BerGenBio

Interim Report

First Quarter

2017

Highlights

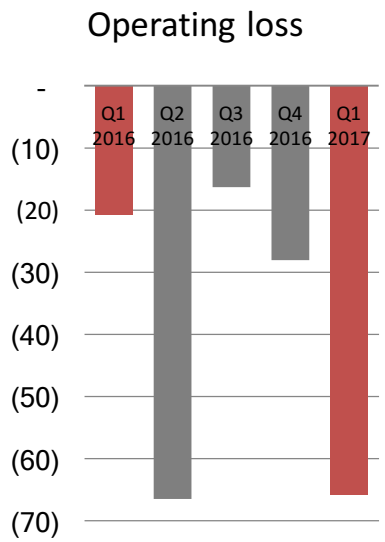
- **Phase II clinical development program opened and enrolling**
  - Lung cancer study in combination with erlotinib opened and enrolling patients in first and second line setting
  - Lung cancer study in combination with docetaxel opened and dosed first patients
  - Melanoma study in combination with targeted and I-O therapies opened and dosed first patients
- **Collaborative agreement with Merck & Co (MSD)**
  - Phase II combination trials (2) with MSD's immune checkpoint inhibitor KEYTRUDA® (pembrolizumab) in patients with advanced lung cancer and triple negative breast cancer
- **Board of Directors strengthened with appointment of Stein H. Annexstad as Chairman**
- **Registered wholly owned subsidiary BerGenBio Limited, to facilitate UK organization**
- **IPO launched and preparations made to list on the Oslo Stock Exchange**
- **Grant from the Research Council**
  - BerGenBio awarded a NOK 15.7 million grant from the Research Council of Norway under the program for user-managed innovation arena (BIA)

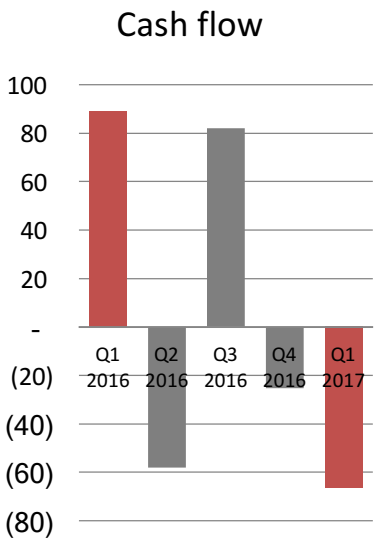
Post-period events

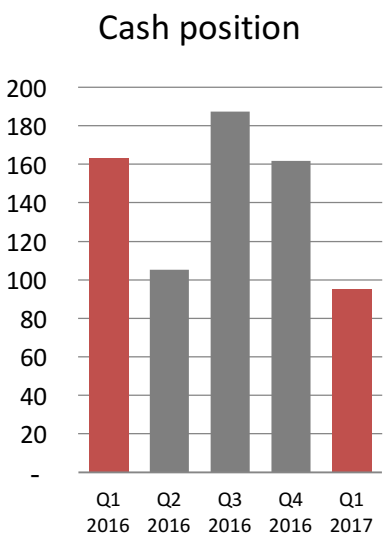
- **IPO achieved, raising NOK 400 million from new and existing investors to fund further clinical development of BGB324 and pipeline programs**
  - BerGenBio shares began trading on OSE on 7 April 2017 under the ticker BGBIO
- **Two presentations at the American Association for Cancer Research (AACR) Annual Meeting 2017**
  - Presentation of a Phase II randomized clinical study with BGB324 in melanoma
  - Studies of BGB324 in preclinical models of lung and breast cancer confirmed Axl to be a key factor in tumor resistance to cancer immune checkpoint inhibitors (CPIs) and a valid drug target. Data also showed that BGB324 treatment led to activation of the anti-tumor immune response

Key figures

(NOK million)	Q1 2017	Q1 2016	FY 2016
Operating revenues	-	-	-
Operating expenses	65.8	20.7	131.6
Operating profit (loss)	(65.8)	(20.7)	(131.6)
Profit (loss) after tax	(65.1)	(20.3)	(129.8)
Basic and diluted earnings (loss) per share (NOK)	(1.93)	(75.21)	(419.7)
Cash position end of period	95.4	163.2	161.8







Strategy

BerGenBio has a clear strategy to drive value creation from its pipeline of potential first-in-class drugs for aggressive cancers. Strategic imperatives include:

- Complete four sponsored Phase II clinical trials with BGB324 in AML/MDS, NSCLC and TNBC: this will inform future regulatory trials, support accelerated approval status and subsequent applications for regulatory approval and marketing authorization.
- Advance BGB149, an anti-Axl antibody, through Phase I clinical trials.
- Parallel development of an Axl companion diagnostic to enrich future clinical trials with Axl-positive patients and adopt a precision medicine approach for commercialization.
- Strategic flexibility retained for commercialization: it is anticipated that the high novelty plus supportive therapeutic profile of pipeline candidates will make them attractive targets for partnering and M&A; a Go-to market strategy will also be considered in an enriched patient population in discrete market regions.

Outlook

BerGenBio is focused on the discovery and development of novel medicines to treat aggressive cancers, which represent a significantly high unmet medical need.

Its lead candidate, BGB324, is the only selective oral Axl inhibitor in clinical development and has the potential to transform cancer therapy by preventing or reversing the mechanisms that make cancer cells aggressive, i.e. become immune-evasive, drug resistant and metastatic. Axl is an essential mediator of these mechanisms and therefore effective Axl inhibitors present multiple high-value opportunities for use alone or in combination with other cancer therapies.

The company is progressing four Phase II clinical trials with BGB324 towards significant value inflection points, with read-outs expected in 2018.

The parallel development of an Axl companion diagnostic continues in a timely fashion, and the pre-clinical pipeline development, specifically BGB149, remains on track.

The company’s progress to date in conjunction with new funds raised from its IPO and the strategic flexibility it retains in BGB324 and its broader pipeline of Axl inhibitors provides a strong foundation to create and deliver significant value for shareholders.

Operational review

The first quarter 2017 reported significant events for BerGenBio, the Company advanced its lead cancer drug candidate, BGB324, into multiple Phase II clinical trials, announced a collaboration with global pharma company Merck & Co. (MSD) and undertook an IPO and listing on the Oslo Stock Exchange. BerGenBio uses the ticker *BGBIO*.

The IPO was completed on 7 April with the Company raising NOK 400 million, to fund the next stage of its development. The net proceeds and existing cash resources are anticipated to fund the Company into 2019, during which the following activities will be financed:

- Successful conduct of four Phase II clinical trials of BGB324,
- Complete a Phase I clinical trial of BGB149, an anti-Axl antibody
- Complete the development of an Axl companion diagnostic
- Continue research & development to advance the pre-clinical pipeline
- General corporate activities

About BGB324

BGB324 is a first-in-class, selective, potent and orally bioavailable small molecule Axl kinase inhibitor, currently in clinical development as a novel treatment as a single agent and in combination with established chemo- and immunotherapies for a number of hematological and solid cancers. Upregulation of Axl kinase is a key driver of cancer spread, immune evasion and drug resistance – the cause of approximately 90 percent of cancer deaths.

Clinical Update on BGB324

BGB324 is currently being evaluated or being prepared for evaluation in four Company sponsored phase II clinical studies:

- In patients with refractory acute myeloid leukaemia (AML) and myelodysplastic syndrome (MDS), as a single agent and in combination with standard of care drugs. Interim results are expected around the end of 2017.
- In combination with TARCEVA® (erlotinib) in EGFR-positive patients with Stage IIIb and Stage IV non-small cell lung cancer (NSCLC). Both first and second line setting is being evaluated. Interim results are expected around the end of 2017.
- In combination with MSD's KEYTRUDA® pembrolizumab in patients with previously treated, locally advanced or unresectable triple negative breast cancer (TNBC).
- In combination with KEYTRUDA in patients with NSCLC and previously treated unresectable adenocarcinoma of the lung.

To date, the Company has seen encouraging clinical responses with BGB324 observed in difficult-to-treat leukemia and lung cancer patients, as well as a compelling correlation between Axl expression levels and clinical outcomes. On the basis of this correlation, BerGenBio is developing biomarkers and companion diagnostics to enrich the patient population in future clinical trials and ultimately to direct treatment choices once BGB324 is an approved medicine.

Collaboration with MSD

Merck (MSD) is a leader in the development of novel cancer therapies, including immune checkpoint inhibitors (CPI). Its product KEYTRUDA (pembrolizumab) is an anti-PD1 antibody designed to increase the activity of the body's immune system to detect and destroy tumor cells. KEYTRUDA is approved for the treatment of multiple cancers including NSCLC and its annual sales in 2016 were USD 1.4 billion.

The clinical collaboration agreement between BerGenBio and MSD is to investigate the combination of BGB324 with KEYTRUDA, this was announced in March 2017. Preparations to start the collaborative studies of BGB324 with KEYTRUDA are well underway and the studies are expected to be opened for enrolment in the second quarter 2017. Results are anticipated in the second half of 2018.

The clinical trials will be sponsored by BerGenBio, MSD will provide KEYTRUDA for both studies, the rights to the study results will be shared and there are provisions for further combination studies to be undertaken by either or both companies.

The collaboration also covers biomarker studies, that will be conducted by both parties in parallel to the clinical trials, with the objective of developing

companion diagnostics to identify patients who would be most suitable for treatment with the BGB324/KEYTRUDA combination.

The rationale for combining BGB324 and CPIs is based on compelling preclinical and genomics data that proposes that Axl plays a crucial role in the ability of tumor cells to evade immune system and develop resistance to CPIs.

At the American Association for Cancer Research (AACR) Annual Meeting in April, BerGenBio reported data that further confirms the role of Axl kinase in tumor resistance to immune CPIs. These results provide further strong evidence supporting Axl inhibition as a mechanism that can be targeted through combination therapy with BGB324.

Furthermore, the data showed that BGB324, in preclinical models of lung and breast cancer, led to enhanced activation of the anti-tumor immune response.

Investigator-led Studies of BGB324

BerGenBio will consider supporting investigator-led studies (ILS) in other indications, where there is a strong scientific and clinical rationale but is not defined in the Company's strategy. In such trials the Company will provide access to BGB324, provide regulatory support and maintain quality oversight.

One such study is a Phase II randomized clinical trial with BGB324 in combination with dabrafenib/trametinib or pembrolizumab in melanoma. This is a 'real-world' study where BGB324 is used in combination with all existing treatments that melanoma patients could be prescribed.This study opened in 2017 and has enrolled the first patients. Dr. Oddbjørn Straume, consultant oncologist at Haukeland University Hospital and Professor at the University of Bergen Center for Cancer Biomarkers is the Principle Investigator on the this study. The clinical trial is being funded by grants from the Norwegian Health Authorities.

In parallel to this study, an extensive biomarker discovery and validation program will be executed under a collaboration between leading Norwegian melanoma experts together with collaborators at Massachusetts Institute of Technology and Harvard Medical School (Boston, USA).

Dr Straume presented this study at AACR and reported that standard of care drugs including MAP kinase inhibitors (such as dabrafenib and trametinib) and immune CPIs (such as pembrolizumab) are major breakthroughs in treating metastatic melanoma, showing high response rates and durable responses. However, the development of treatment resistance in patients is common and importantly has been correlated with upregulation of Axl expression on tumor cells Therefore, a strong rationale exists to combine these drugs with BGB324 to prevent resistance and immune evasion.

Furthermore, a second Phase II investigator-led study with BGB324 in previously treated NSCLC patients in combination with docetaxel chemotherapy was opened in Q1 2017, at University of Texas Southwestern Medical Center, and has enrolled its first patients.

BGB149 Axl monoclonal antibody

In addition to BGB324, which is a small molecule Axl inhibitor, BerGenBio has developed a humanized anti-Axl monoclonal antibody, which shows high affinity and selectivity for Axl. The antibody prevents the activation of Axl by blocking the binding site for its natural ligand (Gas6).

A clinical candidate, BGB149, has been nominated and cell line development and manufacturing of the antibody is underway with a leading biologics manufacturer.

Preclinical pipeline

BerGenBio maintains an active research group focused on further expanding the understanding of the role of novel targets that regulate the transition of cancers into aggressive forms and resistance to therapeutic intervention (a process known as the epithelial-mesenchymal transition, EMT). BerGenBio has a pipeline of small molecule and antibody inhibitors targeting critical nodes in EMT signalling pathways. These novel first-in-class proprietary drug candidates are being evaluated as new strategies for therapeutic intervention in oncology and other indications for which EMT has been shown be a key driver of the disease pathology.

Grant from the Research Council of Norway

In January 2017, BerGenBio was awarded a grant from the Research Council of Norway under the program for user-managed innovation arena (BIA).

The grant application named “Leveraging Investigator-Initiated Trials to develop novel treatment options for Axl driven cancers with high unmet clinical need” covers the period 2017 through 2020 and amounts to NOK 15.7 million over the period. The final terms and conditions are being negotiated.

New Chair of the Board

Mr. Stein Annexstad was elected new Chair of the board at an extraordinary general meeting on 16 January 2017.

Mr. Annexstad has a wealth of industry experience, both at senior executive and Board levels. He is the former CEO of Nycomed AS (subsequently merged with Amersham Plc and thereafter merged with GE), and former Chairman of Algeta ASA, which was acquired by the pharmaceutical company Bayer for NOK 17.6 billion in 2014.

Prior Chair, Hilde Furberg stepped down from the role and remains a Non-Executive Director of the Company.

UK subisidiary established

In January 2017, BerGenBio established BerGenBio Limited as a 100% owned and controlled subsidiary. BerGenBio Ltd is a UK company located in Oxford and was established to effectively administer the Company’s UK staff and offices. There is no change to the Group’s operation through the establishment of the UK company.

Financial review

(Figures in brackets = same period 2016 unless stated otherwise)

Financial results

Total operating expenses for the first quarter 2017 amounted to NOK 65.8 million (NOK 20.7 million). Employee benefit expenses were NOK 6.3 million (NOK 7.6 million) for the quarter.

Other operating expenses rose to NOK 59.4 million (NOK 13.1) for the quarter. A significant part of the operating expenses related to a Phase II milestone payment to Rigel Pharmaceuticals, amounting to NOK 27.8 million In addition, the increase in operating expenses is mainly driven by expansion of clinical trials and preparations for new clinical trials.

The operating loss for the quarter came to NOK 65.8 million (NOK 20.7 million), reflecting the increased level of research and development activities described above and the milestone payment.

Net financial items were NOK 0.7 million (NOK 0.4 million) for the quarter.

Losses after tax for the quarter were NOK 65.1 million (NOK 20.3 million).

Financial position

Total assets at 31 March 2017 decreased to NOK 109.0 million (NOK 174.5 million at year-end 2016), mainly due to the operating loss in the period.

Total liabilities were NOK 19.7 million (NOK 21.3 million at year-end 2016).

Total equity as of 31 March 2017 was NOK 89.3 million (NOK 153.3 million at year-end 2016), corresponding to an equity ratio of 81.9% (87.8%).

Subsequent to the first quarter 2017 BerGenBio raised NOK 400 million through a capital raise in conjunction with its IPO.

Cash flow

Net cash flow from operating activities was negative by NOK 66.8 million for the quarter (NOK 17.9 million), mainly driven by the milestone payment and the ongoing development and research and activities.

Net cash flow used in investing activities during the quarter was NOK 0.2 million (NOK 0.0 million).

Net cash flow from financing activities was NOK 0.5 million (NOK 107.2 million), reflecting a share issue in March through the exercise of options.

Cash and cash equivalents decreased to NOK 95.4 million (NOK 161.8 million at year-end 2016).

Condensed consolidated statement of profit and loss and other comprehensive income

(NOK 1000)
Unaudited

	Note	Q1 2017	Q1 2016	Full year 2016
Revenue		-	-	-
Employee benefit expenses	3	6 294	7 596	20 561
Depreciation		50	45	207
Other operating expenses	6	59 445	13 090	110 802
Total operating expenses		**65 789**	**20 731**	**131 570**
Operating profit		**-65 789**	**-20 731**	**-131 570**
Finance income		1 119	592	3 031
Finance expense		395	174	1 260
Financial items, net		**724**	**418**	**1 771**
Profit before tax		**-65 065**	**-20 314**	**-129 799**
Income tax expense		-	-	-
Profit after tax		**-65 065**	**-20 314**	**-129 799**
Other comprehensive income				
Items which will not be reclassified over profit and loss				
Actuarial gains and losses on defined benefit pension plans		-	-	-1 089
Total comprehensive income for the period		**-65 065**	**-20 314**	**-130 888**
Earnings per share:				
- Basic and diluted per share	7	-1,93	-75,21	-419,68

Condensed consolidated statement of financial position

(NOK 1000)
Unaudited

	Note	31 Mar 2017	31 Dec 2016
ASSETS			
Non-current assets			
Property, plant and equipment		518	410
Total non-current assets		**518**	**410**
Current assets			
Other current assets	8	13 090	12 302
Cash and cash equivalents		95 387	161 825
Total current assets		**108 477**	**174 126**
TOTAL ASSETS		**108 996**	**174 536**
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Share capital	9	3 374	3 369
Share premium	9	67 336	131 875
Other paid in capital	4, 9	18 593	18 026
Total paid in capital		**89 303**	**153 270**
Total equity		**89 303**	**153 270**
Non-current liabilities			
Pension liability	10	-	-
Total non-current liabilities		**0**	**0**
Current liabilities			
Accounts payable		10 654	10 703
Other current liabilities		4 520	5 721
Provisions		4 519	4 843
Total current liabilities		**19 693**	**21 266**
Total liabilities		**19 693**	**21 266**
TOTAL EQUITY AND LIABILITIES		**108 996**	**174 536**

Condensed consolidated statement of changes in equity

(NOK 1000)
Unaudited

	Note	Share capital	Share premium	Other paid in capital	Total equity
Balance at 1 January 2017		**3 369**	**131 875**	**18 026**	**153 270**
Loss for the period		-	-65 065	-	-65 065
Other comprehensive income (loss) for the period, net of income tax		-	-	-	-
Total comprehensive income for the period		**-**	**-65 065**	**-**	**-65 065**
Recognition of share-based payments	3, 4	-	-	567	567
Issue of ordinary shares	9	5	526	-	531
Share issue costs		-	-	-	-
Balance at 31 March 2017		**3 374**	**67 336**	**18 593**	**89 303**

(NOK 1000)
Unaudited

	Note	Share capital	Share premium	Other paid in capital	Total equity
Balance at 1 January 2016		**2 479**	**49 944**	**12 324**	**64 747**
Loss for the period		-	-20 314	-	-20 314
Other comprehensive income (loss) for the period, net of income tax		-	-	-	-
Total comprehensive income for the period		**-**	**-20 314**	**-**	**-20 314**
Recognition of share-based payments	3, 4	-	-	765	765
Issue of ordinary shares	9	452	108 005	-	108 458
Share issue costs		-	-	-	-
Balance at 31 March 2016		**2 932**	**137 636**	**13 089**	**153 657**

Condensed consolidated statement on cash flow

(NOK 1000)

Unaudited

	Note	YTD 2017	YTD 2016
Cash flow from operating activities			
Loss before tax		-65 065	-20 314
Non-cash adjustments to reconcile loss before tax to net cash flows			
Depreciation of property, plant and equipment		50	45
Calculated interest element on convertible loan		-	19
Share-based payment expense	3, 4	567	765
Movement in provisions and pensions		- 324	2 502
Working capital adjustments:			
Decrease in trade and other receivables and prepayments		- 789	223
Increase in trade and other payables		-1 249	-1 161
Net cash flow from operating activities		**-66 810**	**-17 920**
Cash flows from investing activities			
Purchase of property, plant and equipment		- 159	-
Net cash flow used in investing activities		**- 159**	**-**
Cash flows from financing activities			
Proceeds from issue of share capital	9	531	107 220
Proceeds from borrowings, convertible loan		-	-1 307
Conversion of loan by issue of share capital		-	1 238
Net cash flow from financing activities		**531**	**107 150**
Net increase/(decrease) in cash and cash equvivalents		-66 438	89 230
Cash and cash equivalents at beginning of period		161 825	73 993
Cash and cash equivalents at end of period		**95 387**	**163 223**

Selected notes to the interim financial statements

Note 1 – Corporate information

BerGenBio ASA ("the Company") and its subsidiary (together "the Group") is a clinical stage biopharmaceutical company focused on developing innovative drugs for aggressive, drug resistant cancers.

BerGenBio ASA is a limited public liability company incorporated and domiciled in Norway. The address of the registered office is Jonas Lies vei 91, 5009 Bergen, Norway.

The Group is a world leader in understanding epithelial-mesenchymal transition (EMT) biology, which is widely recognised as a key pathway in immune evasion and acquired cancer drug-resistance and metastasis. Building on this original biological insight BerGenBio is developing a promising pipeline of novel EMT inhibitors.

BerGenBio intends to develop its product candidates to proof of concept stage; further clinical development and subsequently commercialisation will be through strategic alliances and partnerships with experienced global bio-pharma oncology businesses.

The condensed interim financial information is unaudited. These interim financial statements cover the three-months period ended 31 March 2017 and were approved for issue by the Board of Directors on 22 May, 2017.

Note 2 – Basis for preparation and significant accounting policies

Basis for preparation

The interim condensed consolidated financial statements for the Group have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with BerGenBio's annual financial statements as at 31 December 2016.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations effective as of 1 January 2017.

Summary of significant accounting policies

The new and amended standards and interpretations from IFRS that were adopted by the EU with effect from 2017 did not have any significant impact on the reporting for 2017.

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

Basis for consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2017. The subsidiary is BerGenBio Limited, located in Oxford in the United Kingdom and is 100% owned and controlled by the parent company BerGenBio ASA.

Estimates and assumptions

Preparation of the accounts in accordance with IFRS requires the use of judgment, estimates and assumptions that have consequences for recognition in the balance sheet of assets and liabilities and recorded revenues and expenses. The use of estimates and assumptions is based on the best discretionary judgment of the Group's management.

The Group works continuously to ensure financial flexibility in the short and long term to achieve its strategic and operational objectives. Capital markets are used as a source of liquidity when this is appropriate and when conditions in these markets are acceptable. An IPO and capital increase of NOK 400 million was successfully completed on the 7th of April 2017, and thus the Board of Directors has reasonable expectation that the Group will maintain adequate resources to continue in operational existence for the foreseeable future. The interim financial statements are prepared under the going concern assumption.

Note 3 – Payroll and related expenses

	For the three months ended 31 March	
	2017	2016
Salaries	5 841	3 855
Social security tax 1)	314	3 528
Pension expense	428	112
Bonus	-	-
Share option expense employees	567	765
Other remuneration	249	53
Government grants 2)	-1 105	- 717
Total payroll and related expenses	**6 294**	**7 596**
Average number of full time equivalent employees	24	19

1) Of the NOK 3.5 million social security tax in Q1 2016 NOK 2.9 million related to the accrual for social security tax on options.
2) See also note 5 for government grants

Members of management and Board of Directors participating in the option program

Option holder	Number of options outstanding	Grant date	Expiry date	Exercise price (NOK)
Richard Godfrey	50 000	10-Sep-10	31-Dec-19	5,65
	100 000	27-May-11	31-Dec-19	7,56
	75 000	21-Jun-12	31-Dec-19	10,62
	150 000	3-Sep-13	3-Sep-21	10,62
	75 000	13-Jun-13	13-Jun-21	10,62
	120 000	11-Jun-14	11-Jun-22	11,15
	275 000	22-May-15	22-May-23	16,01
	100 000	1-Jan-16	1-Jan-24	24,00
James B Lorens	50 000	10-Sep-10	31-Dec-19	5,65
	25 000	27-May-11	31-Dec-19	7,56
	75 000	21-Jun-12	31-Dec-19	10,62
	55 000	3-Sep-13	3-Sep-21	10,62
	100 000	13-Jun-13	13-Jun-21	10,62
	70 000	11-Jun-14	11-Jun-22	11,15
	275 000	22-May-15	22-May-23	16,01
	50 000	1-Jan-16	1-Jan-24	24,00
Petter Nielsen	100 000	22-May-15	22-May-23	16,01
	50 000	1-Jan-16	1-Jan-24	24,00
Anthony Brown	100 000	2-Sep-15	2-Sep-23	16,01
	50 000	1-Jan-16	1-Jan-24	24,00
Murray Yule	100 000	3-Sep-13	3-Sep-21	10,62
	50 000	1-Jan-16	1-Jan-24	24,00
Susan Foden	100 000	18-Jun-12	18-Jun-20	10,62
	55 000	3-Sep-13	3-Sep-21	10,62
	25 000	20-Jun-13	20-Jun-21	10,62
	50 000	19-Jun-14	19-Jun-22	11,15
	37 500	1-Feb-16	1-Feb-24	24,00
Hilde Furberg	25 000	1-Feb-16	1-Feb-24	24,00
Kari Grønås	15 000	1-Feb-16	1-Feb-24	24,00
	2 402 500			

In the annual general meeting on the 22nd of March 2017 it was resolved a split of the shares so that 1 share with a nominal value of NOK 10 was split into 100 shares with a nominal value of NOK 0.10. The overview above takes into account the share split.

Note 4 – Employee share option program

The Group has a share option scheme for employees. Each option gives the right to acquire one share in BerGenBio on exercise.

The Group has a share option program to ensure focus and align the Group's long term performance with shareholder values and interest. Most of the employees in the Group take part in the option program. The program also serves to retain and attract senior management.

The exercise price for options granted is set at the market price of the shares at the time of grant of the options. In general, for options granted after 2012 the options expire eight years after the date of grant.

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

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

	Number of options	Grant date	Expiry date	Exercise price
Granted in September 2010	225 000	Sep 2010	Dec 2017/2019	5,65
Granted in May 2011	175 000	May 2011	Dec 2017/2019	7,56
Granted in June 2012	285 000	Jun 2012	Dec 2017/2019	10,62
Granted in June 2012	225 000	Jun 2012	Jun 2020	10,62
Granted in June 2013	360 000	Jun 2013	Jun 2021	10,62
Granted in September 2013	400 000	Sep 2013	Sep 2021	10,62
Granted in June 2014	280 000	Jun 2014	Jun 2022	11,15
Granted in May 2015	650 000	May 2015	May 2023	16,01
Granted in September 2015	260 000	Sep 2015	Sep 2023	16,01
Granted in January 2016	400 000	Jan 2016	Jan 2024	24,00
Granted in February 2016	122 500	Feb 2016	Feb 2024	24,00
Forfeited in 2015	-7 500			10,62
Forfeited in 2016	-50 000			16,01
Exercised in 2017	-50 000			10,62
Forfeited and cancelled in 2017 *	-170 000			14,29
Total	**3 105 000**			

In the annual general meeting on the 22nd of March 2017 it was resolved a split of the shares so that 1 share with a nominal value of NOK 10 was split into 100 shares with a nominal value of NOK 0.10. The overview above takes into account the share split.

* The exercise price is calculated as the weighted average exercise price of the forfeited and cancelled options.

	For the three months ended 31 March			
	2017		2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 January	3 325 000	13,66	28 525	1 181,05
Granted during the period	-	-	1 225	2 400
Exercised during the period	-50 000	10,62	-	-
Forfeited and cancelled	-170 000	14,29	-	-
Balance at 31 March	**3 105 000**	**13,68**	**29 750**	**1 231,25**

There were no options granted in the periiod in 2017. The weighted average fair value of the options granted in the period in 2016 was NOK 1,012, totalling to NOK 1.2 million.

	For the three months ended 31 March	
	2017	2016
Options vested at 1 January	2 211 900	9 600
Vested in the period	71 600	1 826
Options vested at 31 March	**2 283 500**	**11 426**
Total outstanding number of options	3 105 000	29 750

In the annual general meeting on the 22nd of March 2017 it was resolved a split of the shares so that 1 share with a nominal value of NOK 10 was split into 100 shares with a nominal value of NOK 0.10. For figures in 2017 the overview above takes into account the share split.

The options are valued using the Black & Scholes model.

The risk free interest rates are based on rates from Norges Bank and Oslo Børs on the Grant Date (bonds and certificates) equal to the expected term of the option being valued. Where there is no exact match between the term of the interest rates and the term of the options, interpolation is used to estimate a comparable term.

The vesting period is the period during which the conditions to obtain the right to exercise must be satisfied. Most of the options vest dependent on meeting milestones and is thus dependent on a performance condition. The Company has estimated an expected vesting date and this date is used as basis for the expected lifetime. The Company expects the options to be exercised earlier than the expiry date. For Options granted earlier than 2014, the mean of the expected vesting date and expiry date has been used to calculate expected lifetime due to the lack of exercise pattern history for the Company and experience from other companies in combination with the relatively long lifetime of these options (up to 8 years). For Options granted in 2014 or later, it has been assumed that the holders will exercise their options earlier as the shares have been assumed to be tradable, hence an assumption has been made that these options will be exercised on average 1 year following vesting as most of these have vesting contingent on IPO.

As the Company's shares are not listed there are no historical share prices to calculate the historical volatility, therefore the historical volatility of similar listed companies is used. 70% expected future volatility has been applied.

For the three month period ending 31 March 2017 the value of the share options expensed through the profit or loss amounts to NOK 0.6 million (for the same period in 2016: NOK 0.8 million). In addition a provision for social security contributions on share options of NOK -0.3 million (for the same period in 2016: NOK 2.9 million) is recognised based on the difference between the share price and exercise price on exercisable option as at the end of the period.

Note 5 – Government grants

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

	For the three months ended 31 March	
	2017	2016
Payroll and related expenses	1 105	717
Other operating expenses	3 212	1 744
Total	**4 317**	**2 461**

Grants receivable as at 31 March are detailed as follows:

	For the three months ended 31 March	
	2017	2016
Grants from Research Council, BIA	1 620	2 309
Grants from Research Council, PhD	301	414
Grants from SkatteFunn	10 099	4 145
Total	**12 019**	**6 867**

BIA grants from the Research Council

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

The first BIA grant ("Novel therapeutics targeting the EMT/Axl pathway in aggressive cancers") totals to NOK 13.2 million and covers the period from May 2014 to April 2017. The Company has recognised NOK 1.0 million (2016: NOK 1.0 million) classified partly as reduction of payroll and related expenses and partly as a cost reduction of other operating expenses.

The second BIA grant ("Axl targeting therapeutics to treat fibrotic diseases") totals to NOK 12.0 million and covers the period from April 2015 to March 2018. The Company has recognised NOK 0.6 million (2016: NOK 1.3 million) classified partly as reduction of payroll and related expenses and partly as a cost reduction of other operating expenses.

In January 2017 BerGenBio was awarded another BIA grant. The grant application named “Leveraging Investigator-Initiated Trials to develop novel treatment options for Axl driven cancers with high unmet clinical need” covers the period 2017 through 2020 and amounts to NOK 15.7 million over the period. The final terms and conditions are being negotiated, and as such in Q1 2017 the Company has not yet recognised anything from this grant.

PhD grants from the Research Council

BerGenBio has been awarded four grants supporting Industrial PhDs for the period from September 2010 through July 2017. The fellowship covers 50 % of the established current rates for doctoral research fellowships and an operating grant to cover up to 50 % of additional costs related to costly laboratory testing connected with the research fellow’s doctoral work.

The Company has recognised NOK 0.3 million (2016: NOK 0.2 million) classified partly as reduction of payroll and related expenses and partly as a cost reduction of other operating expenses.

SkatteFunn

R&D projects have been approved for SkatteFunn (a Norwegian government R&D tax incentive program designed to stimulate R&D in Norwegian trade and industry) for the period from 2016 until the end of 2017. The Company has recognised NOK 2.4 million in 2017 (2016: NOK 0.0 million) classified partly as reduction of payroll and related expenses and partly as a cost reduction of other operating expenses. The Company recognised in total NOK 7.7 million in 2016 (Q4).

Note 6 – Other operating expenses

	For the three months ended 31 March	
	2017	2016
Program expenses, clinical trials and research	24 698	7 485
Milestone and license payments to Rigel Pharmaceuticals	27 809	-
Office rent and expenses	397	385
Consultants R&D projects	3 109	4 591
Patent and licence expenses	1 206	524
Other operating expenses	5 438	1 850
Government grants	-3 212	-1 744
Total	**59 445**	**13 090**

Note 7 – Earnings per share

	For the three months ended 31 March	
	2017	2016
Loss for the period	-65 065	-20 314
Average number of outstanding shares during the year	33 700 533	270 104
Earnings (loss) per share - basic and diluted (NOK)	**-1,93**	**-75,21**

Share options issued have a potential dilutive effect on earnings per share. No dilutive effect has been recognised as potential ordinary shares only shall be treated as dilutive if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the Company is currently loss-making an increase in the average number of shares would have anti-dilutive effects.

Note 8 – Other current assets

	31 Mar 2017	31 Mar 2016
Government grants	12 019	6 867
Refundable VAT	399	283
Prepaid expenses	426	382
Other receivables	246	283
Total	**13 090**	**7 815**

Note 9 – Share capital and shareholder information

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

In the annual general meeting on the 22nd of March 2017 it was resolved a split of the shares so that 1 share with a nominal value of NOK 10 was split into 100 shares with a nominal value of NOK 0.10.

As of 31 March	Number of shares	Nominal value (NOK)	Book value (NOK)
Ordinary shares 2017	33 742 200	0,10	3 374 220
Ordinary shares 2016	293 172	10	2 931 720

Changes in the outstanding number of shares

	For the three months ended 31 March	
	2017	2016
Ordinary shares at 1 January	336 922	247 924
Issue of ordinary shares	500	44 675
Issue of ordinary shares from conversion of loan	-	573
Effect of share split (1 to 100) 22 March 2017	33 404 778	-
Ordinary shares at 31 March	**33 742 200**	**293 172**

Ownership structure

Shareholder	Number of shares	Percentage share of total shares
METEVA AS	12 923 000	38,3%
INVESTINOR AS	6 609 800	19,6%
SARSIA SEED AS	2 117 900	6,3%
NORSK INNOVASJONSKAP	1 333 100	4,0%
JPMorgan Chase Bank, NORDEA TREATY ACCOUN	1 272 000	3,8%
MP PENSJON PK	1 240 300	3,7%
DATUM INVEST AS	1 209 200	3,6%
SARSIA DEVELOPMENT AS	1 195 000	3,5%
BERA AS	1 040 000	3,1%
PACTUM AS	804 600	2,4%
BIRK VENTURE AS	558 500	1,7%
CB INVEST AS	352 300	1,0%
RO INVEST AS	260 900	0,8%
MICKLEM DAVID ROBERT	252 500	0,7%
LORENS JAMES BRADLEY	250 000	0,7%
SPAR KAPITAL INVESTO	225 000	0,7%
UNI RESEARCH AS	207 700	0,6%
GNIST HOLDING AS	158 900	0,5%
PROFOND AS	139 000	0,4%
HAWI INVEST AS	135 400	0,4%
Top 20 shareholders	**32 285 100**	**95,7%**
Total other shareholders	1 457 100	4,3%
Total number of shares	**33 742 200**	**100,0%**

The Board of Directors have been granted a mandate from the general meeting held on 22 March 2017 to increase the share capital with up to NOK 329,340 by subscription of new shares. The power of attorney was granted for the purpose of issuance of new shares in accordance with the Company's share incentive programme and is valid until the earlier of the annual general meeting in 2018 and 30 June 2018.

Shares in the Group held by the management group

	Current position within the Company	Employed since	31 Mar 2017	31 Mar 2016
Richard Godfrey 1)	Chief Executive Officer	January 2009	158 900	1 589
James Bradley Lorens	Chief Scientific Officer	January 2009	250 000	2 500
Total shares held by management			**408 900**	**4 089**

1) Richard Godfrey holds 158,900 shares in the Company through Gnist Holding AS.

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

	Position	Served since	31 Mar 2017	31 Mar 2016
Susan Elizabeth Foden	Board Member	September 2011	6 700	67
Total shares held by members of the Board of Directors			**6 700**	**67**

Note 10 – Pension

The Company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

The Company has a pension scheme which complies with the Act on Mandatory company pensions.

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

Medical and biological terms

Adenocarcinoma	Cancerous tumour that can occur in several parts of the body and that forms in mucus-secreting glands throughout the body. It can occur in many different places in the body and is most prevalent in the following cancer types; lung cancer, prostate cancer, pancreatic cancer, esophageal cancer and colorectal cancer. Adenocarcinomas are part of the larger grouping of carcinomas.
AML	Acute myeloid leukaemia.
Antibody	Proteins produced by the B Lymphocytes of the immune system in response to foreign proteins called antigens. Antibodies function as markers, biding to the antigen so that the antigen molecule can be recognized and destroyed.
API	Active pharmaceutical ingredient.
Axl	Cell surface expressed receptor tyrosine kinase, being an essential mediator of the EMT programme. Axl is up-regulated in a variety of malignancies and and associated with immune evasion, acquired drug resistance and correlates with poor clinical prognosis.
Axl Mab	Axl Monoclonal antibody. A monoclonal antibody that recognizes Axl and binds to the Axl receptor.
BGB324	BerGenBio's lead drug candidate; a highly selective inhibitor of Axl currently undergoing a Phase Ib/II clinical trial showing promising clinical results.
BGB101	Two monoclonal antibody programs against Axl in late stage preclinical development.
Biomarkers	A measurable indicator of some biological state or condition. More specifically, a biomarker indicates a change in expression or state of a protein that correlates with the risk or progression of a disease, or with the susceptibility of the disease to a given treatment.
CellSelect™	A unique patented and powerful technology platform used to identify and validate novel drug targets missed by other technologies.
Checkpoint inhibitors	The immune system depends on multiple checkpoint to avoid overactivation of the immune system on healthy cells. Tumour cells often take advantage of these checkpoints to escape detection by the immune system. Checkpoint inhibitors, inhibit these checkpoints by "releasing the brakes" on the immune system to enhance an anti-tumour T-cell response.
Clinical Research	The research phases involving human subjects.
Clinical Trials	Clinical Trials are conducted with human subjects to allow safety and efficiency data to be collected for health inventions (e.g., drugs, devices, therapy protocols). There trials can only take place once satisfactory information has been gathered on the quality of the non-clinical safety, and Health Authority/Ethics Committee approval is granted in the country where the trial is taking place.
CML	Chronic myelogenous leukemia
CMO's	Contract manufacturing organisations.
Comorbidity	The presence of one or more additional disorders (or diseases) co-occurring with a primary disease or disorder.
CRO	Contract research organisation.
CTL	Cytotoxic T-lymphocytes. Key effector cells of the body's immune response to cancer.
Cytarabine	A chemotherapy agent used mainly in the treatment of cancers of white blood cells such as acute myeloid leukemia (AML).
Decitabine	A cancer treatment drug used for acute myeloid leukemia (AML).
Docetaxel	A clinically well-established anti-mitotic chemotherapy medication that works by interfering with cell division.
Epithelial state	A state of the cell where the cells are stationary, typically forming layers and tightly connected and well ordered. They lack mobility tending to serve their specific bodily function by being anchored in place.
Epithelial tumour cell	Tumour cells in an epithelial state.
EGFR inhibitors	Epidermal growth factor receptor inhibitors. EGFRs play an important role in controlling normal cell growth, apoptosis and other cellular functions, but mutations of EGFRs can lead to continual or abnormal activation of the receptors causing unregulated EGFR inhibitors are either tyrosine kinase inhibitors or monoclonal antibodies that slow down or stop cell growth.
EMT	Epithelial-mesenchymal transition, a cellular process that makes cancer cells evade the immune system, escape the tumour and acquire drug resistant properties.
EMT inhibitors	Compounds that inhibit Axl and other targets that in turn prevent the formation of aggressive

	cancer cells with stem-cell like properties.
Erlotinib	A drug used to treat non-small cell lung cancer (NSCLC), pancreatic cancer and several other types of cancer. It is a reversible tyrosine kinase inhibitor, which acts on epidermal growth factor receptor (EGFR).
In vivo	Studies within the living.
In vitro	Studies in a laboratory environment using test tubes, petri dishes etc.
MAb	Monoclonal antibodies. Monospecific antibodies that are made by identical immune cells that are all clones of a unique parent cell, in contrast to polyclonal antibodies which are antibodies obtained from the blood of an immunized animal and thus made by several different immune cells.
Mesenchymal state	A state of the cell where the cells have loose or no interactions, do not form layers and are less well ordered. They are mobile, can have invasive properties and have the potential to differentiate into more specialised cells with a specific function.
Mesenchymal cancer cells	Cancer cells in a mesenchymal state, meaning that they are aggressive with stem-cell like properties.
Metastatic cancers	A cancer that has spread from the part of the body where it started (the primary site) to other parts of the body.
Myeloid leukemia	A type of leukemia affecting myeloid tissue. Includes acute myeloid leukemia (AML) and chronic myelogenous leukemia.
NSCLC	Non-small cell lung cancer.
Paclitaxel	A medication used to treat a number of types of cancer including ovarian cancer, breast cancer, lung cancer and pancreatic cancer among others.
Phase I	The phase I clinical trials where the aim is to show that a new drug or treatment, which has proven to be safe for use in animals, may also be given safely to people.
Phase Ib	Phase Ib is a multiple ascending dose study to investigate the pharmacokinetics and pharmacodynamics of multiple doses of the drug candidate, looking at safety and tolerability.
Phase II	The phase II clinical trials where the goal is to provide more detailed information about the safety of the treatment and its effect. Phase II trials are performed on larger groups than in Phase I.
Phase III	In the phase III clinical trials data are gathered from large numbers of patients to find out whether the drug candidate is better and possibly has fewer side effects than the current standard treatment.
Receptor tyrosine kinase	High-affinity cell surface receptors for many polypeptide growth factors, cytokines and hormones. Receptor tyrosine kinases have been shown not only to be key regulators of normal cellular prosesses but also to have a critical role in the development and progression of many types of cancer.
RTK	Receptor tyrosine kinase.
Small molecule	A small molecule is a low molecular weight (<900 dalthons) organic compound that may help regulate a biological process, with a size on the order of 10^{-9}m.
Squamous cell carcinoma	Is an uncrontrolled growth of abnormal cells arising in the squamous cells, which compose most of the skin's upper layers. Squamous cell carcinoma is the second most common form of skin cancer.
TNBC	Triple negative breast cancer.

Disclaimer

This Report contains certain forward-looking statements relating to the business, financial performance and/or results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, and similar expressions. The forward-looking statements contained in this Report, including assumptions, opinions and views of the Company or cited from other sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of the Company or any of their parent or subsidiary undertakings or any such person’s officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor do any of them accept any responsibility for the future accuracy of the opinions expressed in this Presentation or the actual occurrence of the forecasted developments. The Company assumes no obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to our actual results.

Contact us

BerGenBio ASA

Jonas Lies vei 91, 5009
Bergen, Norway

Telephone: + 47 55 96 11 59
E-mail: post@bergenbio.com

Investor Relations Contact

Richard Godfrey
CEO

Petter Nielsen
CFO

Telephone: + 47 55 96 11 59
E-mail: ir@bergenbio.com

Media Relations Contact

David Dible, Mark Swallow, Marine Perrier
Citigate Dewe Rogerson

Telephone: +44 207 638 9571
E-mail: bergenbio@citigatedr.co.uk

About BerGenBio

BerGenBio is a clinical-stage biopharmaceutical company focused on developing a pipeline of first-in-class Axl kinase inhibitors to treat multiple cancer indications. The Company is a world leader in understanding the central role of Axl kinase in promoting cancer spread, immune evasion and drug resistance in multiple aggressive liquid and solid cancers.

BerGenBio's lead product, BGB324, is a selective, potent and orally available small molecule Axl inhibitor in Phase II clinical development in three major cancer indications. BGB324 is being developed by BerGenBio as a single agent therapy in acute myeloid leukaemia (AML) and in combination with Tarceva® erlotinib in advanced non-small-cell lung cancer (NSCLC); and in combination with a checkpoint inhibitor in advanced NSCLC and triple negative breast cancer (TNBC).

The Company's is also developing a diversified pre-clinical pipeline of also includes selective Axl inhibitors including BGB149, anti-Axl monoclonal antibody and an antibody drug conjugate (ADC).