

A background image of a laboratory setting, featuring a microscope and a person wearing white gloves. The image is overlaid with a light blue tint.

SCANDION ONCOLOGY

INTERIM REPORT 01-JAN-2019 – 31-MAR-2019

Scandion Oncology A/S | 38613391 | www.scandiononcology.com

Interim report for the period 01-JAN-2019 – 31-MAR-2019

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In this document, the following definitions shall apply unless otherwise specified: “the Company” or “Scandion Oncology” refers to Scandion Oncology A/S, CVR number 38613391.

Scandion Oncology is focused on developing cancer-fighting drugs that can block or circumvent drug resistance in cancer treatment. In preclinical studies, our candidate drug SCO-101 enhances the efficacy of standard cancer treatment when given in combination with the cancer drug and restores chemotherapy sensitivity in resistant cells. SCO-101 has successfully undergone four Phase I studies and is now ready for Phase II clinical trials in cancer patients with drug-resistant disease.

CEO, Nils Brünner

Statement by the Board of Directors

The Board of Directors provide their assurance that the interim report provides a fair and true overview of the Company's operations, financial position and results.

Copenhagen, 27 MAY 2019

The Board of Directors of Scandion Oncology A/S

<i>Joergen Bardenfleth</i>	<i>Chairman of the Board</i>
<i>Carl Borrebaeck</i>	<i>Member of the Board of Directors</i>
<i>Christian Vinding Thomsen</i>	<i>Member of the Board of Directors</i>
<i>Thomas Feldthus</i>	<i>Member of the Board of Directors</i>

Key figures and selected financial posts

DKK	01-JAN-2019	01-JAN-2018	01-JAN-2018
	31-MAR-2019	31-MAR-2018	31-DEC-2018
Net sales	0	0	0
Operating profit/loss	(2,344,978)	(695,132)	(9,934,585)
Profit/loss before taxes	(2,436,195)	(695,132)	(9,957,906)
Profit/loss for the period	(1,948,431)	(542,204)	(8,182,558)
Total assets	11,537,371	1,376,572	13,562,750
Equity ratio	0.92	0.66	0.93
Number of registered shares	11,907,651	7,347,822	11,907,651
Earnings per share	(0.16)	(0.07)	(0.85)

Definitions

Equity ratio: Shareholders' equity as a proportion of total assets.

Earnings per share: Profit/Loss for the period divided by average number of shares.

Highlights during the period

- Scandion Oncology signed contract with Solural Pharma to formulate SCO-101 tablets for Clinical Phase II trial.
- Scandion Oncology reported successful meeting with Danish Medicines Agency regarding clinical development of SCO-101.
- Scandion Oncology obtained Positive Preclinical Results in Antibiotic Resistance.

Highlights after the period

- Scandion Oncology obtained EU Funding (SME Instruments Phase 1) for SCO-101 in drug resistant breast cancer patients.
- Scandion Oncology signed collaboration agreement with University of Copenhagen regarding co-development of a class of drug candidates that reverts anti-cancer drug resistance.
- Scandion Oncology received an "Intention to Grant" notice from the European Patent Office regarding its patent application covering SCO-101 in combination with specific topoisomerase I inhibitors to treat various cancers.

CEO Nils Brünner



It has been a busy first quarter of 2019. Of specific importance is that we have reached the promised milestones.

We have had specific focus on the following:

1. SCO-101 is being produced at Cambrex in Sweden and the drug substance for SCO-101 will be ready in June, 2019. We have entered into a collaboration with Solural, which will be responsible for the manufacture of the SCO-101 tablets to be used in the upcoming clinical study.
2. In spring 2019, we met with the Danish Medicines Agency (DMA) to discuss the planned Phase II study with SCO-101. The meeting went very well, and DMA agreed to Scandion Oncology's innovative study design for the phase II trial. We are now preparing the application, which will be submitted to DMA for the clinical study. The first patients are expected to receive SCO-101 in combination with chemotherapy in December 2019 and the clinical phase II study is expected to be finalized in Q4, 2020.
3. We have during the spring of 2019, obtained a number of grants that will be used as stepping stones to apply for even larger grants. In April 2019, we obtained a SME Instruments Phase I grant covering expenses to prepare for the planned clinical phase II breast cancer study. At the same time, we are actively exploring other non-dilutive funding mechanisms.
4. In order to cover an even larger fraction of the anti-cancer drug resistance market, we have used the DEN50-R screening platform to identify compounds/drugs that reverse resistance to some of the anti-cancer drugs that are not targets for SCO-101. During this process, we discovered that SCO-301, which is registered for a non-cancer indication, is able to reverse resistance to some cancer drugs. Thus, we are not in need of initiating drug production of SCO-301. At the same time, we signed a collaboration agreement with University of Copenhagen where the aim is to optimize the anti-cancer effects of SCO-301.
5. With the hypothesis that mechanisms underlying resistance towards anti-cancer drugs are partly similar to mechanisms underlying antibiotic resistance in bacterial infections, we tested some of Scandion Oncology's drugs in antibiotic resistant bacteria. We have in this context found compounds, which show antibiotic effects on otherwise antibiotic resistant bacteria. We are currently investigating how to optimize

the antibacterial effects by testing various analogues from our library of compounds. We are in parallel evaluating different business options for the development and commercialisation of this invention.

6. To minimize the risk with the clinical studies and increase the value of SCO-101, Scandion Oncology has explored the potential inclusion of predictive biomarkers in the upcoming clinical trial. Predictive biomarkers should foretell whether SCO-101 would be effective in the individual patient.
7. In parallel with the drug development, Scandion Oncology has accelerated the commercialization process of its three compounds with a focus on co-developing one of its compounds with a pharmaceutical company or to out license SCO-101 to a pharmaceutical company when the first clinical phase II study with SCO-101 has been completed.

I simply can't wait for the day where the first cancer patient with drug resistant disease will receive SCO-101 together with the cancer drug he or she has become resistant to. That will be the start of a paradigm shift in cancer treatment.

Nils Brünner

CEO

Scandion Oncology A/S

About Scandion Oncology

Scandion Oncology is a biotech company founded in 2017 with the purpose of addressing one of the greatest and most important challenges in modern oncology – the effective treatment of cancer, which is or has become resistant to the prescribed cancer-treating drugs. Scandion Oncology’s innovative drug, SCO-101, has in preclinical studies shown that it can reverse resistance against some of the most commonly used cancer drugs.

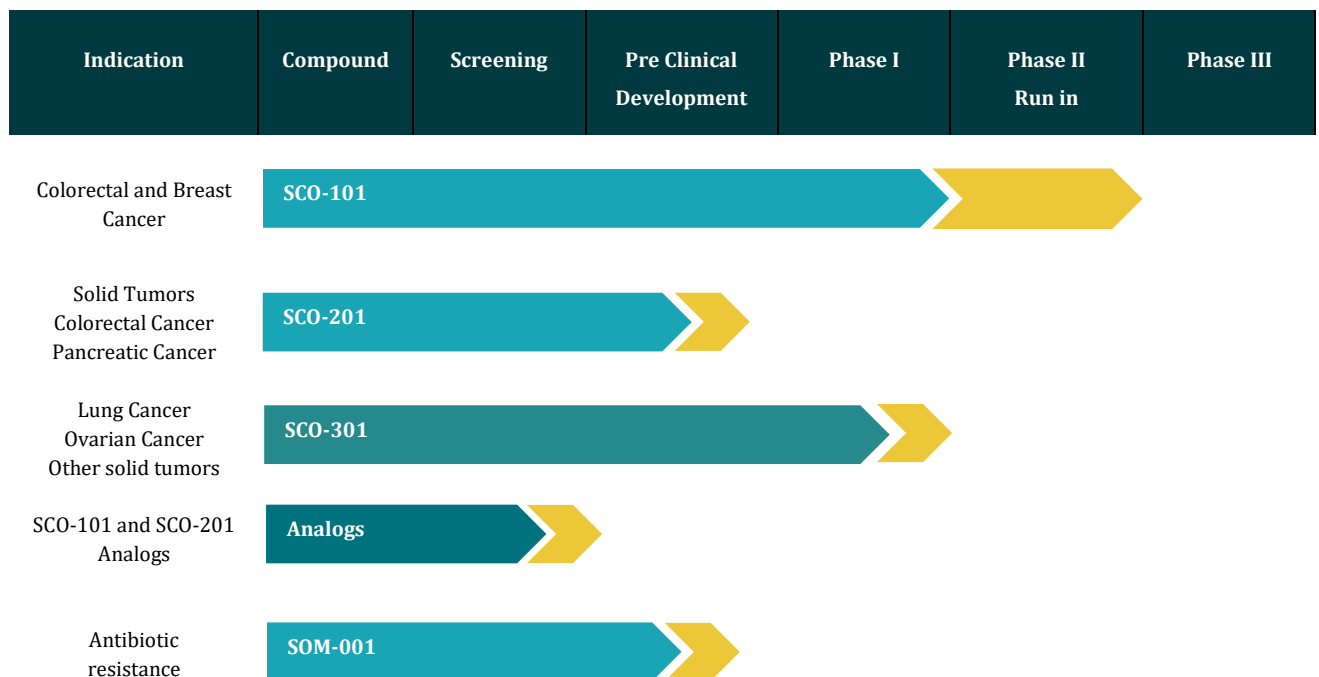
Scandion Oncology was formed as a spin-out company from the University of Copenhagen and Saniona AB, where the latter owns 29.2% of the Company.

In 2015, researchers at the University of Copenhagen were granted the rights to test SCO-101 and related substances in their screening systems, which led to the finding that SCO-101 showed an exciting potential to overcome cancer treatment resistance by restoring the cancer cell’s sensitivity to standard cancer treatment.

Positive Phase I results for SCO-101

The candidate drug SCO-101 has as an oral formulation undergone four Phase I studies comprising a total of 92 healthy subjects. Overall, the Phase I studies showed that SCO-101 was safe and well tolerated with an excellent pharmacokinetic profile. Based on these positive clinical phase I data, Scandion Oncology is now preparing an application to the Danish Medical Agency for a Phase II clinical trial on chemotherapy-resistant cancer.

Figure 1. Pipeline – Multiple assets targeted several



Mechanisms of Action

Scandion Oncology has filed patents on the mechanisms of action of SCO-101 when restoring sensitivity to anti-cancer drugs. One mechanism of action of SCO-101 is inhibition of so-called drug efflux pumps (Figure 2). These pumps are located in the membrane of the cells. In resistant cancer cells, the pumps can be many folds upregulated and the cancer cells thereby protect themselves against the toxic anti-cancer drugs by pumping the drugs out of the cells before the drugs can kill the cells. Another Mechanism of Action of SCO-101 is inhibition of a specific kinase in cells. By blocking this kinase and its down-stream signalling, resistant cells may become sensitive to the anti-cancer drugs again.

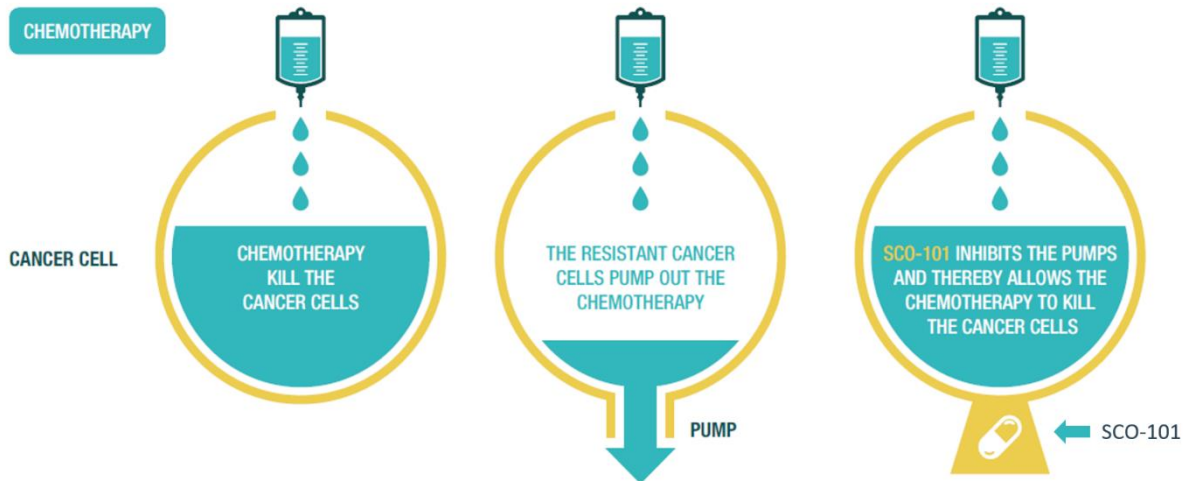


Figure 2: Drug resistant cancer cells may upregulate drug efflux pumps and thereby pump out chemotherapy leading to resistance

A little less than half of all cancer patients with metastatic disease fail their cancer treatment – largely due to the cancer either being resistant already from the time of the primary diagnosis, or that the cancer acquire resistance during anti-cancer treatment. As a result, the cancer continues to grow despite treatment and after a period of time the patient will eventually lose his/her life to the cancer disease. Therefore, drug resistance is a major burden on health and medical care systems and presents a significant commercial opportunity for Scandion Oncology.

Business model

The business development strategy for the candidate drug SCO-101 is to target the major pharmaceutical and biotechnology companies that have oncology drugs on the market

Due to SCO-101 being “First in Class” with new mechanisms of action, Scandion Oncology has already experienced an interest from such companies. In addition, chemotherapy continues to be the primary medical treatment modality to fight cancer, and chemotherapy is expected to remain the primary treatment option for the next many years. Immuno-oncological drugs, such as checkpoint inhibitors, are also expected to be utilized in combination with chemotherapy. Furthermore, it has been demonstrated that only 20-30% of cancer patients will benefit from the new immuno-oncology drugs, leaving a majority of the patients for chemotherapy or endocrine treatment. The Company estimates that the use of SCO-101 to combat drug resistance to cancer drugs will open up a new and important market segment for the pharmaceutical companies.

Scandion Oncology intends to co-develop with or out-license SCO-101 to a pharma or biotech company. One possibility is that Scandion Oncology enters into a partnership with a pharmaceutical company to complete a Phase III clinical trial with SCO-101, leading to FDA and EMA approval.

Shareholders

The table below presents the 25 largest shareholders (based on nominee accounts) in Scandion Oncology as per March 31, 2019.

Name	Number of shares	Votes & capital (%)
Saniona AB	3,473,577	29.17
Jan Stenvang *	1,481,516	12.44
Nils Brünner**	1,136,045	9.54
Nordnet Pensionsforsikring AB	851,770	7.15
Kim Arvid Nielsen	476,765	4.00
Avanza Pension	451,334	3.79
Christian René Tang-Jespersen	327,869	2.75
Bank of New York Mellon SA NV	191,020	1.60
JPM Chase NA	146,152	1.23
I/S P. Bolvig	141,880	1.19
Lioneagle ApS***	130,030	1.09
Morten Fadum Nissen	113,191	0.95
Göran Ofsén	100,000	0.84
Jimmie Landerman	98,678	0.83
Christian Holger Mörch	82,051	0.69
CB Ocean Capital AB****	79,645	0.67
Sparekassen Kronjylland	71,800	0.60
Mats Lagerdahl	59,432	0.50
Alan K.Hueg	57,863	0.49
Niclas Löwgren	50,000	0.42
Morten Riise-Knudsen	45,641	0.38
Skandia	43,488	0.37
Peter Nilsson	42,735	0.36
Hannes Arthursson	42,442	0.36
Petronella Fritz	42,000	0.35
Others	2,170,727	18.24
Total	11,907,651	100.00

* CSO, Jan Stenvang.

** CEO, Nils Brünner.

*** Chairman of the Board Joergen Bardenfleth.

**** Member of the Board Carl Borrebaeck.

The share

The shares of Scandion Oncology A/S were listed on Spotlight Stock Market on November 8, 2018. The short name/ticker is SCOL and the ISIN code is DK0061031895. As per March 31, 2019, the number of shares was 11,907,651. Every stock share equals the same rights to the Company's assets and results.

Operational risks and uncertainties

The risks and uncertainties that Scandion Oncology's operations are exposed to are related to factors such as development, competition, capital requirements, currencies and interest rates. For a more detailed description of risks and uncertainties, please read the memorandum published in October 2018. During the current period, no significant changes in risk factors or uncertainties have occurred. The documents are available on the Scandion Oncology website (www.scandiononcology.com).

Auditor's review

The interim report has not been reviewed by the Company's auditor.

For further information, please contact

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Financial Review

Income Statement

Operating loss for the first quarter 2019 is DKK -2,345 thousand (-695).

External expenses for the first quarter 2019 are DKK -1,503 thousand (-631) and staff costs are DKK -842 thousand (-64). External expenses comprise of costs of manufacturing, patent expenses and other operational expenses.

Costs and losses for the first quarter 2019 are in line with plans and expectations. Activities and therefor also costs have increased in first quarter 2019 compared with first quarter 2018 as financing of SEK 26 million in fourth quarter 2018 has been obtained.

Balance Sheet

Total assets as of March 31, 2019 are DKK 11,537 thousand (1,377) of which cash is DKK 5,281 thousand (870). Current liabilities as of March 31, 2019 are DKK 916 thousand (466) consisting primarily of ordinary trade payables.

Equity as of March 31, 2019 is DKK 10,622 thousand (911).

Cash Flow

Cash flow from operating activities for the first quarter 2019 is a cash outflow of DKK -2,381 thousand (-768). Operating cash flow for the first quarter 2019 is explained by the operating loss of DKK -2.345 thousand (-695) during the period and a minor increase in working capital.

Cash as of March 31, 2019 is DKK 5.281 thousand (870).

Financial Calendar

May 29, 2019	Annual general meeting
August 22, 2019	Semi-annual Report Q2, 2019
November 21, 2019	Quarterly statement Q3, 2019
February 20, 2020	Q4 2019 and Year-end report

Income Statement

DKK	01-JAN-2019	01-JAN-2018	01-JAN-2018
	31-MAR-2019	31-MAR-2018	31-DEC-2018
Gross loss	(1,502,551)	(630,698)	(7,385,008)
Staff costs	(842,427)	(64,434)	(2,549,577)
Operating profit/loss	(2,344,978)	(695,132)	(9,934,585)
Other financial expenses	(91,217)	-	(23,321)
Profit/loss before tax	(2,436,195)	(695,132)	(9,957,906)
Tax on profit/loss for the year	487,764	152,928	1,775,348
Profit/loss for the year	(1,948,431)	(542,204)	(8,182,558)
Proposed distribution of profit/loss			
Retained earnings	(1,948,431)	(542,204)	(8,182,558)

Balance sheet in comparison

	01-JAN-2019 31-MAR-2019	01-JAN-2018 31-MAR-2018	01-JAN-2018 31-DEC-2018
DKK			
Deposits	65,526	34,578	34,578
Fixed asset investments	65,526	34,578	34,578
Fixed assets	65,526	34,578	34,578
Other receivables	265,546	151,424	240,210
Income tax receivable	2,263,112	313,209	1,775,348
Prepayments	3,661,790	7,377	3,850,494
Receivables	6,190,448	472,010	5,866,052
Cash	5,281,397	869,984	7,662,120
Current assets	11,471,845	1,341,994	13,528,172
Assets	11,537,371	1,376,572	13,562,750

Balance sheet in comparison

DKK	01-JAN-2019	01-JAN-2018	01-JAN-2018
	31-MAR-2019	31-MAR-2018	31-DEC-2018
Share capital	875,212	540,065	875,212
Additional paid in capital	20,890,289	1,925,539	20,890,289
Retained earnings	(11,143,825)	(1,555,040)	(9,195,394)
Equity	10,621,676	910,564	12,570,107
Trade payables	638,860	235,440	715,602
Other payables	276,835	230,568	277,041
Current liabilities other than provisions	915,695	466,008	992,643
Liabilities other than provisions	915,695	466,008	992,643
Equity and liabilities	11,537,371	1,376,572	13,562,750

Equity

2018 DKK	Contributed capital	Share premium	Retained earnings	Total
Equity beginning of year	540,065	1,925,539	(1,012,836)	1,452,768
Increase of capital	335,147	18,964,750	-	19,299,897
Profit/loss for the period	-	-	(8,182,558)	(8,182,558)
Equity end of year	875,212	20,890,289	(9,195,394)	12,570,107

01-JAN-2019 – 03-MAR-2019 DKK	Contributed capital	Share premium	Retained earnings	Total
Equity beginning of year	875,212	20,890,289	(9,195,394)	12,570,107
Increase of capital	-	-	-	-
Profit/loss for the period	-	-	(1,948,431)	(1,948,431)
Equity end of period	875,212	20,890,289	(11,143,825)	10,621,676

Cash flow statement

	01-JAN-2019 31-MAR-2019	01-JAN-2018 31-MAR-2018	01-JAN-2018 31-DEC-2018
DKK			
Operating profit/loss	(2,344,978)	(695,132)	(9,934,585)
Working capital changes	86,420	(72,553)	(3,317,540)
Cash flow from ordinary operating activities	(2,258,558)	(767,685)	(13,252,125)
Financial income paid	(91,217)	-	(23,321)
Cash flow from operating activities	(2,349,775)	(767,685)	(13,275,446)
Acquisition of fixed asset investments	(30,948)	-	-
Cash flow from investing activities	(30,948)	-	-
Cash increase of capital	-	-	19,299,897
Cash flow from financing activities	-	-	19,299,897
Increase/decrease in cash and cash equivalents	(2,380,724)	(767,685)	6,024,451
Cash and cash equivalents beginning of period	7,662,120	1,637,670	1,637,670
Cash and cash equivalents end of period	5,281,397	869,984	7,662,120
Change in working capital			
Increase/decrease in receivables	163,368	(29,545)	(3,801,167)
Increase/decrease in trade payables etc.	(76,949)	(43,008)	483,627
	86,420	(72,553)	(3,317,540)



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