SCANDION ONCOLOGY

ANNUAL REPORT 2019

Scandion Oncology A/S 38613391 www.scandiononcology.com

Annual report 2019

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.

Management report

Key figures and selected financial posts

DKK	01-JAN-2019 31-DEC-2019	01-JAN-2018 31-DEC-2018
Net sales	-	-
Operating profit/loss	(15,391,686)	(9,934,585)
Profit/loss before taxes	(15,554,551)	(9,957,906)
Profit/loss for the period	(12,183,591)	(8,182,558)
Total assets	19,902,610	13,562,750
Equity ratio (%)	92	93
Number of registered shares	19,052,241	11,907,651
Earnings per share	(0.64)	(0.85)

Definitions
Equity ratio: Shareholders' equity as a proportion of total assets.
Earnings per share: Profit/Loss for the period divided by the average number of shares.

Overview 2019

Highlights during the first quarter

- On March 11th, 2019 Scandion Oncology obtained Positive Preclinical Results with SOM-001 in Antibiotic resistant infections.
- On March 18th, 2019 Scandion Oncology signed a contract with Solural Pharma to produce SCO-101 tablets for the Clinical Phase II trials.
- On March 26th, 2019 Scandion Oncology reported a successful meeting with the Danish Medicines Agency regarding the clinical development of SCO-101.

Highlights during the second quarter

- In April 2019, Scandion Oncology obtained non-dilutive EU Funding (SME Instruments Phase 1) for SCO-101 in chemo-resistant cancer patients.
- On April 16th, 2019 Scandion Oncology signed a collaboration agreement with the University of Copenhagen regarding co-development of a class of novel drug candidates that reverts resistance to certain types of chemotherapy.
- On May 21st, 2019 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.
- On June 6th, Scandion Oncology appointed Peter Høngaard Andersen as Vice-Chairman of the Board.
- On June 26th, 2019 Scandion Oncology announced that SCO-101 tablets have been successfully produced as a pilot production.
- On June 27th, 2019, Scandion Onclogy announced that the Company has identified the four clinical sites where the lead candidate drug SCO-101 will be tested in combination with chemotherapy in patients with metastatic and drug-resistant colorectal cancer.

Highlights during the third quarter

- On July 12th, Scandion Oncology announced that the Company’s rights issue was oversubscribed with 200%. Scandion Oncology was provided around. 29.3 million SEK before issue costs. If all warrants are fully exercised, Scandion Oncology will in Q3, 2020, obtain an additional 12.4 million SEK before issue costs.

Highlights during the fourth quarter

- On October 1st, 2019 Scandion Oncology announced that Peter Høngaard Andersen has accepted to take the role of Chairman of the Board of Scandion Oncology as of October 1st, 2019. Jørgen Bardenfleth continues as Vice-Chairman of the Board
- On October 1st, 2019 Scandion Oncology announced that the report on the in vivo animal data on antibiotic resistance SOM-001 is extended until mid-Q4 2019 due to a shortage in slots at the provider.
- On October 1st, 2019 Scandion Oncology announced that the Company has submitted the application to conduct a clinical Phase II study in patients with metastatic colorectal cancer to the Danish Medicines Agency and Ethical Committee.

- On October 14th, 2019 Scandion Oncology announced that the European Patent Office ("EPO") has granted a patent for use of SCO-101 combined with chemotherapy. The patent is valid until May 2037.

- On November 29th, 2019 Scandion Oncology announced that the Company has received final approval from the Danish Medicines Agency to start a clinical Phase II trial with the drug candidate SCO-101 in combination with chemotherapy in patients with drug-resistant metastatic colorectal cancer.

- On November 29th, 2019 Scandion Oncology announced that the Chairman and Vice-Chairman of the Company buy shares in Scandion Oncology. The shares come from a prior transaction where the CEO and CSO of Scandion Oncology bought shares from the former CEO.

- On December 16th, 2019 Scandion Oncology announced that the company has identified novel analogs with more than tenfold higher potency against antibiotic-resistant bacteria and that the in vivo animal study has been delayed from Q4 2019 until Q1 2020 due to technical issues with the control substance.

- On December 23th, 2019 Scandion Oncology obtained approval from the Ethics Committee on Clinical Application for SCO-101 in patients with drug-resistant metastatic colorectal cancer.

Highlights after the period

- On February 3rd, 2020 Scandion Oncology announced that the Company has obtained a grant on DKK 5 million from Innovation Fund Denmark for the clinical development of SCO-101 in inoperable pancreatic cancer.

- On March 6th, 2020 Scandion Oncology announced that the company has published pre-clinical results for its second drug candidate, SCO-201, for reversal of drug resistance.

- On March 9th, 2020 Scandion Oncology informed about a short delay in the clinical Phase II study with SCO-101 in drug-resistant colorectal cancer. The delay was due to external events outside the influence of Scandion Oncology and is unrelated to the treatment with SCO-101.

- On March 20th, 2020 Scandion Oncology announced that the Company has been informed by the State Serum Institute in Copenhagen that conducts the animal experiments with the antibiotic-resistant bacteria and the Scandion Oncology compounds, that due to the COVID-19 pandemic, the State Serum Institute must postpone the last of three animal studies until the coronavirus situation is under control. Scandion Oncology estimates that the final data will be published during April-May 2020 instead of March 2020.

- On March 23rd, 2020 Scandion Oncology has together with its clinical partners at the hospitals decided to continue the colorectal cancer study with FOLFIRI resistant patients despite the COVID-19 pandemic. However, due to this pandemic, Scandion Oncology is not able to predict patient recruitment rate the next couple of months. Enrolment into the study will be solely based on the discretion of the clinical investigators.

- On March 25th, 2020 Scandion Oncology informed that the Company has published that combining SCO-101 and the chemotherapy drug docetaxel, which is used in the treatment of several types of cancer, results in synergistic effect in cancer cell killing. Based on the modelling of preclinical data with docetaxel resistant cancer cells, Scandion Oncology has shown that SCO-101 significantly increases the potency of docetaxel (docetaxel belongs to the group of taxane chemotherapy). Furthermore, the results provided key information regarding promising dose ratios and dose levels for future clinical studies when using SCO-101 in combination with taxanes. This paper thus provide important information that Scandion Oncology has used in the planning of a pancreatic cancer study in which patients are treated with taxanes and the chemotherapeutic drug gemcitabine +/- SCO-101.

- A patent application covering the Mode of Action of SCO-101 in restoring sensitivity to chemotherapy in drug resistant cancer cells was published on April 12th., 2020 (PCT/EP2019/073796_SCO-101 for treatment of subjects with elevated expression or activity of SRPK1). The patent application also describes SRPK-1 and ABCG2 measurements in cancer tissue as predictive biomarkers for SCO-101 effects when restoring chemotherapy sensitivity. The potential of selecting the right patients for SCO-101 treatment will not only have a positive effect on the results of our clinical studies but will also position SCO-101 treatment in the oncology market.

- On April 15th, 2020 Scandion Oncology published data on ABCG2 gene expression in combination with the Topoisomerase 1 gene (the target for irinotecan) expression in a large cohort of stage III colon cancer (n= 580) (Cancers 2020, 12(4), 977;). These patients had all been enrolled in a prior randomized prospective Pan-European clinical study (PETACC-3) in which the survival effects of adding irinotecan treatment to standard treatment with 5-Flurouracil plus Leucovorin were studied. The original study was unable to show any patient benefit from adding irinotecan. Scandion Oncology together with academic partners reanalyzed the dataset and tested the hypothesis that patients with high ABCG2 and low topoisomerase I expression in their cancer tissue will be resistant to the addition of irinotecan ("resistant" patients). The hypothesis was confirmed as these "resistant" patients had significantly worse prognosis than the rest of the patients when given irinotecan. A similar difference was not observed in those patients receiving 5-Flurouracil plus Leucovorin only. Based on these data, the authors suggest that the "resistant" patients should be offered SCO-101 treatment as an addition to their chemotherapy. Scandion Oncology sees this study as a strong confirmation of the important role of ABCG2 in irinotecan resistance. Moreover, pre-treatment determination of ABCG2 in patient tumor tissue is part of our clinical studies and will bring SCO-101 into the field of personalized medicine.

CEO Nils Brünner

We have left a very eventful year with many important and commercial milestones behind us and I am very proud of my team! I highly value our great team of employees at Scandion Oncology and thanks to their combined efforts we could achieve our goals and continue to develop our projects. We have not only made preclinical progress that supports SCO-101 and SCO-201 as drugs to combat the huge problem with chemotherapy resistance, but also brought SCO-101 forward to clinical phase II testing.

To start with the most important: We made significant progress regarding the clinical development of SCO-101. We identified four clinical sites to take part in the planned Phase II clinical trial and we successfully completed the manufaturing of SCO-101 tablets, with our agreement to formulate and produce SCO-101 tablets together with our partners, that will allow us to continue the clinical trial as planned. We obtained permission from the Danish Authorities to initiate a clinical phase II study in patients with chemotherapy resistant colorectal cancer. This clinical study is extremely important to Scandion Oncology as it is designed to provide clinical Proof of Concept for SCO-101 as a drug that revert chemotherapy resistance. From many discussions with potential partners, it is evident that having the first positive clinical data on SCO-101 will greatly facilitate our business development efforts. We see this study as the key to engage in collaboration/partnering with big pharma. This study in colorectal cancer patients will also determine how Scandion Oncology will proceed with preclinical and clinical development of SCO-101 as an add on to immunoncology treatment. However, due to the COVID-19 pandemic, enrolment of patients into the clinical Phase II study is delayed since the treatment combination with SCO-101 and chemotherapy is considered as First-in-Man-study, which requires special attention to be drawn when including new patients into the study. It is solely up to the clinicians to decide when the circumstances at the participating hospitals will allow the recruitment of new patients.

We have during 2019 initiated the design of the clinical study protocol investigating SCO-101 in combination with chemotherapy for the treatment of pancreatic cancer and the protocol for the first part of the pancreatic cancer study is expected to be submitted to the Danish Medicines Agency and Ethical Committee during Q2, 2020. Pancreatic cancer patients have a very poor prognosis and almost no patients will ever reach 3rd line treatment. We propose to add SCO-101 to standard chemotherapy already as the first treatment (1st. line treatment) of the patient with an aim to eradicate any pre-existing or developing drug-resistant cancer cells. We see this study as a first step to move SCO-101 treatment in combination with chemotherapy to adjuvant treatment, which is the very first systemic cancer treatment to be given to a newly diagnosed cancer patient. To support the pancreatic cancer study, Scandion Oncology obtained a grant on DKK 5 mill from the Danish Innovation Fund.

We have also made important progress with our scientific work: We have gained significant insight into the molecular mechanisms of action of both SCO-101 and SCO-201, and this information is now being used in the clinical development of the two drugs. In order to secure the value of our discoveries, we have filed patent applications covering these findings. Moreover, a recent publication (Cancers 2020, 12(4), 977) with Scandion Oncology as co-author further supports SCO-101 as a drug with a huge market potential as an add on to conventional chemotherapy in patients with drug resistant cancer disease. We have also published (Pharmacodynamic modelling reveals synergistic interaction between docetaxel and SCO-101 in a docetaxel-resistant triple negative breast cancer cell line, European Journal of Pharmaceutical Sciences (2020)) preclinical results on the combination of SCO-101 and taxanes. The gained information has been used in the design of our second clinical trial which targets pancreatic cancer patients.

We have further strengthened our business development efforts. With the planned clinical studies, we are approaching a significant market, which has the potential to generate significant value for the Company and pave the way for more effective treatment of the many cancer patients with drug-resistant disease. During 2019 we have experienced great interest in SCO-101 from medium and large-size pharma companies and business development activities will be in focus during 2020. It should be noted, that with the potential to combine immuneoncology drugs with chemotherapy and SCO-101, we have experienced even more interest from potential partners. We obtained patent approval for SCO-101 from the European Patent Office. For the Company, the granting of this first patent is extremely important as it provides Scandion Oncology with the necessary protection and thereby secures the value of SCO-101. Passing this important milestone, Scandion Oncology is one step closer to commercializing SCO-101.

In April 2019 we fulfilled one of our milestones for 2020 by signing a collaboration agreement with the University of Copenhagen, regarding the co-development of a class of drug candidates that reverts anti-cancer drug resistance. The lead compound from this drug class, named SCO-301, complements Scandion Oncologys's drug portfolio since it targets resistance against a class of anti-cancer drugs that are not targeted by SCO-101 or SCO-201.

In conclusion, it is exciting times in the development of SCO-101 as we are now conducting our first Phase II study. The colorectal cancer study is designed to increase the likelihood of positive results and I am very excited about the eventful period ahead. Since almost all metastatic colorectal cancer patients who receive chemotherapy eventually experience disease recurrence, and since we annually in Denmark have more than 1,800 new cases of metastatic colorectal cancer, the SCO-101 phase II trial has created a lot of interest and hope among patients and physicians.

Scandion Oncology has previously announced that one of its compounds has significant effects on antibiotic-resistant bacteria. We have made quite a lot of progress within this area and as one important milestone, we have by performing so-called Structure-Activity Relationship (SAR) studies identified analogues of the original drug that has 10-fold better antibiotic effects in antibiotic-resistant bacteria. We are presently performing animal studies with antibiotic-resistant bacteria and our drugs. At the same time we continue studies on the exact mechanisms of action (MoA) by which these drugs kill antibiotic resistant bacteria. At present we do know that the MoA is different from any known antibiotic drug and this is most probably the reason for the observed antibiotic effects in otherwise antibiotic resistant bacteria. We expect to take a final business development decision on the microbiology as soon as we have these animal data. Scandion Oncology is now waiting for the Danish Government to allow the animal facility staff to return to work after the COVID-19 pandemic decreases in Denmark.

Lastly, I would like to thank our shareholders for their continued interest and trust in our company.

Nils Brünner
CEO
Scandion Oncology A/S

About Scandion Oncology

Scandion Oncology is a clinical Phase II stage biotech company addressing one of the most significant challenges in modern oncology – the effective treatment of cancers, which is or has become resistant to the prescribed anticancer 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 anti-cancer drugs.

Almost all cancer patients with metastatic disease fail their cancer treatment – largely due to their cancer cells either being resistant already from the time of the primary diagnosis or that the cancer cells acquire resistance during anticancer treatment. As a result, the cancer continues to grow despite treatment and at some time the patient may lose his/her life to the cancer disease. Therefore, drug resistance is a major threat to cancer patients and a huge burden on the health care systems. It also presents a significant commercial opportunity for Scandion Oncology. We are not aware of any registered drugs or drugs in clinical development that block anti-cancer drug resistance.

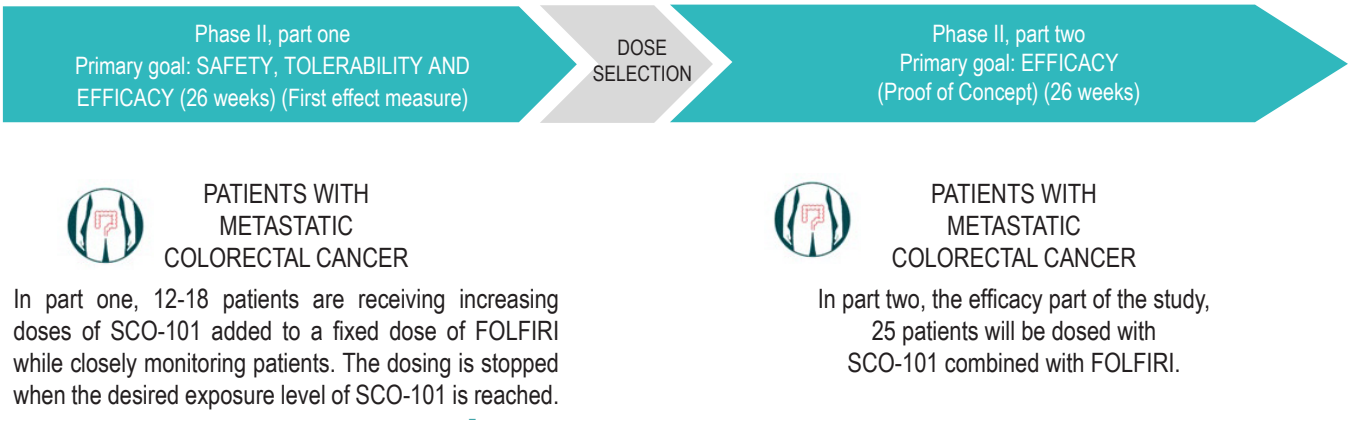
Positive Phase I results for SCO-101

The candidate drug SCO-101 has been tested in four Phase I studies comprising a total of 92 healthy subjects (72 received SCO-101 and 20 received placebo). SCO-101 is provided as tablets and may be taken at home. 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 has now initiated a clinical Phase II study in which SCO-101 is combined with chemotherapy (FOLFIRI) in metastatic colorectal cancer patients with FOLFIRI resistant cancer disease.

Figure 1. Pipeline – Multiple assets targeted several forms of drug resistance
Scandion Oncology has a pipeline consisting of SCO-101, SCO-201, and SCO-301 all of which reverse anti-cancer drug resistance in cancer cell lines. Since these compounds/drugs target different resistance mechanisms, Scandion Oncology's pipeline when fully developed is estimated to cover approximately 60% of all types of chemotherapy.

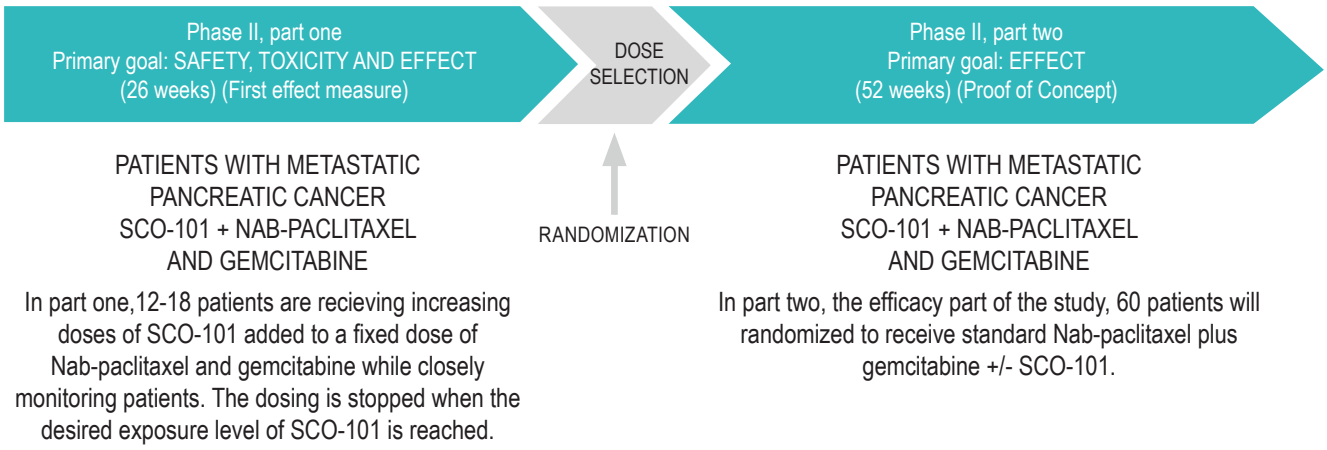
*These numbers are those previously stated for the clinical drug development. Scandion Oncology is constantly evaluating the situation of COVID-19 and its potential effects on the timeline for the clinical studies.

Figure 2. Clinical Phase II study in patients with metastatic colorectal cancer



The colorectal cancer study has two parts where the first part investigates safety and tolerability when combining SCO-101 with chemotherapy (Figure 2). Patients are treated with escalating doses of SCO-101 in combination with the standard dose of chemotherapy. The goal is to establish a safe dose (Maximum Tolerable Dose) of SCO-101 when given together with a standard dose of FOLFIRI. Data from part one will define the recommended dose of SCO-101. In part two of the Phase II study, patients are scanned before treatment starts and then every 8 weeks during treatment. SCO-101 will be given orally, once daily, day 1-4. On day 5 and 6, the patients will receive FOLFIRI in combination with SCO-101. From day 7-14, the patients will be without treatment (drug holiday). These 14 days constitute a treatment cycle. Patients will continue these treatment cycles until the progression of their cancer is observed. After finalizing the treatment of the last patient, all data from the study will be compiled and presented.

Figure 3. SCO-101: Outline of the second phase II program



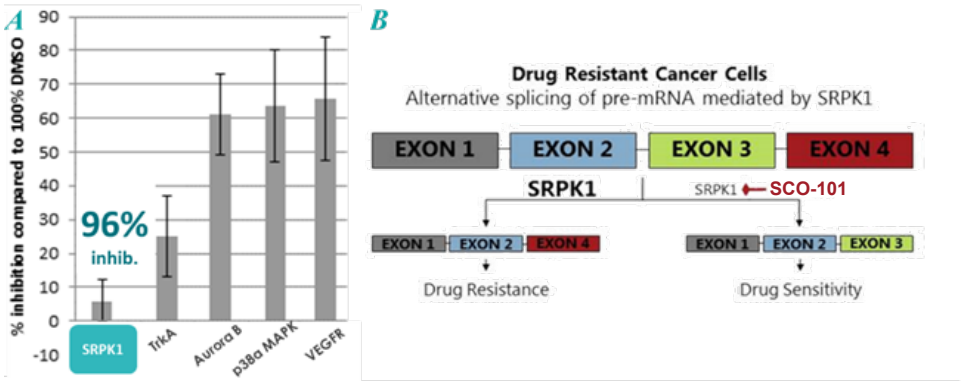
In our second clinical Phase II study (Figure 3), we will enroll patients with inoperable pancreatic cancer. This study will also consist of two parts: part one, where we define the dose of SCO-101 when given together with the standard chemotherapy (Nab-paclitaxel plus gemcitabine) and part two, where patients will be randomized to receive either standard chemotherapy (Nab-paclitaxel plus gemcitabine) or the same chemotherapy plus SCO-101. Since this study is randomized, we can compare progression-free survival and overall survival between the two treatment groups.

Mechanisms of Action

Scandion Oncology has filed patents on the Mechanisms of Action of SCO-101, i.e. how SCO-101 restores sensitivity to anti-cancer drugs. Extensive studies on SCO-101 exposure levels and effects on targets (SRPK1 and ABCG2) have shown that the SCO-101 levels obtained in humans during the clinical phase I studies are well within the range of SCO-101 concentrations needed for preclinical effects. Therefore, we believe that the SCO-101 doses planned to be administered during the clinical phase II studies will represent therapeutic doses.

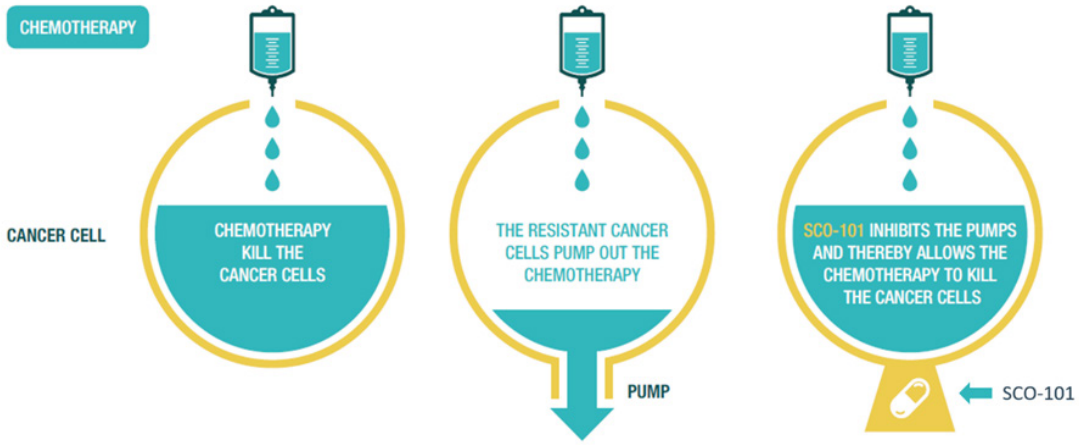
An important Mechanism of Action of SCO-101 is inhibition of a specific kinase in cells. This kinase is named SRPK1. It regulates a very specific process in cells leading to changes in gene expression. By blocking this kinase and its downstream signaling, we have shown that resistant cells become sensitive to the anti-cancer drugs again. SCO-101 is the first drug in clinical trials ever that has been shown to regulate the activity of SRPK1. (Figure 4) *A*) Results of the kinase screening and *B*) An example of SRPK1 mediated alternative splicing.

Figure 4. Exposure to SCO-101 inhibits the SRPK1 kinase



Another Mechanism of Action of SCO-101 is the inhibition of so-called drug efflux pumps (Figure 5). These pumps are located in the cell membrane. In resistant cancer cells, the pumps have been reported to be 100 – 1000-fold 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 cancer cells.

Figure 5: Drug-resistant cancer cells may upregulate drug efflux pumps and thereby pump out chemotherapy leading to resistance.



SCO-101 has in pre-clinical studies shown to revert anti-cancer drug resistance to some of the most often used cancer drugs. Therefore, SCO-101 being “First in Class” with new Mechanism of Action, Scandion Oncology has experienced significant interest from several pharma companies. 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. However, it is estimated that only 20-30% of cancer patients will benefit from the new immuno-oncology drugs, leaving most of the patients for chemotherapy or endocrine treatment. Moreover, the combination of checkpoint inhibitors with chemotherapy will only work if the cancer cells are sensitive to the chemotherapy- and this could be a good reason to add a drug like SCO-101 to the combination treatment. Scandion Oncology estimates that the use of SCO-101 to combat drug resistance to cancer drugs will open a new and important market segment for the major pharmaceutical and biotechnology companies.

Business model

There has been a positive and early interest from Pharma companies for Scandion Oncology´s lead compound SCO-101. Consequently, our initial plans to initiate negotiations with major pharma partners involving options for out-licensing or co-development agreements of SCO-101 has been revised and led to intensified business development activities early 2020. To this end, Scandion Oncology has participated in the JP Morgan conference and will participate in other relevant national and international partnering meetings, to identify a future partner for further development of SCO-101. A partnership with a pharmaceutical company could involve several attractive commercial opportunities for Scandion Oncology, such as e.g. a joint Phase III clinical trial with SCO-101, or commercial structure leading to an acceleration towards FDA and EMA approval. Scandion Oncology is pursuing these options paving the way for the clinical development of SCO-101 but also for several of the novel compounds in the pipeline, as well as strengthening Scandion Oncology's position in the oncology market.

Shareholders

The table below presents the 25 largest shareholders (based on nominee accounts) in Scandion Oncology as per March 31, 2020.

Name	Number of shares	Votes & capital (%)
Saniona AB	3,473,577	18.23
Jan Stenvang*	1,391,064	7.30
Nils Brünner**	1,131,240	5.94
Avanza Pension	1,087,521	5.71
Nordnet Pensionsförsäkring AB	794,116	4.17
Christian René Tang-Jespersen	524,588	2.75
Göran Ofsén	375,000	1.97
Lioneagle ApS***	353,234	1.85
Cecél Kolz	351,020	1.84
Kim Arvid Nielsen	300,000	1.57
SEB AB, Luxembourg Branch	283,000	1.49
Lars Björkström	236,733	1.24
JPM Chase NA	216,994	1.14
Morten Fadum Nissen	196,105	1.03
UBS Switzerland AG	157,466	0.83
Maor Bracha	153,250	0.80
Martin Svantesson	146,248	0.77
Bank Of New York Mellon SA NV	143,514	0.75
Bolvig Ejendomme ApS	141,880	0.74
Bank Of New York Mellon SA NV / Jyske Bank	126,401	0.66
Knut Tomas Tymark	107,000	0.56
CB Ocean Capital AB****	104,035	0.55
Sparekassen Kronjylland	103,487	0.54
Tellus Midas	100,000	0.52
Alan Kim Hueg	92,582	0.49
Others	6,962,186	36.56
Total	19,052,241	100.00

* CSO, Jan Stenvang.
** CEO, Nils Brünner.
*** Vice-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, 2019, the number of shares was 19,052,241. All shares have equal rights to the Company´s assets and results. At the Rights Issue, June/July 2019 Scandion Oncology issued 2,381,530 warrants of series TO. The short name/ticker of the Warrants is SCOL TO 1 and the ISIN code is DK0061144078.

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.

Events after the balance sheet date

The outbreak and spread of COVID-19 have affected many parts of the world and the situation is changing from day to day. It is uncertain at present what the overall effect will be. With the exception of normal fluctuations, the company's share price has developed well but the outbreak of the virus may affect the company's future activity and development. Management is of the opinion that the company with the current cash balance and proceeds from the warrants program has a reasonable cash position. In addition, no circumstances have occurred after the balance sheet date that distorts the assessment of the annual report.

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 prospectus published by the Board in 2019.

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 adopted 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
Operating loss for 2019 is DKK thousand -15,392 (-9,935). External expenses for 2019 are DKK thousand -11,366 (-7,385) and staff costs are DKK thousand -4,231 (-2,550). External expenses comprise of manufacturing costs, clinical expenses, patent expenses, and business expenses.

Costs and losses for 2019 are in line with plans and expectations. Activities in relation to manufacturing, preparing clinical trial, etc. have been higher in 2019 compared with 2018.

Balance Sheet
Total assets as of December 31, 2019, are DKK thousand 19,903 (13,563) of which cash is DKK thousand 15,421 (7,662). Current liabilities as of December 31, 2019, are DKK thousand 1,459 (993) consisting primarily of ordinary trade payables.

Equity as of December 31, 2019, is DKK thousand 18,338 (12,570).

Cash Flow
The cash flow from operating activities for 2019 is a cash outflow of DKK thousand -9,956 (-13,275). Operating cash flow for 2019 is explained by the operating loss of DKK thousand -15,392 (-9,935) during the period and a decrease in working capital (increase in working capital). The change in working capital in 2019 is primarily due to prepayment in 2018 of production of SCO-101 at Cambrex AB, Sweden.

Cash flow from financing activities in 2019 equals DKK 17,953 thousand (19,300) which predominantly comes from Rights issues performed in July 2019.

Cash as of December 31, 2019, is DKK thousand 15,421 (7,662).

Going concern
Scandion Oncology is a biotech development company and the going concern situation is dependent on that enough financing is received to pursue the clinical development and other plans. At the Rights Issue, June/July 2019 Scandion Oncology issued 2,381,530 warrants of series TO 1 with an exercise period from 10 September 2020 – 1 October 2020. If all the warrants of series TO 1 are exercised, the gross proceeds will be million 12,4 SEK. With the current cash position and proceeds from warrants, Scandion Oncology is sufficiently capitalised.

Income Statement

DKK	Notes	01-JAN-2019 31-DEC-2019	01-JAN-2018 31-DEC-2018
Net sales		-	-
Other operating income		205,444	-
Other external expenses		(11,366,188)	(7,385,008)
Gross profit/loss		**(11,160,744)**	**(7,385,008)**
Staff costs	1	(4,230,941)	(2,549,577)
Operating profit/loss		**(15,391,686)**	**(9,934,585)**
Depreciation / amortization of tangible and intangible fixed assets		(7,142)	-
Profit/loss before financial items		**(15,398,828)**	**(9,934,585)**
Other financial income		10,263	-
Other financial expenses		(165,986)	(23,321)
Profit/loss before tax		**(15,554,551)**	**(9,957,906)**
Tax on profit/loss for the year	2	3,370,959	1,775,348
Profit/loss for the period		**(12,183,591)**	**(8,182,558)**
Proposed distribution of profit/loss			
Retained earnings		(12,183,591)	(8,182,558)

Balance sheet in comparison

DKK	Notes	31-DEC-2019	31-DEC-2018
Assets			
Laboratory equipment		171,426	-
Property, plant and equipment	3	**171,426**	**-**
Deposits		101,431	34,578
Fixed asset investments	4	**101,431**	**34,578**
Fixed Assets		**272,857**	**34,578**
Other receivables		589,516	240,210
Income tax receivable		3,379,209	1,775,348
Prepayments		240,211	3,850,494
Receivables		**4,208,936**	**5,866,052**
Cash		15,420,818	7,662,120
Current assets		**19,629,754**	**13,528,172**
Assets		**19,902,610**	**13,562,750**
Equity and liabilities			
Share capital		1,400,340	875,212
Share premium		-	20,890,289
Retained earnings		16,937,941	(9,195,394)
Equity		**18,338,280**	**12,570,107**
Deferred tax		8,250	-
Provisions		**8,250**	**-**
Other payables		96,694	-
Non-current liabilities other than provisions	5	**96,694**	**-**
Loan		1,422	-
Trade payables		960,902	715,602
Other payables		497,062	277,041
Current liabilities other than provisions		**1,459,386**	**992,643**
Equity and liabilities		**19,902,610**	**13,562,750**
Unrecognised rental and lease commitments	6		

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 year	-	-	(8,182,558)	(8,182,558)
Equity end of year	**875,212**	**20,890,289**	**(9,195,394)**	**12,570,107**

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	525,128	20,167,321	-	20,692,449
Transferred from share premium	-	(38,316,926)	38,316,926	-
Other entries on equity*	-	(2,740,684)	-	(2,740,684)
Profit/loss for the year	-	-	(12,183,592)	(12,183,592)
Equity end of year	**1,400,340**	**-**	**16,937,940**	**18,338,280**

*Other entries on equity is costs related to this year's increase of capital.

Scandion Oncology has issued 2,381,530 warrants of series TO with an exercise period from 10 September 2020 – 1 October 2020. If all the warrants of series TO 1 are exercised, the number of shares will increase by 2,381,530 and the share capital will increase by DKK 175,042.4553.

Cash flow statement

DKK	01-JAN-2019 31-DEC-2019	01-JAN-2019 31-DEC-2019
Operating profit/loss	(15,391,686)	(9,934,585)
Depreciation	(7,142)	-
Working capital changes	5,598,340	(3,317,540)
Cash flow from ordinary operating activities	**(9,800,487)**	**(13,252,125)**
Financial income paid	(155,723)	(23,321)
Cash flows from operating activities	(9,956,210)	(13,275,446)
Acquisition of fixed asset investments	(238,279)	-
Cash flows from investing activities	**(238,279)**	**-**
Cash increase of capital	17,951,764	19,299,897
Loan	1,422	-
Cash flows from financing activities	**17,953,186**	**19,299,897**
Increase/decrease in cash and cash equivalents	**7,758,697**	**6,024,451**
Cash and cash equivalents beginning of the period	7,662,120	1,637,670
Cash and cash equivalents end of the period	**15,420,817**	**7,662,120**
Change in working capital		
Increase/decrease in receivables	5,036,325	(3,801,167)
Increase/decrease in trade payables etc.	562,015	483,627
	5,598,340	(3,317,540)

Notes

1. Staff costs

	2019 DKK	2018 DKK
Wages and salaries	3,858,493	2,401,894
Pension costs	323,508	73,350
Other social security costs	22,164	5,027
Other staff costs	26,777	69,306
	4,230,942	**2,549,577**
Average number of full-time employees	**3**	**2**

2. Tax on profit/loss for the year

	2019 DKK	2018 DKK
Current tax	(3,379,209)	(1,775,348)
Change in deferred tax	8,250	-
	(3,370,959)	**(1,775,348)**

3. Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Additions	178,568
Cost end of year	**178,568**
Depreciation for the year	(7,142)
Depreciation and impairment losses end of year	**(7,142)**
Carrying amount end of year	**171,426**

4. Financial assets

	Deposits DKK
Cost beginning of year	34,578
Additions	**101,431**
Disposals	(34,578)
Cost end of year	**101,431**
Carrying amount end of year	**101,431**

5. Non-current liabilities other than provisions

Due after more than 12 months	2019 DKK	2018 DKK
Other payables	96,694	-
Other payables	**96,694**	-

Debt due after 5 years of the balance sheet date: 0 DKK

6. Unrecognized rental and lease commitments

	2019 DKK	2018 DKK
Liabilities under rental or lease agreements until maturity in total	101,431	66,942

Unrecognised rental and lease commitments relates to the company's premises.

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 with addition of certain provisions for reporting class C.
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 affected 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 trans¬action 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 other operating income and external expenses.

Other operating income
Other operating income comprises income from funding.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for research and development, premises, stationery and office supplies, marketing costs, etc.

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

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year.

Other financial income
Other financial income comprises interest income, including interest income on payables and transactions in foreign currencies etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables and transactions in foreign currencies 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

Property, plant and equipment
Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.
Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.
The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.
Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

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.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.
Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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-2019 - 31-DEC-2019. 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-2019 and of the results of its operations and cash flows for the financial year 01-JAN-2019 - 31-DEC-2019. 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, 29-APR-2020

Executive Board

Nils Brünner
CEO

Board of Directors

Peter Høngaard Andersen
Chairman of the Board

Joergen Bardenfleth
Vice-Chairman of the Board

Carl Borrebaeck
Member of the Board

Christian Vinding Thomsen
Member of the Board

Thomas Feldthus
Member of the Board

Auditor's report

Opinion

We have audited the financial statements of Scandion Oncology A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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 exists. 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.

Opinion

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, 29-APR-2020

Deloitte.

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556
Thomas Hermann
State Authorised Public Accountant
Identification number (MNE) mne26740

Financial calendar and contact information

Financial calendar

May 21, 2020, Quarterly statement Q1, 2020
May 27, 2020, Annual general meeting
August 20, 2020, Semi-annual Report Q2, 2020
November 19, 2020, Quarterly statement Q3, 2020
February 18, 2021, Q4 2020 and Year-end report

Contact information

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