



BerGenBio

Interim report third quarter 2023

Corporate highlights

"We are pleased to report continued advancement of our focused strategy to study our lead compound bemcentinib, a highly selective AXL inhibitor, in first line (1L) Non-Small Cell Lung Cancer (NSCLC) patients harboring mutations in the STK11 gene (STK11m).

The increasing recognition of STK11m as a poor prognostic factor for 1L NSCLC patients, as evidenced by real-world data presented at prestigious medical conferences, continues to substantiate high unmet medical needs and our clinical data continues to validate the potential role of bemcentinib in combination with standard of care therapies to improve the outcome for these patients.

During the quarter, we activated additional clinical trial sites in the US and prepared for the addition of sites in Europe in anticipation of the expected initiation of the Ph2a portion of our study in 1L NSCLC STK11m patients in the first half of 2024.

Our operating expenses in the quarter amounted to NOK 28.1 million compared to NOK 62.4 million in Q3 2022 reflecting the effects of our focused strategy and cost containments implemented in connection with the Rights Issue.



At 30th September 2023 our cash position stood at NOK 169.3 million. We believe that our singular focus on advancing bemcentinib in 1L NSCLC STK11m combined with the potential funding from the exercise of outstanding warrants issued in the Rights Issue enables us to generate data that can position the significant potential of bemcentinib in NSCLC."

Martin Olin

Chief Executive Officer

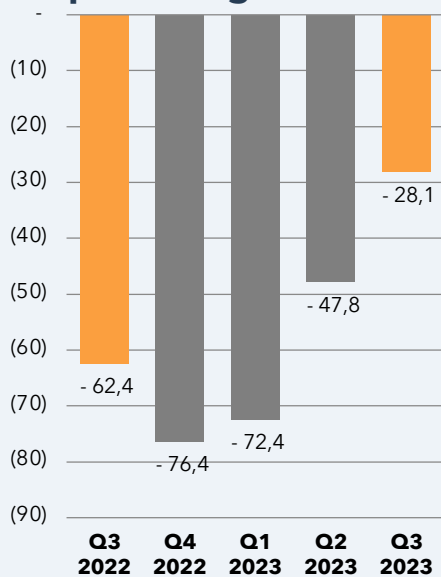
Recent Highlights

- Continued advancement of BGBC016 Ph1b/2a trial in 1L NSCLC STK11m patients
 - Additional trial sites activated and preparations for Ph2a initiated
- Multiple presentations at prestigious medical/scientific meetings
- Focused strategy has resulted in significant cost-containment in Q3 2023
- Completed Rights Issue with warrant component to potentially extend runway

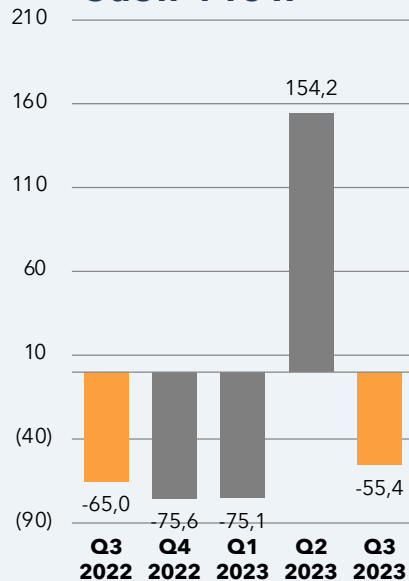
Q3 2023 Financial highlights

| (NOK million) | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 | FY 2022 |
|---|---------|---------|----------|----------|---------|
| Operating revenues | 0,0 | 0,0 | 0,0 | 0,0 | 0,4 |
| Operating expenses | 28,1 | 62,4 | 148,3 | 229,2 | 306,0 |
| Operating profit (-loss) | -28,1 | -62,4 | -148,3 | -229,2 | -305,6 |
| Profit (-loss) after tax | -27,9 | -59,8 | -148,8 | -224,9 | -302,1 |
| Basic and diluted earnings (loss) per share (NOK) | -0.01 | -0.67 | -0.15 | -2.54 | -3.41 |
| Net cash flow in the period | -55,4 | -65,1 | 14,7 | -206,9 | -282,1 |
| Cash position end of period | 169,3 | 225,1 | 169,3 | 225,1 | 150,8 |

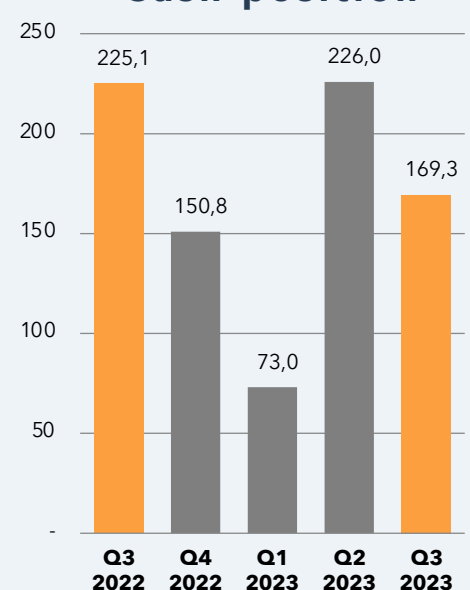
Operating loss



Cash Flow



Cash position



Q3 2023 and post period clinical highlights

Clinical Development

Bemcentinib

BerGenBio's lead compound, bemcentinib, is a potentially first-in-class, oral, highly selective inhibitor of the receptor tyrosine kinase AXL, which is expressed and activated in response to oxidative stress, inflammation, hypoxia and drug treatment, resulting in several deleterious effects in cancer and severe respiratory infections. Bemcentinib selectively inhibits AXL activation to prevent the progression of serious diseases through the modulation of resistance mechanisms and the adaptive immune system.

Bemcentinib is currently being developed in 1L STK11m NSCLC and severe respiratory infections. Its novel mechanisms of action and primary accumulation in the lungs, uniquely position it to address these severe lung diseases.

Oncology: NSCLC

1L STK11m NSCLC (BGBC016)

We continue to advance our focused strategy through the conduct of BGBC016, a global, open-label Phase 1b/2a trial designed to determine the safety, tolerability and efficacy of bemcentinib in combination with standard of care treatments in untreated advanced/metastatic non-squamous NSCLC patients with STK11m and no actionable mutations. Sites in the US have been activated and enrollment is ongoing while expansion into European sites is well underway, with regulatory approval to proceed in the US and several European countries.

The Phase 1b portion of the study is evaluating the safety and feasibility of three different doses of bemcentinib in combination with pembrolizumab and doublet chemotherapy in 1L advanced/metastatic non-squamous NSCLC patients, regardless of STK11 status. To date, no significant safety concerns have arisen in the Phase 1b study.

The Phase 2a expansion will assess the safety and efficacy of up to two doses of bemcentinib in the same treatment combination in 1L advanced/metastatic non-squamous NSCLC patients with STK11m.

A significant subgroup comprising of up to 20 % (> 30,000 patients in US and EU5) of 1L non-squamous NSCLC patients harbor STK11m, which are associated with immunosuppression and poor prognosis with standard 1L NSCLC treatment. Data suggests that STK11m NSCLC patients almost universally express AXL in tumors and/or on immune cells, resulting in the development of drug resistance, immune evasion, and metastases.

Post-quarter, the Company announced that the final data from the BGBC008 study (2L+ NSCLC, bemcentinib in combination with pembrolizumab) was presented on October 23rd at the European Society for Medical Oncology (ESMO) 2023 Annual Meeting held in Madrid. The Company believes that these data along with study BGBIL005 (2L+ NSCLC, bemcentinib in combination with docetaxel) provide clinical evidence of the anti-tumor effects of bemcentinib and its ability to modulate the tumor microenvironment to enhance the effects of immunotherapy and chemotherapy. We believe that the reversal of the effects of AXL with bemcentinib holds the promise of providing substantial survival benefits to NSCLC patients and specifically in patients harboring STK11m and potentially other hard-to treat mutations such as KRAS and KEAP1. We expect to report additional clinical data at upcoming major medical meetings during the remainder of 2023, including at the Annual Meetings of the Society for Immunotherapy of Cancer (SITC) and the American Society of Hematology (ASH).

Q3 2023 and post period clinical highlights

Clinical Development (Continued)

Description of the 2L+ NSCLC Trial (BGBC008)

The Ph2 BGBC008 trial enrolled 90 evaluable 2L+ NSCLC patients who had received at least one prior line of therapy: chemotherapy, immunotherapy or the combination.

- An analysis of AXL biomarker status indicates that the presence of AXL expression on either tumor cells and/or immune cells is predictive of improved survival in patients treated with bemcentinib + pembrolizumab. The vast majority (88%) of patients met the criteria for AXL presence (AXL positive patients) and obtained clinically meaningful benefits:
 - Median overall survival was highly statistically significant at $p=0.001$ in AXL positive vs. AXL negative patients (14.1 mos. vs 6.5 mos).
 - Median progression free survival was 6.0 mos. in AXL positive patients vs. 5.8 AXL negative patients.
- Analysis of available data for patients treated in subsequent therapies (3L+) following treatment with bemcentinib + pembrolizumab identified a higher than expected response rate, potentially pointing to long-lasting immune response benefits.
- Data from the BGBC008 study also indicate that patients with PD-L1 negative (TPS score <1) benefit from the combination treatment of bemcentinib and pembrolizumab. Currently PD-L1 negative patients respond less well to immune checkpoint inhibition, potentially providing an opportunity to expand the patient population eligible for treatment with bemcentinib.

- The combination of bemcentinib and pembrolizumab appeared to benefit patients with mutations associated with poor outcome with available therapies, including STK11, KRAS, KEAP-1 and SMARCA4 mutations. These mutational patient populations may represent an incremental opportunity for bemcentinib and will be further assessed in our on-going BGBC016 study in 1L patients.

Severe Respiratory Infections (SRIs)

The Company believes that bemcentinib blocks viral entry and replication, stimulates the innate immune system, and promotes lung tissue repair positioning it for the treatment of severe respiratory infections.

On April 25, 2023, the Company decided to pause the bemcentinib arm of the Phase 2b EU-SolidAct trial evaluating bemcentinib in hospitalized COVID-19 patients due to the limited number of hospitalizations observed across all European countries. The Company and the EU-SolidAct have agreed to maintain this study on pause until and unless such time both parties agree to resume the trial arm due to increased COVID hospitalizations or should a new pandemic arise.

Bemcentinib is currently being evaluated in preclinical studies for SRIs causing Acute Respiratory Distress Syndrome (ARDS) and initial results are expected during 2023.

Q3 2023 and post period corporate highlights

Corporate Activities

Rights Offering

On June 13, 2023, the Company completed a rights issue raising gross proceeds of NOK 250m. The proceeds from this offering including any additional proceeds from the exercise of warrants will be dedicated to the conduct of BGBC016 in 1L STK11m NSCLC patients, preclinical studies in severe respiratory infections and for general corporate purposes.

Warrants

The outstanding warrants issued in the Rights Issue can be exercised in two defined windows; from 15 November 2023 09:00 am CET to 28 November 2023 4:30 pm CET, or 1 April 2024 to 14 April 2024 at an exercise price of the volume-weighted average price (VWAP) of the Company's shares on the Oslo Stock Exchange over the three last trading days prior to the exercise period less 30%, but in any event not less than NOK 0.10 and not higher than NOK 0.13. Additional information and instructions for exercise of warrants can be found on the Company's website in the Investor section.

Organization

Our Chief Operating Officer James Barnes, decided to pursue new opportunities and will leave the company during December 2023. In connection with the implementation of the focused strategy, the role of Chief Operating Officer will not be replaced.

Q3 2023 Financial review

Financial Results (Figures in brackets = same period 2022 unless stated otherwise)

Revenue for the third quarter 2023 amounted to NOK 0.0 million (NOK 0.0 million) and year to date (YTD) 2023 NOK 0.0 million (NOK 0.0 million).

Total operating expenses for the third quarter 2023 amounted to NOK 28.1 million (NOK 62.4 million) and YTD 2023 NOK 148.3 million (NOK 229.2 million).

Payroll and other employee related costs in the third quarter were NOK 13.7 million (NOK 13.6 million) and YTD 2023 NOK 45.0 million (NOK 49.8 million). Adjusted for one-offs, timing differences and development in currency rates, the third quarter of 2023 reflects the underlying decrease in the average FTE's.

As part of the focused strategy, FTE's have been reduced from 30 FTE's end of Q3 2022 to 18 FTE's end of Q3 2023.

Employee share option costs in the third quarter were NOK 0.8 million (NOK 0.5 million) and YTD 2023 NOK 2.6 million (NOK 1.3 million).

Other operating expenses amounted to NOK 13.5 million (NOK 48.2 million) for the third quarter and NOK 100.5 million (NOK 177.3 million) YTD. Operating expenses were mainly driven by activities in the development program reflecting the effects of the focused strategy previously announced where the Company currently is focusing on 1L NSCLC STK11m compared to Q3 2022 where additional studies were active and open. In addition, the Q3 2023 operating expenses is positively affected by the closure of clinical studies by NOK 5.7 million.

The operating loss for the third quarter amounts to NOK 28.1 million (NOK 62.4 million) and YTD 2023 NOK 148.3 million (NOK 229.2 million), reflecting the operations and settlements during the quarter and decrease in headcount after restructuring.

Net financial items amounted to a profit of NOK 0.2 million (NOK 2.6 million) for the third quarter related to net loss on foreign exchanges and

interest on cash deposit. YTD 2023 the net financial items amounted to a loss of NOK 0.5 million (profit of NOK 4.3 million).

Losses after tax for the third quarter were NOK 27.9 million (NOK 59.8 million) and YTD 2023 NOK 148.8 million (NOK 224.9 million).

Financial Position

Total assets as of 30 September 2023 decreased to NOK 188.0 million (NOK 240.4 million as of 30 June 2023), mainly due to the operational loss in the period and payment of short-term debt.

Total liabilities were NOK 26.8 million as of 30 September 2023 (NOK 52.4 million as of 30 June 2023).

Total equity as of 30 September 2023 was NOK 161.2 million (NOK 188.0 million as of 30 June 2023), corresponding to an equity ratio of 85.7% (78.2% as of 30 June 2023).

Cash Flow

Net cash flow to operating activities was NOK 55.3 million in the third quarter (NOK 65.8 million) and NOK 203.0 million YTD 2023 (NOK 210.7 million), mainly driven by the operating results in the quarter and payment of short-term liabilities.

Net cash flow from investing during the third quarter was NOK 0.0 million (NOK 0.8 million) and YTD 2023 NOK 0.4 million (NOK 1.0 million).

Net cash flow from financing activities in the third quarter 2023 was negative by NOK 0.1 million (negative NOK 0.1 million) and YTD 2023 NOK 217.3 million (NOK 2.8 million).

Cash and cash equivalents decreased to NOK 169.3 million by 30 September 2023 (NOK 226.0 by 30 June 2023 and NOK 225.1 by 30 September 2022).

Q3 2023 Risk, uncertainties and outlook

Risk and uncertainties

BerGenBio is exposed to a number of risk factors: Financial risks, technology risks, competitive risks, patent and IP risks, regulatory and commercial risks.

The Risk and uncertainties section of the board of directors' report in the Annual report from 2022 contains a detailed description of these risks.

Outlook

The Company continues its work towards several upcoming milestones to be achieved across the Company's pipeline focused on the development of bemcentinib within NSCLC STK11m and respiratory diseases.

The previously announced clinical top line data from the trials in 2L NSCLC (BGBC008 and BGBIL005) in the opinion of the Company shows promising clinical benefit of bemcentinib in NSCLC supporting the on-going trial in 1L STK11m NSCLC patients.

The cash position at end of Q3 2023 was NOK 169 million. A singular focused strategy combined with potential proceeds from the exercise of the Warrants issued as part of the rights issue in June, will in the opinion of the Board enable the Group to maintain adequate resources to continue the advancement bemcentinib in NSCLC towards delivering new treatment options for patients in need and value for shareholders.

The Board today considered and approved the condensed, consolidated financial statement of the nine months ending 30 September 2023 for BerGenBio.

Bergen 13 November 2023

Board of Directors and CEO of BerGenBio ASA

Anders Tullgren, Chairman

Sally Bennett

Sveinung Hole

Debra Barker

Martin Olin, CEO

Condensed consolidated statement of profit and loss and other comprehensive income

| (NOK 1000) Unaudited | Note | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 | FY 2022 |
|---|------|----------------|----------------|-----------------|-----------------|-----------------|
| Revenue | | 0 | 0 | 0 | 0 | 389 |
| Expenses | | | | | | |
| Payroll and other related employee cost | 3 | 13,679 | 13,621 | 45,047 | 49,847 | 66,143 |
| Employee share option cost | 3 | 829 | 481 | 2,597 | 1,272 | 2,546 |
| Depreciation | 2 | 109 | 140 | 122 | 771 | 883 |
| Other operating expenses | 6 | 13,473 | 48,186 | 100,508 | 177,342 | 236,451 |
| Total operating expenses | | 28,090 | 62,428 | 148,275 | 229,231 | 306,024 |
| Operating profit/-loss | | -28,090 | -62,428 | -148,275 | -229,231 | -305,635 |
| Finance income | | 4,077 | 6,420 | 9,198 | 12,793 | 15,027 |
| Finance expense | | 3,919 | 3,789 | 9,688 | 8,495 | 11,514 |
| Financial items, net | | 158 | 2,631 | -490 | 4,298 | 3,513 |
| Profit before tax | | -27,932 | -59,797 | -148,765 | -224,933 | -302,122 |
| Income tax expense | | 0 | 0 | 0 | 0 | 0 |
| Profit after tax | | -27,932 | -59,797 | -148,765 | -224,933 | -302,122 |
| Other comprehensive income | | | | | | |
| <i>Items which may be reclassified over profit and loss</i> | | | | | | |
| Exchange differences on translation of foreign operations | | 228 | 276 | 1,425 | 231 | -484 |
| Total comprehensive income for the period | | -27,704 | -59,520 | -147,340 | -224,702 | -302,606 |
| Earnings per share: | | | | | | |
| - Basic and diluted per share | 7 | -0.01 | -0.67 | -0.15 | -2.54 | -3.41 |

Condensed consolidated statement of financial position

| (NOK 1000) Unaudited | Note | 30 SEP 2023 | 30 SEP 2022 | 31 DEC 2022 |
|--------------------------------------|------|----------------|----------------|----------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | | 532 | 156 | 43 |
| Total non-current assets | | 532 | 156 | 43 |
| Current assets | | | | |
| Other current assets | 5, 8 | 18,151 | 10,289 | 15,860 |
| Cash and cash equivalents | | 169,314 | 225,072 | 150,803 |
| Total current assets | | 187,465 | 235,361 | 166,663 |
| TOTAL ASSETS | | 187,997 | 235,517 | 166,706 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Paid in capital | | | | |
| Share capital | 9 | 262,053 | 8,866 | 8,866 |
| Share premium | 9 | 0 | 113,684 | 35,780 |
| Other paid in capital | 4, 9 | 46,449 | 42,349 | 43,852 |
| Total paid in capital | | 308,503 | 164,899 | 88,498 |
| Retained earnings | 9 | -147,340 | 0 | 0 |
| Total equity | | 161,163 | 164,899 | 88,498 |
| Non-current liabilities | | | | |
| Long term debt | 2 | 101 | 0 | 275 |
| Total non-current liabilities | | 101 | 0 | 275 |
| Current liabilities | | | | |
| Accounts payable | | 15,097 | 32,218 | 29,634 |
| Other current liabilities | | 11,636 | 38,400 | 48,299 |
| Total current liabilities | | 26,733 | 70,618 | 77,933 |
| Total liabilities | | 26,834 | 70,618 | 78,208 |
| TOTAL EQUITY AND LIABILITIES | | 187,997 | 235,517 | 166,706 |

Condensed consolidated statement of changes in equity

| (NOK 1000) Unaudited | Note | Share capital | Share premium | Other paid in capital | Retained earnings | Total equity |
|---|------|----------------|---------------|-----------------------|-------------------|-----------------|
| Balance at 1 January 2023 | | 8,866 | 35,780 | 43,852 | 0 | 88,498 |
| Loss for the period | | | | | -148,765 | -148,765 |
| Other comprehensive income (loss) for the period, net of income tax | | | | | 1,425 | 1,425 |
| Total comprehensive income for the period | | 0 | 0 | 0 | -147,340 | -147,340 |
| Recognition of share-based payments | 3, 4 | | | 2,597 | | 2,597 |
| Issue of ordinary shares | 9 | 253,187 | | | | 253,187 |
| Share issue costs | 9 | | -35,780 | | | -35,780 |
| Transactions with owners | | 253,187 | -35,780 | 2,597 | 0 | 220,004 |
| Balance at 30 September 2023 | | 262,053 | 0 | 46,449 | -147,340 | 161,163 |

| (NOK 1000) Unaudited | Note | Share capital | Share premium | Other paid in capital | Retained earnings | Total equity |
|---|------|---------------|-----------------|-----------------------|-------------------|-----------------|
| Balance at 1 January 2022 | | 8,846 | 335,195 | 40,386 | 0 | 384,426 |
| Loss for the period | | | -224,933 | | 0 | -224,933 |
| Other comprehensive income (loss) for the period, net of income tax | | | 231 | | 0 | 231 |
| Total comprehensive income for the period | | 0 | -224,702 | 0 | 0 | -224,702 |
| Recognition of share-based payments | 3, 4 | | | 1,964 | 0 | 1,964 |
| Issue of ordinary shares | 9 | 21 | 3,198 | | 0 | 3,218 |
| Share issue costs | 9 | | -7 | | 0 | -7 |
| Transactions with owners | | 21 | 3,191 | 1,964 | 0 | 5,175 |
| Balance at 30 September 2022 | | 8,866 | 113,684 | 41,928 | 0 | 164,899 |

Condensed consolidated statement of cash flow

| (NOK 1000) Unaudited | Note | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 | FY 2022 |
|---|-------------|----------------|----------------|-----------------|-----------------|-----------------|
| Cash flow from operating activities | | | | | | |
| Profit (loss) before tax | | -27,932 | -59,520 | -148,765 | -224,702 | -302,122 |
| Adjustments for: | | | | | | |
| Depreciation of property, plant and equipment | | 109 | 140 | 122 | 771 | 883 |
| Share-based payment expense | 3, 4 | 829 | 421 | 2,597 | 1,964 | 3,466 |
| Movement in provisions and pensions | | | | | -969 | -969 |
| Currency -gains/+loss not related to operating activities | | 1,453 | 2,023 | -2,410 | 5,065 | 3,280 |
| Net interest received | | | -480 | -358 | -1,009 | -2,949 |
| Working capital adjustments: | | | | | | |
| Decrease/-increase in trade and other receivables and prepayments | | -3,714 | 3,036 | -2,291 | 2,109 | -3,462 |
| Increase/-decrease in trade and other payables | | -26,091 | -11,447 | -51,889 | 6,051 | 13,641 |
| Net cash flow from operating activities | | -55,346 | -65,828 | -202,994 | -210,721 | -288,231 |
| Cash flows from investing activities | | | | | | |
| Interest received | | | 480 | 358 | 1,009 | 2,949 |
| Purchase of property, plant and equipment | | | | | | |
| Sale of property, plant and equipment | | | 299 | | 299 | 299 |
| Net cash flow used in investing activities | | 0 | 778 | 358 | 1,308 | 3,248 |
| Cash flows from financing activities | | | | | | |
| Proceeds from issue of share capital | 9 | | - | 253,187 | 3,218 | 3,218 |
| Share issue costs | 9 | | - | -35,780 | -7 | -7 |
| Cash payments for the principal portion of the lease liability | | -96 | - | -96 | -307 | -307 |
| Net cash flow from financing activities | | -96 | 0 | 217,311 | 2,904 | 2,904 |
| Effects of exchange rate changes on cash and cash equivalents | | | | | | |
| | | -1,225 | -2,023 | 3,836 | -5,065 | -3,764 |
| Net increase/(decrease) in cash and cash equivalents | | -55,442 | -65,049 | 14,675 | -206,509 | -282,080 |
| Cash and cash equivalents at beginning of period | | 225,981 | 292,144 | 150,803 | 436,646 | 436,646 |
| Cash and cash equivalents at end of period | | 169,314 | 225,072 | 169,314 | 225,072 | 150,803 |

Selected notes to the interim consolidated financials

Note 1

Corporate information

BerGenBio ASA (“the Company”) and its subsidiary (together “the Group”) is a clinical stage biopharmaceutical company focused on developing novel medicines for aggressive diseases, including cancer and severe respiratory infections.

BerGenBio ASA is a public limited liability company incorporated and domiciled in Norway. The address of the registered office is Møllendalsbakken 9, 5009 Bergen, Norway.

The condensed interim financial information is unaudited. These interim financial statements cover the three and nine-months period ended 30 September 2023 respectively and were approved for issue by the Board of Directors on 13 November 2023.

Note 2

Basis for preparation and significant accounting policies

Basis for preparation and significant accounting policies

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 2022.

No new standards have been applied in 2023.

Amounts are in Norwegian kroner (NOK) and presented in 1,000 NOK unless stated otherwise. The functional currency of the group is NOK.

Basis for consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as of 30 September 2023. The subsidiary is BerGenBio Limited, located in Oxford in the United Kingdom and is 100% owned and controlled by the parent company BerGenBio ASA.

Estimates and assumptions

Preparation of the accounts in accordance with IFRS requires the use of judgment, estimates and assumptions that have consequences for recognition in the balance sheet of assets and liabilities and recorded revenues and expenses. The use of estimates and assumptions are based on the best discretionary judgment of the Group's management. The Group works continuously to ensure financial flexibility in the short and long term to achieve its strategic and operational objectives.

Capital markets are used as a source of liquidity when this is appropriate and when conditions in these markets are acceptable. In June 2023, the company secured in total gross NOK 250 million in new equity from a rights issue. The cash position at end of Q3 2023 was NOK 169 million. A singular focused strategy combined with potential proceeds from the exercise of the Warrants issued as part of the rights issue in June, will in the opinion of the Board enable the Group to maintain adequate resources to continue the advancement bemcentinib in NSCLC towards delivering new treatment options for patients in need and value for shareholders. The interim financial statements are prepared under the going concern assumption.

Note 3 Payroll and related expenses

| | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 |
|--|---------------|---------------|---------------|---------------|
| Salaries | 8,306 | 8,922 | 31,054 | 39,623 |
| Social security tax | 1,461 | 1,674 | 4,563 | 5,082 |
| Pension expense | 1,032 | 899 | 2,860 | 3,206 |
| Other remuneration, incl. restructuring | 2,947 | 2,469 | 7,079 | 2,964 |
| Government grants 1) | -68 | -342 | -509 | -1,027 |
| Total payroll and other employee related cost | 13,678 | 13,621 | 45,047 | 49,847 |
| Share option expense employees | 830 | 421 | 2,597 | 1,964 |
| Change in accrued social security tax on share options | 0 | 59 | 0 | -692 |
| Total employee share option cost | 830 | 481 | 2,597 | 1,272 |
| Total employee benefit cost | 14,508 | 14,102 | 47,645 | 51,119 |
| Average number of full-time equivalent employees | 26 | 34 | 27 | 34 |
| FTE end of period | 18 | 30 | | |

1) See note 5 for government grants

Note 4 Employee share option program

The Group has a Long-Term Incentive Program for employees, an option scheme program. Each option gives the right to acquire one share in BerGenBio at 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 attract and retain 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, options expire eight years after the date of grant.

Primarily the options vest annually in equal tranches over a three-year period following the date of grant.

Note 4 Employee share option program (continued)

| Total options | YTD 2023 | | YTD 2022 | |
|--------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Balance at 1 January | 4,219,845 | 15.13 | 3,560,897 | 22.96 |
| Granted during the period | | | | |
| Exercised during the period | | | -205,277 | 15.68 |
| Forfeited and cancelled | -376 463 | 15.38 | -959 147 | 26.38 |
| Balance at 30 September | 3,843,382 | 15.10 | 2,396,473 | 22.21 |

0 options were granted in the nine months period ended 30 September 2023 and 0 options were granted in the nine months period ended 30 September 2022.

| Vested options | YTD 2023 | YTD 2022 |
|--|------------------|------------------|
| Options vested at 1 January | 1,615,066 | 1,541,168 |
| Exercised and forfeited in the period | -89,008 | -713,088 |
| Vested in the period | 799,742 | 832,844 |
| Options vested at 30 September | 2,325,800 | 1,660,924 |
| Total outstanding number of options | 3,843,382 | 2,396,473 |

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. The Group has estimated an expected vesting date and this date is used as basis for the expected lifetime. The Group expects the options to be exercised earlier than the expiry date. For Options granted earlier than 2014, the mean of the expected vesting date and expiry date has been used to calculate expected lifetime due to the lack of exercise pattern history for the Group and experience from other companies in combination with the relatively long lifetime of these options (up to 8 years).

For valuation purposes 55,81 % expected future volatility has been applied.

For the nine months period ending 30 September the value of the share options expensed through the profit or loss amounts to NOK 2.6 million (for the same period in 2022: NOK 2.0 million). In addition, a change in provision for social security contributions on share options of NOK -0.0 million (for the same period in 2022: NOK -0,7 million). The provision for social security contribution is calculated on the difference between the share price and exercise price on exercisable option as at the end of the period.

Note 4 Employee share option program (continued)

Members of senior management participating in the option program

| Option holder | | Number of options outstanding 30 Sep 2023 | Weighted Average Strike Price 2023 | Number of options outstanding 30 Sep 2022 | Weighted Average Strike Price 2022 |
|----------------|-------------------------|---|------------------------------------|---|------------------------------------|
| Martin Olin | Chief Executive Officer | 950,000 | 7.59 | 0 | 0 |
| Rune Skeie | Chief Financial Officer | 397,097 | 18.90 | 297,097 | 22.71 |
| Cristina Oliva | Chief Medical Officer | 200,000 | 7.59 | 0 | 0 |
| James Barnes | Chief Operating Officer | 411,522 | 16.57 | 301,522 | 19.85 |
| | | 1,958,619 | | 598,619 | |

Note 5 Government grants

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

| | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 |
|------------------------------|--------------|--------------|--------------|--------------|
| Payroll and related expenses | 68 | 342 | 509 | 1,027 |
| Other operating expenses | 1,120 | 1,242 | 3,449 | 4,069 |
| Total | 1,187 | 1,584 | 3,957 | 5,096 |

Grants receivable as of 30 September are detailed as follows:

| | 30 Sep 2023 | 30 Sep 2022 |
|-----------------------------------|---------------|--------------|
| Grants from Research Council, BIA | 0 | 172 |
| Grants from Research Council, PhD | 227 | 132 |
| Grants from SkatteFunn | 8,312 | 3,562 |
| Grants R&D UK | 4,153 | 4,323 |
| Total | 12,693 | 8,189 |

Note 5 Government grants (continued)

BIA grants from the Research Council:

The Company received one grant from the Research Council, programs for user-managed innovation arena (BIA) that ended in 2022. The BIA grant ("AXL as a therapeutic target in fibrosis; biology and biomarkers") was awarded from 2019 and amount up to NOK 10.7 million. The Group has recognized NOK 0.0 million YTD 2023 (2022: NOK 0.3 million) classified partly as reduction of payroll and related expenses and partly as a cost reduction of other operating expenses

PhD grants from the Research Council:

BerGenBio has been awarded two grants supporting industrial PhD's in 2020. 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 fellows' doctoral work. The Group has recognized NOK 0.4 million YTD 2023 (2022 : NOK 1.2 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 2021 until the end of 2024. The Group has recognised NOK 3.6 million YTD 2023 (2022: NOK 3.6 million) classified partly as reduction of payroll and related expenses and partly as a cost reduction of other operating expenses.

Innovation Norway:

BerGenBio has been awarded a NOK 24 million (USD 2.85m) grant from Innovation Norway to support the clinical development of BGB324 (bemcentinib) in combination with Merck & Co.'s KEYTRUDA® (pembrolizumab) in patients with advanced lung cancer. The grant from Innovation Norway is an Industrial Development Award (IFU). The IFU program is directed to Norwegian companies developing new products or services in collaboration with foreign companies. BerGenBio has by end of 2020 recognised and received the total grant of NOK 24 million. The grant may be withdrawn under certain circumstances.

R&D tax grants UK:

BerGenBio Limited, a 100% subsidiary of BerGenBio ASA, has been granted R&D tax grants in UK from 2017. R&D grants are approved retrospect by application. The Group has YTD 2023 recognised NOK 0.0 million (2022: NOK 0.0 mill) classified as reduction of payroll and related expenses for the year 2023.

Note 6 Other operating expenses

| | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 |
|--|---------------|---------------|----------------|----------------|
| Program expenses, clinical trials and research | 7,332 | 40,955 | 71,402 | 146,010 |
| Office rent and expenses | 428 | 977 | 2,119 | 2,699 |
| Consultants R&D projects | 2,435 | 1,467 | 7,027 | 5,686 |
| Patent and licence expenses | 570 | 1,288 | 4,200 | 4,627 |
| Other operating expenses | 3,827 | 4,741 | 19,209 | 22,389 |
| Government grants | -1,119 | -1,242 | -3,449 | -4,069 |
| Total | 13,473 | 48,186 | 100,508 | 177,342 |

Note 7 Earnings per share

| | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 |
|--|---------------|--------------|---------------|--------------|
| Loss for the period (NOK 1,000) | -27,932 | -59,520 | -148,765 | -224,702 |
| Average number of outstanding shares during the period | 2,620,532,532 | 88,660,532 | 1,024,543,199 | 88,628,391 |
| Earnings (loss) per share - basic and diluted (NOK) | -0.01 | -0.67 | -0.15 | -2.54 |

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

Note 8 Other current assets

| | YTD 2023 | YTD 2022 |
|-------------------|---------------|---------------|
| Government grants | 12,693 | 8,189 |
| Refundable VAT | 0 | 134 |
| Prepaid expenses | 5,458 | 1,680 |
| Other receivables | 0 | 286 |
| Total | 18,151 | 10,289 |

Note 9 Share capital and shareholder information

| As of 30 September | Number of shares | Nominal value (NOK) | Book value (NOK) |
|----------------------|------------------|---------------------|------------------|
| Ordinary shares 2023 | 2,620,532,532 | 0.10 | 262,053,253.20 |
| Ordinary shares 2022 | 88,660,532 | 0.10 | 8,866,053.20 |

Changes in the outstanding number of shares

| | YTD 2023 | YTD 2022 |
|--|----------------------|-------------------|
| Ordinary shares on January 1 st | 88,660,532 | 88,455,255 |
| Issue of ordinary shares | 2,531,872,000 | 205,277 |
| Ordinary shares at 30 September | 2,620,532,532 | 88,660,532 |

Note 9 Share capital and shareholder information (continued)

Ownership structure as of 30 September 2023

| Shareholder | | Number of shares | Percentage share of total shares |
|-------------------------------|---------|----------------------|----------------------------------|
| METEVA AS | | 704,815,981 | 26.9 % |
| INVESTINOR DIREKTE AS | | 214,431,620 | 8.2 % |
| MP PENSJON PK | | 57,069,659 | 2.2 % |
| BERA AS | | 55,768,426 | 2.1 % |
| NORDNET LIVSFORSIKRING AS | | 47,093,883 | 1.8 % |
| NORDNET BANK AB | NOMINEE | 42,846,488 | 1.6 % |
| SARSIA DEVELOPMENT AS | | 33,675,000 | 1.3 % |
| AVANZA BANK AB | NOMINEE | 32,379,429 | 1.2 % |
| RONGEVÆR | | 30,369,946 | 1.2 % |
| DNB BANK ASA | NOMINEE | 27,962,260 | 1.1 % |
| MARSTIA INVEST AS | | 26,833,824 | 1.0 % |
| JAKOB HATTELAND HOLDING AS | | 25,200,000 | 1.0 % |
| MOHN MARIT | | 24,817,824 | 0.9 % |
| HØSE AS | | 21,006,588 | 0.8 % |
| HOLØ | | 20,500,000 | 0.8 % |
| RO INVEST AS | | 20,000,000 | 0.8 % |
| ZAIM | | 12,000,000 | 0.5 % |
| DANSKE BANK A/S | NOMINEE | 11,139,174 | 0.4 % |
| JAHATT AS | | 10,075,000 | 0.4 % |
| BJØRKEHAGEN AS | | 10,000,000 | 0.4 % |
| Top 20 shareholders | | 1,427,985,102 | 54.5 % |
| Total other shareholders | | 1,192,547,430 | 45.5 % |
| Total number of shares | | 2,620,532,532 | 100.0 % |

The Annual General Meeting held 22 May 2023 approved to issue up to 2.5 billion new shares in a rights issue, and additional up to 1.25 billion warrants. The rights issue was successfully completed 13 June 2023 and fully subscribed. 2.5 billion shares was issued and 1.25 billion warrants. The warrants is a right to receive one share at a predefined issue price in specific windows.

The Board of Directors has been granted a mandate from the general meeting held on 22 May 2023 to increase the share capital with up to NOK 12,909,000 by subscription of new shares. The power of attorney was granted for the purpose of issuance of new shares in accordance with the Company's share incentive program and is valid until the earlier of the annual general meeting in 2024 and 30 June 2024. See note 4 for more information about the share incentive program and number of options granted.

The Board of Directors has been granted a mandate from the general meeting held on 22 May 2023 to increase the share capital with up to NOK 72,773,210 by subscription of new shares. The proxy is valid until the earlier of the annual general meeting in 2024 and 30 June 2024. In June 2023, the share capital was increased by NOK 3,187,200 by use of this board proxy.

Note 9 Share capital and shareholder information (continued)

Shares in the Group held by the senior management group

| | Position | Employed since | Warrants 30 Sep 2023 | Shares 30 Sep 2023 | Shares 30 Sep 2022 |
|--|-------------------------|----------------|----------------------------|--------------------------|--------------------------|
| Martin Olin | Chief Executive Officer | September 2021 | 1,000,000 | 2,037,100 | 37,100 |
| Rune Skeie | Chief Financial Officer | March 2018 | 129,595 | 259,190 | 0 |
| James Barnes | Chief Operating Officer | March 2019 | 129,595 | 259,190 | 0 |
| Total shares held by management | | | 1,259,190 | 2,555,480 | 37,100 |

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

| | Position | Served since | Warrants 30 Sep 2023 | Shares 30 Sep 2023 | Shares 30 Sep 2022 |
|---|--------------|----------------|----------------------------|--------------------------|--------------------------|
| Anders Tullgren | Chairman | January 2022 | 704,910 | 1,459,820 | 50,000 |
| Sveinung Hole 1) | Board member | September 2010 | 1,000,000 | 2,000,000 | 107 394 |
| Sally Bennett | Board member | December 2020 | 157,413 | 314,826 | 0 |
| Debra Barker | Board member | March 2019 | 155,513 | 311,027 | 0 |
| Total shares held by members of the Board of Directors | | | 2,017,836 | 4,085,673 | 157,394 |

1) Sveinung Hole holds 2,000,000 (104,444) shares in the Company through Sjev AS, a wholly owned company of Sveinung Hole, and 0 (2,950) shares directly.

BerGenBio

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