
Financial items, net	1,525	18	1,507
Profit before tax	-44,300	11	-44,311

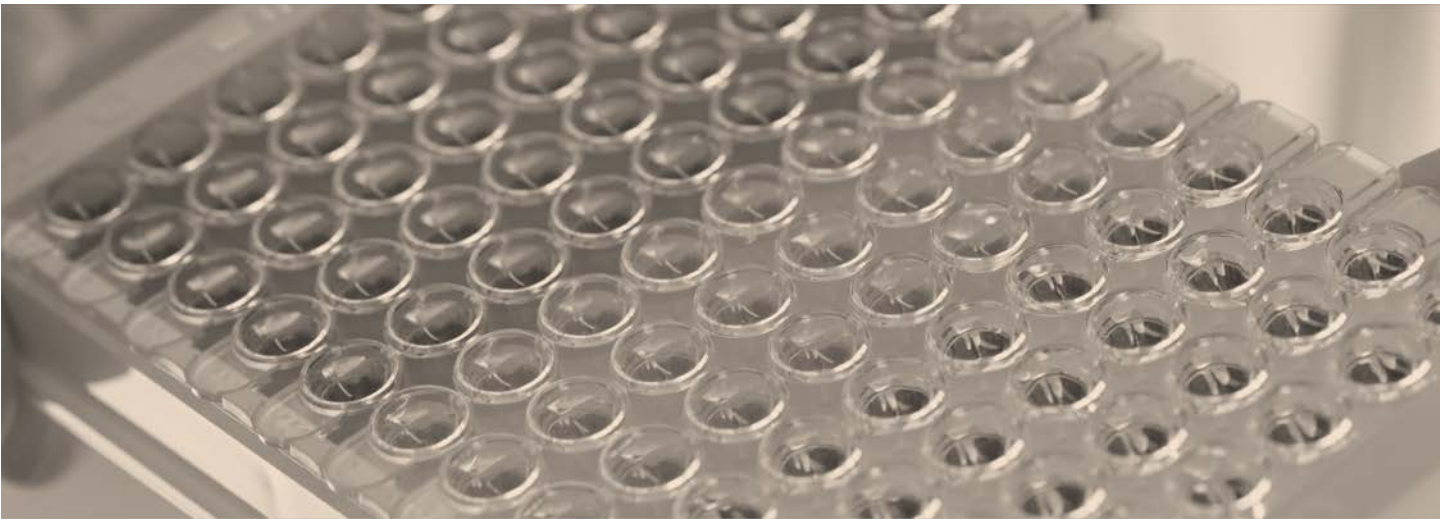
Basis for consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as of 31 March 2019. 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 187 million was successfully completed in April 2018, 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.



Note 3. Payroll and related expenses

	For the three months ended 31 March	
	2019	2018
Salaries	6,104	5,944
Social security tax	1,107	1,014
Pension expense	483	470
Share option expense employees	736	36
Accrued social security tax on share options	-702	8,429
Other remuneration	149	38
Government grants 1)	-418	-259
Total payroll and related expenses	**7,460**	**15,672**
Average number of full time equivalent employees	24	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	50,000	1-Sep-10	31-Dec-19	5.65
	100,000	27-May-11	31-Dec-19	7.56
	75,000	21-Jun-12	31-Dec-19	10.62
	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
James B Lorens	50,000	10-Sep-10	31-Dec-19	5.65
	25,000	27-May-11	31-Dec-19	7.56
	75,000	21-Jun-12	31-Dec-19	10.62
	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
Rune Skeie	24,090	23-May-18	23-May-26	46.70
	20,000	31-Oct-18	31-Oct-26	28.50
Tone Bjaaland	45,000	Oct 2018	Oct 2026	28.50
	1,924,281			

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 comprising an option scheme program. Each option gives the right to acquire one share in BerGenBio on 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.

Primarlily the options vest at the earlier of an IPO or annually in equal tranches over a three-year period following the date of grant.

The following equity incentive schemes were in place in the current year:

	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
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
Cancelled in 2019 *	-51,999			36.65
Exercised in 2019	-140,000			10.62
Total	**2,989,515**			

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			
	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 January	3,181,514	18.20	2,925,000	14.20
Granted during the period	00		0	
Exercised during the period	-140,000	10.62	-10 000	24.00
Forfeited and cancelled	-51,999	36.65		
Balance at 31 March	**2,989,515**	**18.23**	**2,915,000**	**14.17**

There were granted 0 options in the period in 2019. In 2018 in the same period there were granted 0 options.

Vested options	For the three months ended 31 March	
	2019	2018
Options vested at 1 January	2,598,334	2,891,667
Exercised and forfeited in the period	-191,999	-10,000
Vested in the period	0	
Options vested at 31 December	**2,406,335**	**2,881,667**
Total outstanding number of options	2,989,515	2,915,000

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 2019 the value of the share options expensed through the profit or loss amounts to NOK 0.7 million (for the same period in 2018: NOK 0.04 million). In addition a provision for social security contributions on share options of NOK - 0.7 million (for the same period in 2018: NOK 8.4 million) is recognised based on the difference between the share price and exercise price on exercisable option as at the end of the period.

Note 5. Government grants

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

	For the three months ended 31 March	
	2019	2018
Payroll and related expenses	418	259
Other operating expenses	4,326	3,263
Total	**4,743**	**3,523**

Grants receivable as at 31 December are detailed as follows:

	For the three months ended 31 March	
	2019	2018
Grants from Research Council, BIA	1,675	1,723
Grants from Innovation Norway	6,597	1,800
Grants from SkatteFunn	9,804	6,958
Total	**18,076**	**10,481**

BIA grants from the Research Council:

The Company currently has three grants from the Research Council, programs for user-managed innovation arena (BIA).

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 0.7 million in Q1 2019 (Q1 2018: NOK 0.7 million) 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 1.0 million in Q1 2019 (Q1 2018: 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 with an amount up to NOK 10.7 million. The Group has not recognised any of this grant in Q1 2019 or in 2018.

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 2019. The Group has recognised NOK 1.8 million in Q1 2019 (Q 2018: NOK 0.0 million) classified partly as reduction of payroll and related expenses and partly as a cost reduction of other operating expenses.

Innovasjon Norge:

BerGenBio has been awarded a NOK 24 million (USD2.85m) grant from Innovasjon Norge to support the clinical development of BGB324 in combination with Merck & Co.'s KEYTRUDA® (pembrolizumab) in patients with advanced lung cancer.

The grant from Innovasjon Norge 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. The grant may be withdrawn under certain circumstances. The Group has recognised NOK 1.2 million in Q1 2019 (Q1 2018: NOK 1.8 million) classified as cost reduction of other operating expenses.

Note 6. Other operating expenses

	For the three months ended 31 March	
	2019	2018
Program expenses, clinical trials and research	33,626	32,192
Office rent and expenses	388	454
Consultants R&D projects	3,842	2,159
Patent and licence expenses	736	849
Other operating expenses *	12,577	6,664
Government grants	-4,326	-3,263
Total	**46,844**	**39,055**

- NOK 4,6 million related to licence agreement and Arbitration with Rigel.

Note 7. Earnings per share

	For the three months ended 31 March	
	2019	2018
Loss for the period (NOK 1,000)	-44,311	-53,780
Average number of outstanding shares during the year	54,717,824	49,923,422
Earnings (loss) per share - basic and diluted (NOK)	**-0.81**	**-1.08**

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 2019	31 Mar 2018
Government grants	18,076	10,481
Prepaid expenses	1,096	829
Other receivables	8,682	574
Total	**27,854**	**11,884**

Note 9. Share capital and shareholder information

The Group has one class of shares and all shares carry equal voting rights.

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.

As of 31 March	Number of shares	Nominal value (NOK)	Book value (NOK)
Ordinary shares 2019	54,851,446	0.10	5,485,144.60
Ordinary shares 2018	49,932,200	0.10	4,993,220.00

Changes in the outstanding number of shares

	For the three months ended 31 March	
	2019	2018
Ordinary shares at 1 January	54,711,446	49,922,200
Issue of ordinary shares	140,000	10,000
Ordinary shares at 31 March	**54,851,446**	**49,932,200**

Ownership structure 31 03 2019

Shareholder		Number of shares	Percentage share of total shares
METEVA AS		14,962,500	27.3%
INVESTINOR AS		6,609,800	12.1%
SARSIA SEED AS		2,117,900	3.9%
VERDIPAPIRFONDET ALFRED BERG GAMBA		1,937,000	3.5%
KLP AKSJENORGE		1,415,000	2.6%
SARSIA DEVELOPMENT AS		1,175,000	2.1%
VERDIPAPIRFONDET NORDEA KAPITAL		1,173,187	2.1%
VERDIPAPIRFONDET NORDEA AVKASTNING		1,125,902	2.1%
MP PENSJON PK		1,117,455	2.0%
BERA AS		1,084,800	2.0%
KOMMUNAL LANDSPENSJONSKASSE		1,010,000	1.8%
MIDDELBORG INVEST AS		1,000,000	1.8%
VERDIPAPIRFONDET NORDEA NORGE VERD		866,702	1.6%
NORSK INNOVASJONSKAPITAL II AS		806,170	1.5%
VERDIPAPIRFONDET ALFRED BERG NORGE		801,556	1.5%
Euroclear Bank S.A./N.V.	NOM	753,316	1.4%
ALTITUDE CAPITAL AS		650,000	1.2%
VERDIPAPIRFONDET ALFRED BERG AKTIV		574,391	1.0%
VERDIPAPIRFONDET NORDEA NORGE PLUS		571,924	1.0%
NORDA ASA		536,281	1.0%
Top 20 shareholders		**40,288,884**	**73.5%**
Total other shareholders		14,562,562	26.5%
Total number of shares		54,851,446	**100.0%**

The Board of Directors has been granted a mandate from the general meeting held on 13 March 2019 to increase the share capital with up to NOK 548,514 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 2020 and 30 June 2020. In April 2019 at total of 100,000 new shares were issued under this proxy at a nominal value of NOK 10,000. See note 4 for more information about the share incentive program and number of options granted.

The Board of Directors has been granted a mandate from the general meeting held on 13 March 2019 to increase the share capital with up to NOK 1,097,028 by subscription of new shares.

Shares in the Group held by the management group

	Position	Employed since	31 Mar 2019	31 Mar2018
Richard Godfrey 1)	Chief Executive Officer	January 2009	160,408	160,408
James Bradley Lorens	Senior Scientific Adviser	January 2009	250,000	250,000
Total shares held by management			**410,408**	**410,408**

1) Richard Godfrey holds 160,408 shares in the Company through Gnist Holding AS.

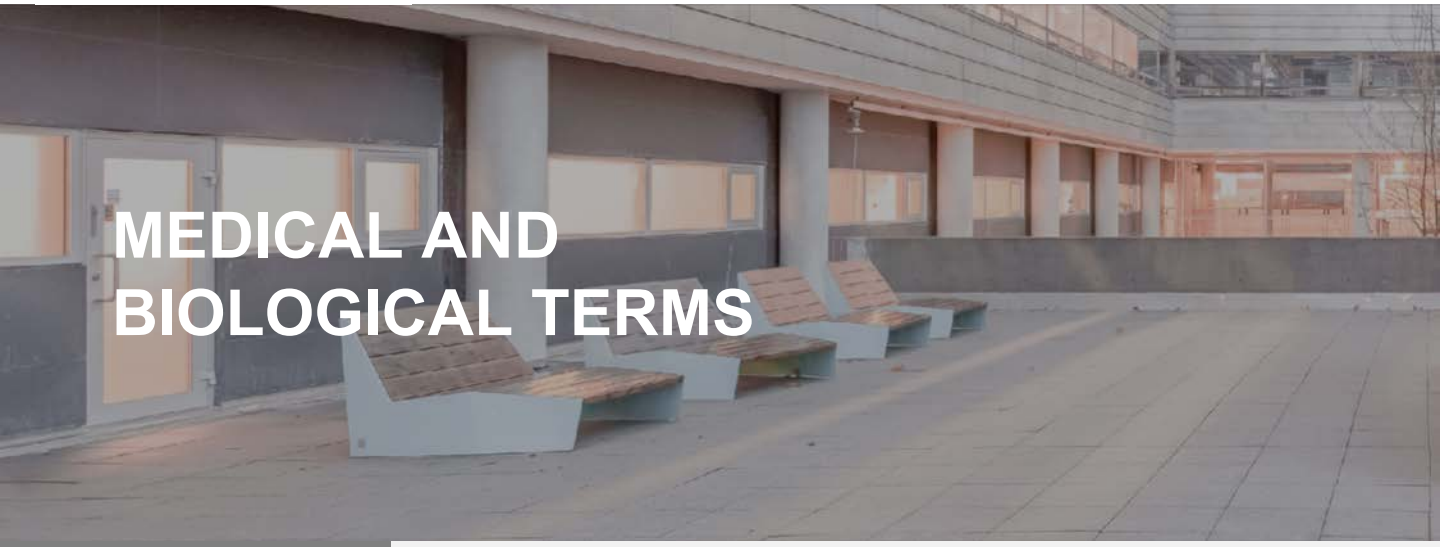
Shares in the Group held by members of the Board of Directors

Grunde Eirksen (board member) is CEO in Altitude Capital AS. Altitude Capital AS is holding 650,000 shares in BerGenBio ASA at 31 March 2019.

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.

As of 1 October 2016, BerGenBio transitioned from a defined benefit scheme to a defined contribution scheme.



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 cytotoxin.
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.
API	Active pharmaceutical ingredient.
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.

CML	Chronic myelogenous leukaemia.
CMOs	Contract manufacturing organisations.
Comorbidity	The presence of one or more additional disorders (or diseases) co-occurring with a primary disease or disorder.
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.
Epithelial tumour cell	Tumour cells in an epithelial state.
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.
IPF	Idiopathic Pulmonary Fibrosis
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.
NASH	Nonalcoholic Steatohepatitis
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
TNBC	Triple negative breast cancer.
WCLC	World Conference on Lung Cancer

Financial Calendar Year 2019

13 March 2019	Annual General Meeting
8 May 2019	Quarterly Report – Q1 2019
20 August 2019	Half-year and Q2 report 2019
19 November 2019	Quarterly Report – Q3 2019

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