2018
ANNUAL REPORT

Annual report 2018

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.

Key figures and selected financial posts

DKK	01-JAN-2018 31-DEC-2018	02-MAY-2017 31-DEC-2017
Net sales	0	0
Operating profit/loss	-9,934,585	-1,173,005
Profit/loss before tax	-9,957,906	-1,173,117
Profit/loss for the period	-8,182,558	-1,012,836
Total assets	13,562,750	1,961,785
Equity ratio	93%	74%
Number of registered shares	11,907,651	7,347,822
Earnings per share	-0.85	-0.14

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

2018

- 05JUL18: The extraordinary general meeting resolved to raise up to SEK 26 million through an Initial Public Offering (“IPO”) at Spotlight Stock Market (“Spotlight”), Sweden.
- 01OCT18: Scandion Oncology is approved for listing at Spotlight.
- 23OCT18: Through the new share issue, Scandion Oncology received approx. 1,500 new shareholders and SEK 26 million. Scandion Oncology’s new share issue was oversubscribed more than 4 times prior to the listing on Spotlight.
- 14DEC18: Scandion Oncology informed on the selection of collaborator for the Boost4Health Internationalisation grant.
- 06SEPT18: Scandion Oncology filed a new patent application covering a new Mechanisms of Action of SCO-101 in inhibiting anti-cancer drug resistance.
- 16OCT18: Scandion Oncology filed a new patent application covering a second indication for SCO-101. The second indication is within antibiotic resistance where there is a significant medical need and market
- 08NOV18: First day of trading in Scandion Oncology A/S shares on Spotlight Stock Market
- 13NOV18: Scandion Oncology received a small but important EU grant.
- 16NOV18: Scandion Oncology received an EU-Upstart grant.

CEO Nils Brünner

"We believe Scandion Oncology's approach could help improve outcomes for thousands of cancer patients, creating substantial business potential."

2018 has been an eventful year for Scandion Oncology. Our single most important event was the listing on Spotlight and the associated new share issue during the third and fourth quarter. During 2018, we worked hard to prepare the Company for listing and in November we completed an IPO, which provided Scandion Oncology with approximately SEK 26 million before financial costs. I would like to thank everyone who subscribed, for your confidence in Scandion Oncology and our drug candidates. The financing has enabled us to accelerate the development of our business. A significant milestone was reached when the production of the first technical SCO-101 batch produced at Cambrex in Sweden was approved. We have now initiated the manufacturing of the drug substance for clinical use and expect that the final capsules will be available in Q4, 2019. We are in parallel working on the clinical protocol together with the clinical centres and expect to initiate the phase II study during Q4, 2019. We are thus strictly following the pre-set timelines for SCO-101 drug production and clinical studies.

Scandion Oncology's target

More than half of all cancer patients with metastatic disease fail their cancer treatment – largely due to the cancer either being resistant, or developing resistance, to the drugs used. Therefore, drug resistance is the major determinant for the high mortality from cancer and represents a major burden on health care systems. With approximately 18 million new cancer cases being diagnosed globally every year and 9.6 mill cancer related deaths, a new treatment with the potential to overcome treatment resistance and significantly reduce mortality, and the burden on the healthcare system, constitutes a significant potential business opportunity.

What will happen in 2019

The primary objective for 2019 is to finalize the production (June 2019) and formulation (Q3, 2019) of SCO-101 and in parallel file a Clinical Trial Application (CTA) with the aim to obtain approval to start Phase II clinical studies in Denmark this year. We are also currently developing so-called predictive biomarkers for SCO-101 efficacy and we expect to start

the clinical validation of at least two different predictive biomarkers in connection with the first clinical phase II study. All biomarkers have been or will be sought protected by patent applications.

As the CEO of Scandion Oncology, I am very satisfied and pleased with the latest progress of our activities, where we have followed the plans laid out in the Memorandum. 2019 will be an exciting year with important milestones to be reached.

Once again, my sincere thanks to all our investors, who made it possible.

Nils Brünner
CEO
Scandion Oncology A/S

About Scandion Oncology

Scandion Oncology is a clinical phase II biotech company having its focus on identification and development of novel drugs that can combat drug resistance in cancer, a significant unmet medical need where Scandion Oncology has taken the lead. Since around half of all cancer patients treated with anti-cancer drugs will develop resistance towards the treatment, Scandion Oncology is targeting an area with blockbuster potential. Scandion Oncology was formed in 2017 as a spin-out from University of Copenhagen and Saniona A/S, Denmark. The drug pipeline presently includes three drugs, SCO-101, SCO-201 and SCO-301.

SCO-101 blocks drug resistance by 1) inhibiting drug efflux pumps and 2) targeting specific kinases involved in drug resistance. It has already passed 4 clinical phase I studies in humans and showed to be a safe oral drug with only limited toxicity. Production of SCO-101 is carried out by Cambrex, Sweden and the API (active pharmaceutical ingredient) will be ready June 2019. The final drug product (tablets) will be produced by Solural, Denmark and will be ready in Q3, 2019. Scandion Oncology will then initiate its first clinical phase II study in patients with drug resistant cancer late 2019.

SCO-201, which also targets drug resistance mechanisms in cancer, is under preclinical development. The plan is to perform animal studies in order to establish dosing and schedules of SCO-201. Following these experiments, Scandion Oncology will perform GLP animal toxicity studies that are needed before the first patient receives SCO-201.

SCO-301 inhibits drug resistant mechanisms that are not inhibited by SCO-101 or SCO-201. SCO-301 therefore positions itself as a drug to be used with other types of chemotherapy. SCO-301 will be further developed in collaboration with University of Copenhagen. SCO-301 is a re-purposing drug meaning that it is already registered for a non-cancer indication. This means that Scandion Oncology does not need to perform drug production of SCO-301 since it can be bought at the Pharmacy. It also means that Scandion Oncology can take SC0-301 directly into clinical phase II testing without having to perform any preclinical toxicity studies or clinical phase I studies.

With its current drug pipeline, Scandion Oncology is expected to cover the majority of the drug resistance market.

Predictive biomarkers

Scandion Oncology is developing so-called predictive biomarkers and will include these in the clinical studies. Using predictive biomarkers will reduce the number of patients needed in the clinical studies. Furthermore, it will reduce the cost of the clinical studies and shorten the time to complete the studies. As important it will secure that patients who can be predicted not to respond to the treatment will not receive treatment and thereby be able to receive an alternative treatment if it exists.

Antibiotic resistance

In March 2019 Scandion Oncology announced that a number of its compounds are also able to overcome antibiotic resistance in bacterial infections through a different mechanism of action than the one related to reversing anti-cancer resistance. Antibiotic resistance is a global challenge and the lack of ability to treat common infectious diseases due to the development of new resistance mechanisms is a threat to society. This discovery may pave the way for new drugs for treatment of antibiotic resistance. It is anticipated that in 2050, 10 million people will die from antibiotic resistant

infections[1]. Thus, the market for drugs that can interfere with antibiotic resistance could be as rewarding as drugs that interfere with anti-cancer drug resistance. Scandion Oncology is currently exploring the commercial strategy for its antibiotic resistance opportunities, since the market for such drugs is vast.

Patents

Scandion Oncology has filed patent applications for SCO-101 in 2016 and received a positive preliminary assessment from the patent authority recognizing novelty and innovation when SCO-101 is combined with standard cancer drugs for colorectal and breast cancer. The Company filed a second application in September 2018, which further protects SCO-101 as a new drug in the treatment of drug-resistant cancer. Scandion Oncology expects to have the first SCO-101 patent issued late 2019. For Scandion Oncology' s second drug candidate SCO-201, the Company has been granted patents. Scandion Oncology has also filed a patent and owns all the rights for the compounds targeting antibiotic resistance.

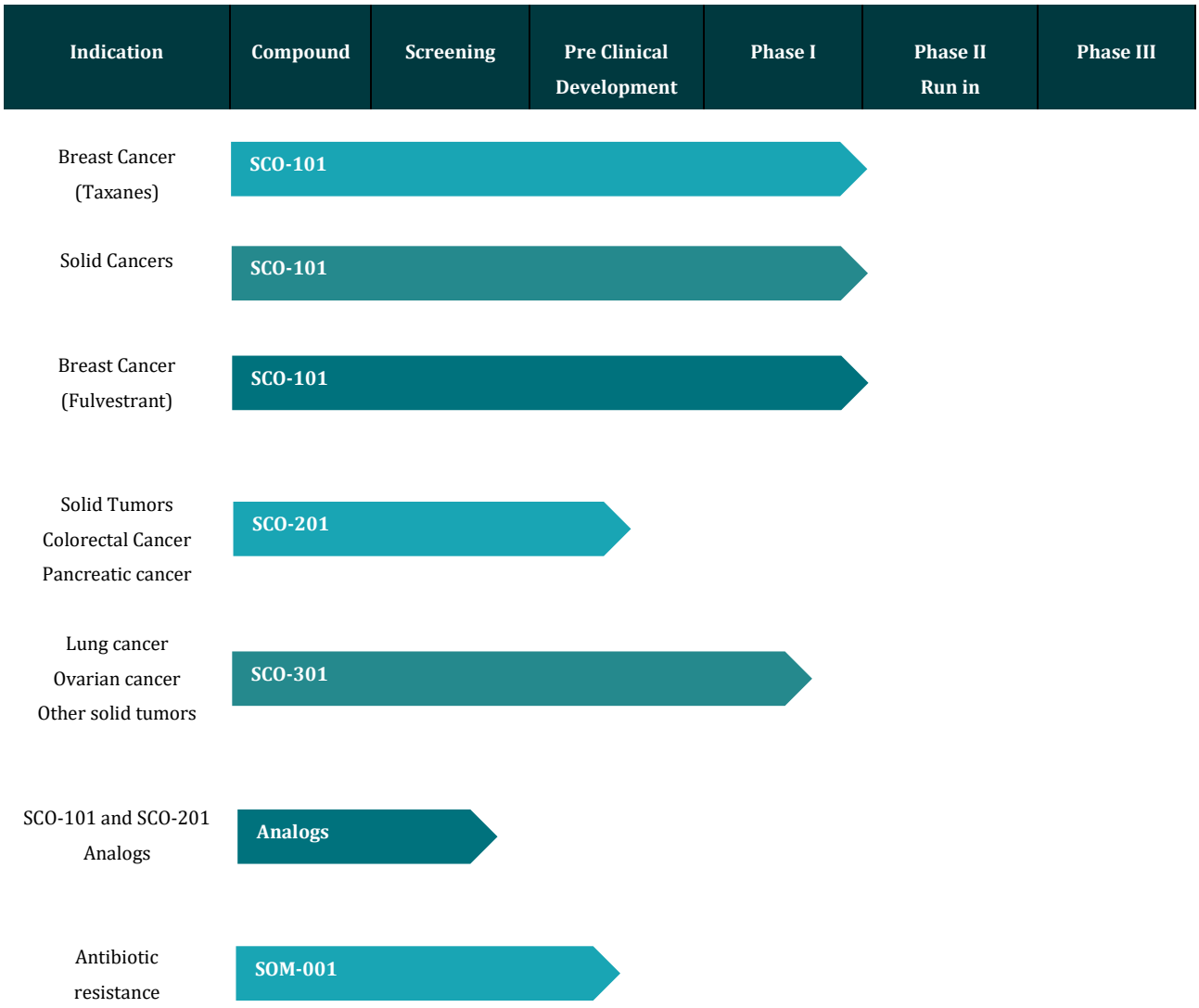
Pipeline - Multiple assets targeted several forms of cancer

In addition to SCO-101, Scandion Oncology's has two other compounds/drugs in its pipeline SCO-201 and SCO-301. SCO-201 is still in preclinical testing. SCO-201 is directed against other solid cancers, including lung cancer and pancreatic cancer. SCO-201 will during 2019 and 2020 be prepared for the first ever testing in humans. SCO-301 is a so-called repurposing drug which means that it is already approved for another disease entity being different from cancer. By using the DEN50-R screening platform, Scandion Oncology and University of Copenhagen has found that SCO-301 can reverse resistance to groups of anti-cancer drugs where SCO-101 and SCO-201 does not work. Since SCO-301 can be bought at the Pharmacy, Scandion Oncology will not need to start own production of this drug. Moreover, since SCO-301 has passed several clinical studies for the original indication, Scandion Oncology can initiate phase II trials in drug resistant cancer patients without having to perform preclinical toxicity testing or a clinical phase I study. Together with University of Copenhagen, Scandion Oncology is in the process of developing novel SCO-301 analogues with improved anti-cancer effects and decreased side effects.

[1] *https://www.who.int*

The development pipeline of Scandion Oncology's drug pipeline is shown in Figure 1.

Pipeline – Multiple assets targeted several forms of drug resistance



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 cancer 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 simply 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 can become sensitive to the anti-cancer drugs again.

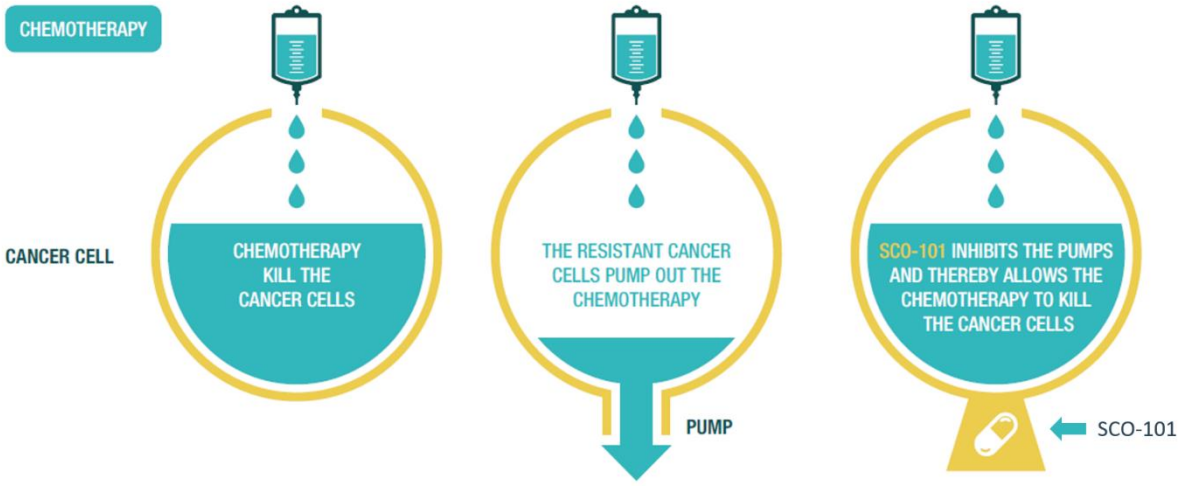


Figure 2: Drug resistant cancer cells may upregulate drug efflux pumps and thereby pump out chemotherapy leading to resistance

More 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 acquires 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 are in the oncology market.

Due to SCO-101 being "First in Class" with new mechanisms of action, Scandion Oncology has already experienced a significant interest from such companies. In addition, chemotherapy continues to be the primary medical treatment model 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 significant share 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 major pharmaceutical companies.

Scandion Oncology intends to co-develop with or out-license SCO-101 to a major pharma company. One possibility is that Scandion Oncology enters into a partnership with a major 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 29, 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 Pensionsförsäkring 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 December 31, 2018, the number of shares was 11,907,651. Every stock share equals the same rights to the Company´s assets and results.

Management report

Primary activities

The objectives of Scandion Oncology are to conduct research and development of new drugs and companion diagnostics to be used to combat drug resistance in cancer treatment.

Development in activities and finances

Scandion Oncology was founded in April 2017 based on a merger of ion channel technology from Saniona AB (www.saniona.com) and cancer research technologies and inventions from University of Copenhagen. The founders are Saniona AB (51%) and Nils Brünner, Jan Stenvang and Kim Arvid Nielsen (49%). The primary goal at Scandion Oncology is to develop drugs that specifically target chemotherapy and anti-hormone treatment resistance mechanisms in cancer. Scandion Oncology now has three products, SCO-101, SCO-201, and SCO-301 plus analogues. The plan is during 2019/2020 to bring the compound SCO-101 through the first clinical proof-of-concept phase II study. The study consists of two parts. In the first part patients are exposed to combinations of standard dose of chemotherapy and increasing doses of SCO-101. The main objective of the first part is to evaluate safety when co-administering SCO-101 with chemotherapy. Based on the results from the first part of the clinical study we will establish the recommended dose of SCO-101 when combined with chemotherapy. In the second part of the study patients will be treated with the recommended dose of SCO-101 in combination with chemotherapy. Patients will be scanned every 8 weeks in order to evaluate treatment effects on the cancer tissue. The clinical phase II study will also be used to obtain a first clinical validation of selected so-called predictive biomarkers. Predictive biomarkers are used to select patients with the highest likelihood of a positive effect of SCO-101 in combination with chemotherapy. By using predictive biomarkers Scandion Oncology expect to introduce SCO-101 treatment as a personalized treatment approach. Scandion Oncology will use its proceeds from the IPO in 2018 to fund the first part of the clinical phase II study.

Scandion Oncology had its IPO November 8, 2018 and raised SEK 26 mill with a significant oversubscription. A large part of these money was used to pay for SCO-101 production at Cambrex, Sweden. The Company have reserved finances to pay for the first part of the clinical phase II study.

As stated in the Memorandum from 2018 in connection with the IPO, Scandion Oncology will need to obtain additional capital in order to finalize the clinical phase II study. Scandion Oncology plans to finance the remaining part of the Phase II clinical trial, as well as further clinical trials with SCO-101 and to bring SCO-201 to clinical trials, via collaborative partners, EU grants/subsidies and/or capitalization.

Scandion Oncology has been active in applying for grant money. The Company have so far obtained three smaller EU grants and were recently awarded a SME-Instrument Phase I grant, which will be used to prepare for a SME Instrument Phase II grant which can amount 2-3 mill EURO. Less than 10% of the applicants of the SME-Instrument Phase I received a grant. Scandion Oncology's strategy is first to receive the smaller grants and then use these as stepping-stones for the large grants.

Events after the balance sheet date

On March 11, 2019 Scandion Oncology obtains Positive Preclinical Results in Antibiotic Resistance.

On March 18, 2019, Scandion Oncology signs a Contract with Solural Pharma to Formulate SCO-101 Tablets for Clinical Phase II Trial.

On March 26, 2019, Scandion Oncology reports a successful meeting with Danish Medicines Agency regarding clinical development of SCO-101.

On April 8, 2019, Scandion Oncology obtains EU Funding for SCO-101 in drug resistant breast cancer patients.

On April 16, 2019, Scandion Oncology signs a collaboration agreement with University of Copenhagen regarding co-development of a class of drug candidates (SCO-301 and analogues) that reverts anti-cancer drug resistance.

Risks

A number of risk factors can adversely affect Scandion Oncology's operations. It is therefore of great importance to consider relevant risks in addition to the Company's growth opportunities. For a detailed description of the risks attributable to the Company and its shares is referred to the memorandum published by the Board in October 2018 (www.scandiononcology.com).

Corporate governance

The Board of Directors has reviewed the governance structure for Scandion Oncology in relation to the Company's listing at Spotlight Stock Market and the compliance with the listing agreement. The Board of Directors has adapted the following policies:

- Rules of Procedure for the Board of Directors
- Instructions for the CEO
- Information and Communication Policy
- Insider Policy

Financial statements

Income Statement 2018

Operating loss for 2018 is DKK -9,935 thousand (-1,173). External expenses for 2018 are DKK -7,385 thousand (-928) and staff costs are DKK -2,550 thousand (-245). External expenses comprise of costs of manufacturing, patent expenses and other operational expenses.

Costs and losses for the full year 2018 are in line with plans and expectations. Activities and therefor also costs have increased in 2018 compared with 2017 as financing of SEK 26 million in fourth quarter 2018 has been obtained.

Balance Sheet

Total assets as of December 31, 2018 are DKK 13,563 thousand (1,962) of which cash is DKK 7,662 thousand (1,638). Receivables as of December 31, 2018 are DKK 5,866 thousand (290). Receivables consist mainly of a tax credit of DKK 1,775 thousand (160) which is expected to be received November 2019 and a prepayment of production of SCO-101 at Cambrex AB, Sweden DKK 3,766 thousand (0).
Current liabilities as of December 31, 2018 are DKK 993 thousand (509) consisting primarily of ordinary trade payables.

Equity as of December 31, 2018 is DKK 12,570 thousand (1,453).

Cash Flow

Cash flow from operating activities for 2018 is a cash outflow of DKK -13,252 thousand (-793). Operating cash flow for 2018 is explained by the operating loss of DKK -9,935 thousand (-1,173) during the period and a decrease in working capital primarily due to prepayment of production of SCO-101 at Cambrex AB, Sweden.

Cash flow from financing activities in 2018 equals DKK 19,300 thousand (2,466) which predominantly comes from issue of new shares in relation to the Company's IPO prior to the listing on Spotlight.

Cash as of December 31, 2018 is DKK 7,662 thousand (1,638).

Going concern

As stated in the memorandum in connection with the Initial Public Offering at Spotlight Stock Market, Sweden November 2018, Scandion Oncology will seek additional capital during 2019 to complete the Phase II clinical trial and other activities.

Income Statement

DKK	Notes	2018	2017
Gross loss		**(7,385,008)**	**(927,538)**
Staff costs	1	(2,549,577)	(245,467)
Operating profit/loss		**(9,934,585)**	**(1,173,005)**
Other financial expenses		(23,321)	(112)
Profit/loss before tax		**(9,957,906)**	**(1,173,117)**
Tax on profit/loss for the year	2	1,775,348	160,281
Profit/loss for the year		**(8,182,558)**	**(1,012,836)**
Proposed distribution of profit/loss			
Retained earnings		(8,182,558)	(1,012,836)
		(8,182,558)	**(1,012,836)**

Balance sheet in comparison

DKK	Notes	2018	2017
Deposits		34,578	34,578
Fixed asset investments		**34,578**	**34,578**
Fixed assets		**34,578**	**34,578**
Other receivables		240,210	112,504
Income tax receivable		1,775,348	160,281
Prepayments		3,850,494	16,752
Receivables		**5,866,052**	**289,537**
Cash		**7,662,120**	**1,637,670**
Current assets		**13,528,172**	**1,927,207**
Assets		**13,562,750**	**1,961,785**

Balance sheet in comparison

DKK	Notes	2018	2017
Share capital		875,212	540,065
Additional paid in capital		20,890,289	1,925,539
Retained earnings		(9,195,394)	(1,012,836)
Equity		**12,570,107**	**1,452,768**
Trade payables		715,602	262,846
Other payables		277,041	246,171
Current liabilities other than provisions		**992,643**	**509,017**
Liabilities other than provisions		**992,643**	**509,017**
Equity and liabilities		**13,562,750**	**1,961,785**
Unrecognised rental and lease commitments	**3**		

Equity

01-JAN-2018 – 31-DEC-2018 DKK	Share capital	Additional paid in capital	Retained earnings	Shareholders' equity
Equity beginning of year	540,065	1,925,539	(1,012,836)	1,452,768
Increase of capital	335,147	18,964,750	0	19,299,897
Profit/loss of the year	0	0	(8,182,558)	(8,182,558)
December 31, 2018	**875,212**	**20,890,289**	**(9,195,394)**	**12,570,107**

02-MAY-2017 – 31-DEC-2017 DKK	Share capital	Additional paid in capital	Retained earnings	Shareholders' equity
Contribution upon formation	500,604	-	-	500,604
Increase of capital	39,461	1,925,539	-	1,965,000
Profit/loss for the period	-	-	(1,012,836)	(1,012,836)
December 31, 2017	**540,065**	**1,925,539**	**(1,012,836)**	**1,452,768**

Cash flow statement

DKK	Notes	01-JAN-2018 31-DEC-2018	02-MAY-2017 31-DEC-2017
Operating profit/loss		(9,934,585)	(1,173,005)
Changes in working capital	4	(3,317,540)	379,761
Cash flow from operating activities before financial items		**(13,252,125)**	**(793,244)**
Financial expenses paid		(23,321)	(112)
Cash flow from operating activities		**(13,275,446)**	**(793,356)**
Investment in tangible assets		-	(34,578)
Cash flow from investing activities		**-**	**(34,578)**
New share issue		19,299,897	2,465,604
Cash flow from financing activities		**19,299,897**	**2,465,604**
Increase/decrease in cash and cash equivalents		**6,024,451**	**1,637,670**
Cash and cash equivalents beginning of period		1,637,670	-
Cash and cash equivalents end of period		**7,662,120**	**1,637,670**

Notes

1. Staff costs

	2018 DKK	2017 DKK
Wages and salaries	2.401.894	150.000
Pension costs	73.350	0
Other social security costs	5.027	745
Other staff costs	69.306	94.722
	2.549.577	**245.467**
Average number of employees	**2**	**1**

2. Tax on profit/loss for the year

	2018 DKK	2017 DKK
Tax on current year taxable income	(1.775.348)	(160.281)
	(1.775.348)	**(160.281)**

3. Unrecognized rental and lease commitments

The company´s rental agreement can be terminated with a four months´ notice. The rental commitment constitutes DKK 67 thousand.

4. Changes in working capital

	2018 DKK	2017 DKK
Increase/decrease in receivables	(3,801,167)	(129,256)
Increase/decrease in trade payables etc.	483,627	509,016
	(3,317,540)	**379,761**

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.
The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item. Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement. Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises of external expenses.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognized in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Scandion Oncology A/S for the financial year 01-JAN-2018 - 31-DEC-2018. The annual report is presented in accordance with the Danish Financial Statements Act. In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31-DEC-2018 and of the results of its operations for the financial year 01-JAN-2018 - 31-DEC-2018. We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.
We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 02-MAY-2019

Executive Board

Nils Brünner

CEO

Board of Directors

Jørgen Bardenfleth

Chairman of the Board

Thomas Feldthus

Member of the Board

Carl Borrebaeck

Member of the Board

Christian Vinding Thomsen

Member of the Board

Auditor's report

Opinion

We have audited the financial statements of Scandion Oncology A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial statements Act. In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exits. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary. Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial statements Act. Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 02-MAY-2019

Deloitte.

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556
Thomas Hermann
State Authorised Public Accountant
Identification number (MNE) 26740

Financial calendar and contact information

Financial calendar

May 23, 2019	Quarterly statement Q1, 2019
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

Contact information

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