**ADMISSION DOCUMENT**

# EXACT Therapeutics AS

*(A private limited liability company incorporated under the laws of Norway)*

**Admission to trading of shares on Merkur Market**

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This admission document (the "**Admission Document**") has been prepared by EXACT Therapeutics AS (the "**Company**" and, together with its wholly-owned subsidiary, the "**Group**" or "**EXACT-Tx**") solely for use in connection with the admission to trading (the "**Admission**") of all issued shares of the Company on Merkur Market.

As of the date of this Admission Document, the Company's registered share capital is NOK 119,871, divided into 119,871 shares, each with a par value of NOK 1 (the "**Shares**").

The Shares have been approved for admission to trading on the Merkur Market and it is expected that the Shares will start trading on or about 14 July 2020 under the ticker code "EXTX-ME". The Shares are, and will continue to be, registered in the Norwegian Central Securities Registry (the "**VPS**") in book-entry form. All of the issued Shares rank pari passu with one another and each Share carries one vote.

Merkur Market is a multilateral trading facility operated by Oslo Børs ASA. Merkur Market is subject to the rules in the Norwegian Securities Trading Act of 29 June 2007 no 75 (as amended) (the "**Norwegian Securities Trading Act**") and the Norwegian Securities Trading Regulations of 29 June 2007 no 876 (as amended) (the "**Norwegian Securities Trading Regulation**") that apply to such marketplaces. These rules apply to companies admitted to trading on Merkur Market, as do the marketplace's own rules, which are less comprehensive than the rules and regulations that apply to companies listed on Oslo Børs and Oslo Axess. Merkur Market is not a regulated market, and is therefore not subject to the Stock Exchange Act or to the Stock Exchange Regulations. Investors should take this into account when making investment decisions.

**THIS ADMISSION DOCUMENT SERVES AS AN ADMISSION DOCUMENT ONLY, AS REQUIRED BY THE MERKUR MARKET ADMISSION RULES. THIS ADMISSION DOCUMENT DOES NOT CONSTITUTE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT HERETO.**

**Investing in the Company involves a high degree of risk. Prospective investors should read the entire document and, in particular, Section 1 ("Risk Factors") and Section 3.3 ("Cautionary note regarding forward-looking statements") when considering an investment in the Company and its Shares.**

Merkur Market Advisor

**Carnegie AS**

**The date of this Admission Document is 9 July 2020**

# IMPORTANT INFORMATION

This Admission Document has been prepared solely by the Company in connection with the Admission. The purpose of the Admission Document is to provide information about the Company and its business. This Admission Document has been prepared solely in the English language.

For definitions of terms used throughout this Admission Document, please refer to Section 14 ("Definitions and glossary of terms").

The Company has engaged Carnegie AS as its advisor in connection with its Admission to Merkur Market (the "**Merkur Advisor**"). This Admission Document has been prepared to comply with the Admission to Trading Rules for Merkur Market (the "**Merkur Market Admission Rules**") and the Content Requirements for Admission Documents for Merkur Market (the "**Merkur Market Content Requirements**"). Oslo Børs ASA has not approved or reviewed this Admission Document or verified its content.

The Admission Document does not constitute a prospectus under the Norwegian Securities Trading Act and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and has not been reviewed or approved by any governmental authority.

All inquiries relating to this Admission Document should be directed to the Company or the Merkur Advisor. No other person has been authorized to give any information, or make any representation, on behalf of the Company and/or the Merkur Advisor in connection with the Admission, if given or made, such other information or representation must not be relied upon as having been authorized by the Company and/or the Merkur Advisor.

The information contained herein is current as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company subsequent to the date of this Admission Document. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Admission Document and before the Admission will be published and announced promptly in accordance with the Merkur Market regulations. Neither the delivery of this Admission Document nor the completion of the Admission at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Admission Document is correct as of any time since its date.

The contents of this Admission Document shall not be construed as legal, business or tax advice. Each reader of this Admission Document should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Admission Document, you should consult with your stockbroker, bank manager, lawyer, accountant or other professional advisor.

The distribution of this Admission Document in certain jurisdictions may be restricted by law. Persons in possession of this Admission Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Admission Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Admission Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court (Nw.: *Oslo tingrett*) as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Admission Document.

Investing in the Company's Shares involves risks. Please refer to Section 1 ("Risk factors").

## INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "**Positive Target Market**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Appropriate Channels for Distribution**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a

guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**", and, together with the Positive Target Market, the "**Target Market Assessment**").

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

## ENFORCEMENT OF CIVIL LIABILITIES

The Company is a private limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

The members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and the members of the Group's senior management (the "**Management**") are not residents of the United States of America (the "**United States**"), and a substantial portion of the Company's assets are located outside the United States. As a result, it may be very difficult for investors in the United States to effect service of process on the Company, the Board Members and members of Management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of federal securities laws or other laws of the United Stated (including any State or territory within the United States).

The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or its Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway. The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters with Norway.

Similar restrictions may apply in other jurisdictions.

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## 1 RISK FACTORS

*Investing in the Shares involves inherent risks. Before making an investment decision, investors should carefully consider the risk factors and all information contained in this Admission Document, including the Financial Information and related notes. The risks and uncertainties described in this Section 1 ("Risk factors") are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of a negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.*

*If any of the risks were to materialize, individually or together with other circumstances, it could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks the Group may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Group's business, financial condition, results of operations and cash flow. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.*

*The risk factors described in this Section 1 ("Risk factors") are sorted into a limited number categories, where the Company has sought to place each individual risk factor in the most appropriate category based on the nature of the risk it represents. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance. The risks mentioned herein could materialise individually or cumulatively.*

*The information in this Section 1 ("Risk factors") is as of the date of this Admission Document.*

### 1.1 Risk related to the business and industry in which the Group operates

***Risk related to the Industry**:* The market for the Company's products may not grow as anticipated. The market for the Company's products and services is competitive. The failure of the Company to maintain a competitive product offering could have a material adverse effect on the Company's business, operating results or financial condition.

***Risks related to the Company´s current and future technologies, drug candidates, commercialization, development and intellectual property rights**:*

- The Company´s success for the foreseeable future is highly dependent upon the commercialization of its lead technology platform Acoustic Cluster Therapy (ACT®). No assurance can be given as to whether or when it will be successfully developed or commercialized or will generate revenues or whether the Company will be able to develop and commercialize the platform further.
- The Company may not attain sufficient market acceptance of ACT® or any other drug candidate among physicians, patients, health care or medical community in the event they are commercialized, if at all.
- Reimbursement may be limited or unavailable in certain markets segments, which could make it more difficult for the Company to sell its products profitably.
- The Company´s results of operations may be adversely affected by changes in the environment and/or regulations for pharmaceutical products
- The Company will be reliant on third parties to deliver its products if approved. Any disruption in transport or distribution could impair the Company´s ability to commercialize its products or satisfy customer demand.
- The Company may need consent from third parties to assign its rights and obligations under certain agreements.
- Phase I is an early stage in the clinical development of pharmaceuticals and such trials may not deliver expected results and may not be indicative of results in later stage trials.
- Any failure or delay in completing clinical trials for any of the Company´s drug candidates may prevent it from obtaining regulatory approval or commercializing product candidates on a timely basis, or at all, which would require the Company to incur additional costs and delay receipt of any product revenue.
- Failure to obtain and maintain regulatory approvals may prevent the Company from developing and marketing its products and product candidates.
- If the Company obtains regulatory approval for ACT® or any other products or product candidates, it will be subject to ongoing regulatory obligations and continued regulatory overview, which may result in significant additional expense or the imposition of restrictions on marketing and commercialization.

- The Company could become subject to liability claims in connection with clinical trials or otherwise in connection with use or misuse of ACT® after commercialization.
- The success, competitive position and future revenues of the Company will depend on its ability to protect its intellectual property and safeguard its know-how and trade secrets.
- The Company could be unsuccessful in obtaining adequate patent protection for one or more of its drug candidates.
- Issued patents covering one or more of the Company´s drug candidates could be found invalid or unenforceable if challenged.

***Risk related to Covid-19****:* The recent outbreak of the Covid-19 virus may have significant negative effects on the Company. The Company may be affected by the global economic conditions of the markets in which it operates. The global economy has been experiencing a period of uncertainty since the recent outbreak of the Covid-19 virus, which was recognized as a pandemic by the World Health Organization in March 2020. The global outbreak of Covid-19, and the extraordinary health measures imposed as a result, risk causing disruptions in the Company´s value chain. This may in turn negatively impact future revenues and operations.

***Risk related to the master agreement with GE Healthcare AS****:* The Company entered into a master agreement (with addendums) with GE Healthcare AS ("**GE Healthcare**") in 2012, regarding transfer of certain assets from GE Healthcare to the Company and a license for the Company to use certain data. As consideration therefore, GE Healthcare is entitled to receive 5% of the Company's (future) net sales (as further defined in the agreement) of products and/or technology based on the originally transferred assets and data. The agreement also provides GE Healthcare with a right of first refusal to purchase any patents arising out of the originally transferred assets and data, should the Company decide to sell such patents to a third party. Further, the agreement provides that GE Healthcare shall have the right of first refusal to purchase the shares in the Company, if the shareholders in the Company decide to sell a majority interest in the Company. The shareholders in the Company have however, to the Company's knowledge, not acceded to this right of first refusal, nor is the Company generally authorized to make such commitment on behalf of, or impose such obligation, on its shareholders. Hence, such provision will generally not be valid and binding for the shareholders.

***Risk related to employees****:*
- The Company is dependent on a small team of key personnel for its success and may fail to attract and retain qualified employees, including senior management, which may significantly affect the Company's future business and operations. There can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business
- There is a risk that the protection against former employees participating in competing activities or soliciting customers or employees after termination of employment, is unsatisfactory. If so, the Company's business, prospects, revenues, operating results and financial condition may be materially adversely affected.

### 1.2 Legal and regulatory risk

***Risk related to laws and regulation****:*
- Changes in the legislative and fiscal framework governing the activities of pharmaceutical companies could have material impact on the demand for the Company's products, hinder or delay the Company's operations, increase the Company's operating costs, and/or restrict the Company's ability to operate its business entirely.
- Changes to accounting rules or regulations may adversely affect the Company's financial position, cash flow and results of operations.
- The Company may fail to comply with applicable laws and regulations which may result in sanctions such as but not limited to, litigation and monetary fees.

***Risk related to litigation and disputes****:* The Company may from time to time be involved in legal disputes and legal proceedings related to the Company's operations or otherwise. Such disputes and legal proceedings may be expensive and time-consuming, and could divert management's attention from the Company's business

### 1.3 Risk related to the Issuer's financial situation

***Risk related to lack of historical financial information****:* The Company has a limited operating history. Any historical financial information will not be useful in estimating the Company's future financial results.

***Risk related to financing****:* The Company has no operating income or operating cash flow to finance the development, marketing and sale of its products and is dependent on funding from shareholders/investors and/or banks. The Company will require additional equity capital to finance the continued development of its products and

no assurance can be given that sufficient equity capital will be secured, or the terms at which such equity capital can be secured (if any) will be satisfactory or with respect to the amount of equity capital that will be required. The Company may also incur substantial debt in the future, which may make it difficult for it service its debt, and future debt arrangements could limit the Company's liquidity and flexibility in obtaining additional financing, in pursuing other business opportunities or corporate activities or the Company's ability to declare dividends to its shareholders.

***Risk related to variability of operating results etc.:*** The Company's operating income/losses and operating results may vary from month to month. The Company's operating income may be difficult to forecast due to changes in demand for its products, the competitive environment, as well as other general economic and market conditions.

### 1.4 Risks relating to the Shares and the Admission

***Risks related to future sales of shares:*** Future sales, or the possibility for future sales of substantial numbers of the Shares may affect the market price of the Shares in an adverse manner.

**An active trading market for the Company's shares on Merkur Market may not develop:** The Shares have not previously been tradable on any stock exchange, other regulated market place or multilateral trading facilities. No assurances can be given that an active trading market for the Shares will develop on Merkur Market, nor sustain if an active trading market is developed. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares following completion of the Admission.

***Volatility of the share price:*** The future share price development of the Company may be volatile due to various factors, including fluctuations in the Company's results and general market conditions. In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Group, and these fluctuations may materially affect the price of the Shares.

***Shareholders outside of Norway are subject to exchange rate risk:*** All of the Shares will be priced in Norwegian Kroner ("**NOK**"), the lawful currency of Norway, and any future payments of dividends on the Shares or other distributions from the Company will be denominated in NOK. Shareholders outside of Norway are subject to exchange rate risk which may affect the value of the shares and dividends paid on the shares.

**The Company will incur increased costs as a result of being listed on Merkur Market:** As a company with its shares listed on Merkur Market, the Company will be required to comply with Oslo Børs' reporting and disclosure requirements for companies listed on Merkur Market. The Company will incur additional legal, accounting and other expenses in order to ensure compliance with these and other applicable rules and regulations. The Company anticipates that its incremental general and administrative expenses as a company with its shares listed on Merkur Market will include, among other things, costs associated with annual and interim reports to shareholders, shareholders' meetings, investor relations, incremental director and officer liability insurance costs and officer and director compensation. In addition, the Board of Directors and management may be required to devote significant time and effort to ensure compliance with applicable rules and regulations for companies with its shares listed on Merkur Market, which may entail that less time and effort can be devoted to other aspects of the business. Any such increased costs, individually or in the aggregate, could have an adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

***Risk of dilution for the shareholders:***

- Shareholders may risk being diluted through future issuances of shares or other securities. Issuance of such shares may be offered with a discount on the current market price and thus have a material adverse effect on the market price of the outstanding shares.
- The Company currently has outstanding share options granted to three employees. Any future exercise of such share options, will result in a dilution of existing shareholders.
- The Company has introduced a restricted stock units-program for the board members giving the board members right to have their board remuneration converted into shares. Any issuance of shares under the program will result in a dilution of existing shareholders.

***Shareholders may risk not receiving dividends in the near future:*** Dividends cannot be expected in the near future and may be restricted by applicable law.

***Shareholders may risk not being able to bring an action against the Company:*** Norwegian law may limit shareholders' ability to bring an action against the Company or its officers.

## 2 RESPONSIBILITY FOR THE ADMISSION DOCUMENT

This Admission Document has been prepared solely in connection with the Admission to trading on Merkur Market.

The Board of Directors of EXACT Therapeutics AS accepts responsibility for the information contained in this Admission Document. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Admission Document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

**9 July 2020**

**The Board of Directors of EXACT Therapeutics AS**

Masha Strømme
(Chairperson)

Sir William Castell
(Deputy chairperson)

Aitana Peire
(Board Member)

Hans Henrik Klouman
(Board Member)

Jean Claude Provost
(Board Member)

Susanne Stuffers
(Board Member)

Jean-Michel Cossery
(Board Member)

# 3 GENERAL INFORMATION

## 3.1 Other important investor information

The Company has furnished the information in this Admission Document. No representation or warranty, express or implied, is made by the Merkur Advisors as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Admission Document is, or shall be relied upon as a promise or representation in this respect, whether as to the past or the future. The Merkur Advisors assume no responsibility for the accuracy or completeness or the verification of this Admission Document and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Admission Document or any such statement.

Neither the Company nor the Merkur Advisors, or any of their respective affiliates, representatives, advisors or selling agents, is making any representation to any purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

## 3.2 Presentation of financial and other information

### *3.2.1 Financial information*

The Company's Financial Statements (as hereinafter defined) have been prepared in accordance with NGAAP, the Norwegian Accounting Act and NRS no. 8 (good accounting practice for small businesses). The Company's Financial Statements have been audited by Revisorgruppen Oslo AS.

The Financial Statements present unconsolidated financial information.

The Company presents the Financial Statements in NOK (presentation currency). Reference is made to Section 8 ("Selected financial information and other information") for further information.

### *3.2.2 Industry and market data*

In this Admission Document, the Company has used industry and market data obtained from independent industry publications, market research and other publicly available information. Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Admission Document that was extracted from industry publications or reports and reproduced herein.

Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data and statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Admission Document (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 1 ("Risk factors") and elsewhere in this Admission Document.

Unless otherwise indicated in the Admission Document, the basis for any statements regarding the Company's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

### 3.3 Cautionary note regarding forward-looking statements

This Admission Document includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Admission Document. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. For a non-exhaustive overview of important factors that could cause those differences, please refer to Section 1 ("Risk factors").

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Admission Document.

## 4 REASONS FOR THE ADMISSION

As of the date of the Admission Document, the Company has 67 registered Shareholders. The Company has experienced an increasing interest from the investor community, and considers the Admission as an excellent opportunity for meeting this demand.

The Company believes the Admission will:

- attract high quality Shareholders, diversify the shareholder base and enable investors to take part in the Company's future growth and value creation;
- enhance the Group's profile with investors, business partners, suppliers and customers;
- enable the Company to access the capital markets to fund attractive opportunities;
- allow for a trading platform and liquid market for the Shares;
- further improve the ability of the Group to attract and retain key management and employees.

No equity capital or proceeds will be raised by the Company upon the Admission, but the Company has completed a private placement immediately prior to the Admission, as further described in Section 6 ("The Private Placement").

## 5 DIVIDENDS AND DIVIDEND POLICY

### 5.1 Dividends policy

The Company will strive to follow a dividend policy favourable to the shareholders. The amount of any dividend to be distributed will be dependent on, inter alia, the Company's investment requirements and rate of growth. As of the date of this Admission Document, the Company is in a development phase and will most likely not be in a position to pay dividends in the foreseeable future. There can be no assurance that in any given year a dividend will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the policy.

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in Section 5.2 ("Legal and contractual constraints on the distribution of dividends") below, as well as capital expenditure plans, financing requirements and maintaining the appropriate strategic flexibility.

The Company has not paid any dividends during the financial years 2019 or 2018.

### 5.2 Legal and contractual constraints on the distribution of dividends

In deciding whether to propose a dividend and in determining the dividend amount in the future, the Board of Directors must take into account applicable legal restrictions, as set out in the Norwegian Private Limited Liability Companies Act of 13 June 1997 no. 44 (as amended) (the "**Norwegian Private Companies Act**"), the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in force at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Private Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

Dividends may be paid in cash or in some instances in kind. The Norwegian Private Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Norwegian Private Companies Act regulates what may be distributed as dividend, and provides that the Company may distribute dividends only to the extent that the Company after said distribution still has net assets to cover (i) the share capital and (ii) other restricted equity (i.e. the reserve for unrealized gains and the reserve for valuation of differences).

- The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividend shall be applied. Following the approval of the annual accounts for the last financial year, the General Meeting may also authorize the Board of Directors to declare dividends on the basis of the Company's annual accounts. Dividends may also be resolved by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the General Meeting's resolution.

- Dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound.

Pursuant to the Norwegian Private Companies Act, the time when an entitlement to dividend arises depends on what was resolved by the General Meeting when it resolved to issue new shares in the company. A subscriber of new shares in a Norwegian private limited company will normally be entitled to dividends from the time when the relevant share capital increase is registered with the Norwegian Register of Business Enterprises. The Norwegian Private Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 11 ("Norwegian taxation").

### 5.3 Manner of dividends payment

Any future payments of dividends on the Shares will be denominated in the currency of the bank account of the relevant shareholder, and will be paid to the shareholders through the VPS Registrar. Shareholders registered in the VPS who have not supplied the VPS Registrar with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Shares. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

## 6 THE PRIVATE PLACEMENT

### 6.1 Details of the Private Placement

On 29 June 2020, the Company completed a private placement (the "**Private Placement**"), consisting of:

(i) a share capital increase for a total amount of NOK 145,009,081, by issuing 27,881 Shares, with a nominal value of NOK 1 each, at a subscription price of NOK 5,201 per Share; and

(ii) a secondary sale of existing, validly issued Shares from founders of the Company Per Christian Sontum, Svein Kvåle and Andrew John Healey (the "**Selling Shareholders**"), each with a nominal value of NOK 1, for a total amount of NOK 10,001,523.

The bookbuilding period for the Private Placement took place from 4 June 2020 to 16 June 2020, notifications of allocation was issued on 18 June 2020 and payment took place on 1 July 2020. Delivery of the new Shares in the Private Placement will be made through the facilities of the VPS as soon as the share capital increase is registered in the Norwegian Register of Business Enterprises and will occur prior to trading of the Shares on Merkur Market.

No price stabilization measures will be carried out in connection with the Private Placement.

### 6.2 Shareholdings following the Private Placement

Upon completion of the registration of the Private Placement in the Norwegian Register of Business Enterprises the Company have the shareholders set out in Section 10.4 ("Ownership structure").

### 6.3 Use of proceeds

The proceeds from the Private Placement will primarily be used to:

- Complete the phase I study of ACT® in patients with liver metastases secondary to colorectal and pancreatic cancer
- Initiate planning and perform supporting studies for a multi-indication oncology basket trial
- Develop a 3D treatment multi-site ACT® therapy ultrasound probe
- Conduct preclinical studies in murine models involving ACT® in conditions of the central nervous system ("**CNS**"), infectious diseases, and in oncology in combination with immunotherapy
- Reinforce the management team

In addition to the above, the proceeds will be used to cover relevant transaction costs incurred in connection with the Private Placement and the listing of the Shares on Merkur Market.

### 6.4 Lock-up

#### *6.4.1 Board Members and Management*

Pursuant to lock-up undertakings entered into in connection with the Private Placement, management and members of the Board of Directors holding have undertaken that they will not, without the prior written consent of the Manager and subject to customary exceptions, during the period up to and including the date falling 6 months from the first day of trading of the Shares on Merkur Market, (1) sell, offer to sell, contract or agree to sell, grant any option to purchase, or otherwise dispose of or agree to dispose of, directly or indirectly, or establish a put or put equivalent-position with respect to, any Shares or any convertible bond or securities convertible into or exercisable or exchangeable or (2) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise.

#### *6.4.2 Selling Shareholders*

Pursuant to lock-up undertakings entered into in connection with the Private Placement, the Selling Shareholders have undertaken that they will not, without the prior written consent of the Manager and subject to customary exceptions, during the period up to and including the date falling 36 months from the first day of trading of the

Shares on Merkur Market, (1) sell, offer to sell, contract or agree to sell, grant any option to purchase, or otherwise dispose of or agree to dispose of, directly or indirectly, or establish a put or put equivalent-position with respect to, any Shares or any convertible bond or securities convertible into or exercisable or exchangeable for Shares held prior the private placement or (2) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise. Any Shares acquired after the date of the lock-up undertaking are not subject to the same restrictions.

## 7 BUSINESS OVERVIEW

*This section provides an overview of the Company's business as of the date of this Admission Document. The following discussion contains forward-looking statements that reflect the Company's plans and estimates, see Section 3.3 ("Cautionary note regarding forward-looking statements") above, and should be read in conjunction with other parts of this Admission Document, in particular Section 1 ("Risk factors").*

### 7.1 Introduction

EXACT Therapeutics (previously named Phoenix Solutions) is a clinical stage Norwegian biotech company spun out of GE Healthcare in 2012, and whose mission is to is to extend and enrich patient lives through targeted therapeutic enhancement. It is currently developing a technology platform for targeted drug delivery – Acoustic Cluster Therapy (ACT®) sonoporation.

ACT® is an innovative platform technology achieving ultrasound guided therapeutic enhancement of pharmaceuticals, initially focused in oncology with the potential for broader utility across therapeutic areas (e.g. infectious diseases, CNS, immunotherapy) and product classes.

EXACT-Tx is located in Oslo, Norway, with a UK subsidiary having recently been established. Research and development of ACT® has been conducted by its management team in collaboration with leading institutions in oncology research and development including the Institute for Cancer Research ("**ICR**")/Royal Marsden Hospital in London, UK, the Translational Genomics Research Institute in Arizona, US ("**TGen**"), Norwegian University of Science and Technology in Trondheim, Norway ("**NTNU**"). The Company has a long history of collaboration with GE Healthcare including manufacturing of the ACT® formulation and ultrasound probe development.

ACT® is supported by a strong and broad preclinical package demonstrating therapeutic enhancement in multiple oncology models (pancreatic, breast, colon, prostate) as well as blood-brain barrier penetration, whilst the first-in-man phase I study has been initiated at the Royal Marsden Hospital in London in Sept 2019.

### 7.2 History and important events

The table below shows the Group's key milestones from its incorporation and to the date of this Admission Document:

| Year | Event |
|---|---|
| **2012** | • Exact Therapeutics AS was incorporated on 12 April 2012 as Phoenix Solutions AS |
| **2014 - 2015** | • Preclinical studies confirm therapeutic efficacy of ACT®.<br>• Patents filed |
| **2016** | • Additional preclinical studies completed and published |
| **2017** | • Good Manufacturing Practices ("**GMP**") manufacturing agreement signed with GE Healthcare |
| **2018** | • GLP safety study completed, probe manufacture initiated with Parallel Designs (part of GE Healthcare)<br>• Patent granted in China |
| **2019** | • First in-man clinical study initiated at Royal Marsden Hospital in London |
| **2020** | • Phoenix Solutions AS renamed to EXACT Therapeutics AS |

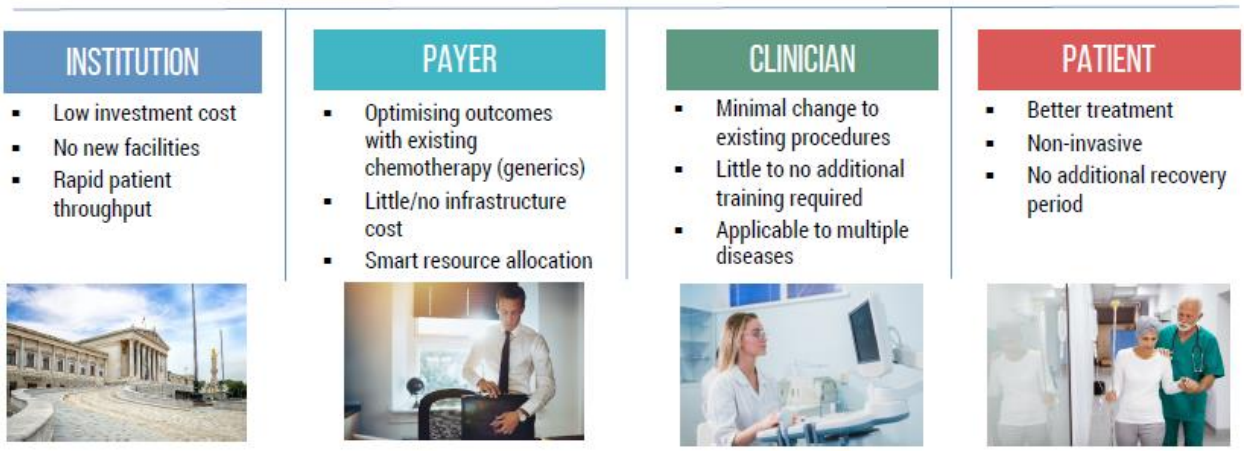
### 7.3 Vision, strategy and value proposition

#### *7.3.1 Vision and strategy*

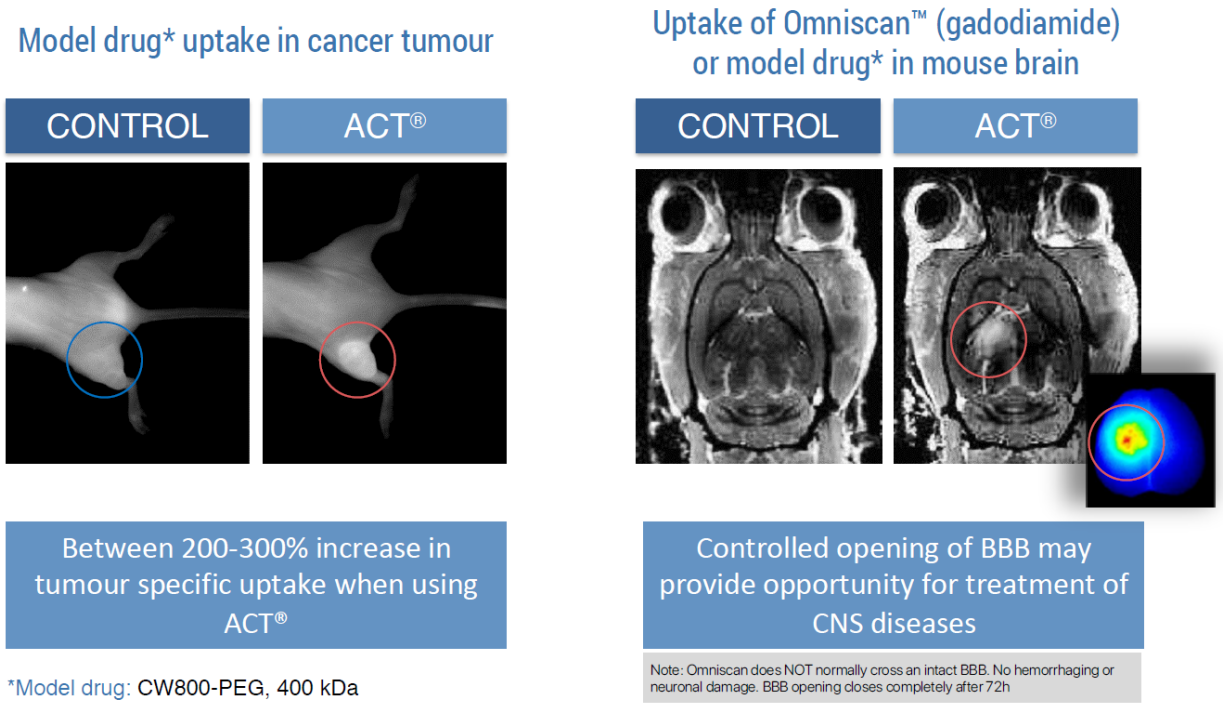
EXACT-Tx's vision is to harness the power of ultrasound in precision therapeutic targeting across a multitude of therapeutic areas and product classes. Whilst the initial focus of the Company is oncology due to significant unmet need and commercial potential, ACT® will be further evaluated for use in other therapeutic areas including CNS conditions and infectious diseases.

#### *7.3.2 Value proposition*

ACT® sonoporation delivers a compelling value proposition to clinicians, patients, payers and healthcare systems. The ACT® platform has the potential to be disease and drug agnostic and is being developed for use with clinically approved diagnostic ultrasound scanners that are commonly found in hospitals and clinics worldwide.




**Reproducible and signficant uptake through targeted delivery into tumour and across blood brain barrier**




## 7.4 Target Market

### *7.4.1 Introduction*

Despite recent advances in therapeutics, the management of many cancers remains challenging due to suboptimal penetration of systemically administered chemotherapy. Studies have demonstrated that only a small proportion (<5%)[1] of systemically administered therapeutics reaches the target site of pathology with consequent poor outcomes across a number of malignancies, such as pancreatic cancer where 5-year survival remains low. In other instances, surgical resection of tumours is hindered by the size and location of the cancer, often necessitating extensive and invasive procedures. As a consequence, an opportunity exists to increase the therapeutic efficacy of chemotherapy administered in the neoadjuvant setting through the increase of resectability of the primary tumour

[1] Bae, You Han, and Kinam Park. "Targeted drug delivery to tumors: myths, reality and possibility." *Journal of controlled release* 153.3 (2011): 198.

and improving clinical outcomes for cancer patients. Such an approach would be relevant in a number of local/locally advanced cancers including:

- Soft tissue sarcoma
- Breast cancer
- Pancreatic cancer
- Head and neck squamous cell carcinoma
- Renal cell cancer

It is anticipated that application of ACT® sonoporation in combination with standard of care chemotherapy will enhance the impact of the chemotherapy on tumour regression thereby increasing the probability of successful resection. The oncology indications will be the initial focus for ACT® sonoporation.

The simplicity of application of ACT® is an important consideration with respect to workflow integration, adoption and differentiation. The ease of intravenous administration of the ACT® formulation is similar to the co-administered chemotherapy, whilst the compatibility of the platform with existing ultrasound scanners will further facilitate rapid uptake in both the hospital and office/out-patient settings. The co-administration of known and established chemotherapeutic agents and the application of ultrasound energy levels well within safe and approved ranges will provide additional reassurance to clinicians and patients. Finally, the minimal infrastructure requirements, essentially a bespoke probe, will allow rapid and widespread adoption, whilst competitor offerings may require significant investments in either scanner technology or other significant hardware.

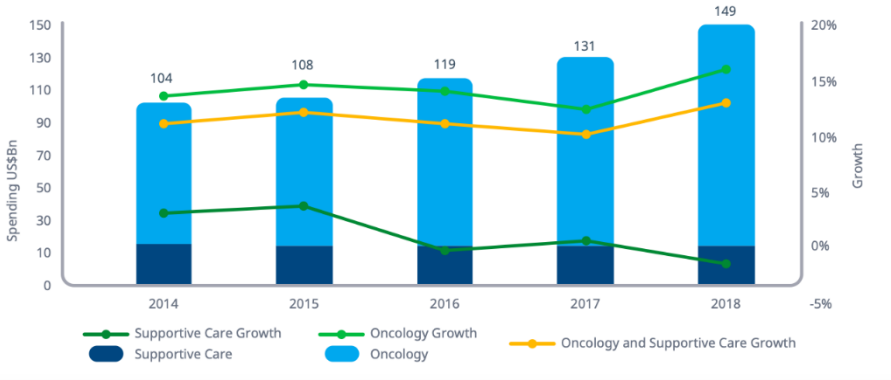
Due to the platform potential of ACT® sonoporation and the extensive preclinical program demonstrating that ACT® is both disease and drug agnostic, additional target markets include neurological conditions as well as selected infectious diseases.

The total oncology market is very significant whilst the potential for ACT® sonoporation in the anticipated indications for initial clinical development is highly attractive, given the high unmet need (e.g., soft tissue sarcoma, pancreatic cancer) as well as epidemiological considerations (e.g. breast cancer). Furthermore, the pricing of therapies in oncology continues to increase with the average annual cost per patient of therapies approved in the last 5 years exceeding USD 100,000. Against this backdrop, the potential opportunity to combine ACT® with either generic standard of care chemotherapy as well as more contemporary agents to improve clinical outcomes and provide better value for cost provides significant commercial potential.

The global market for oncology therapeutics continues to be highly attractive with sustained double-digit sales growth over the last 5 years. This has been primarily driven by launches of innovative therapeutics whilst the impact of loss of exclusivity and generic/biosimilars is growing.

**Oncology spending reached nearly $150 billion in 2018 as cancer medicines grew by 15.9% offset by a decline in supportive care**

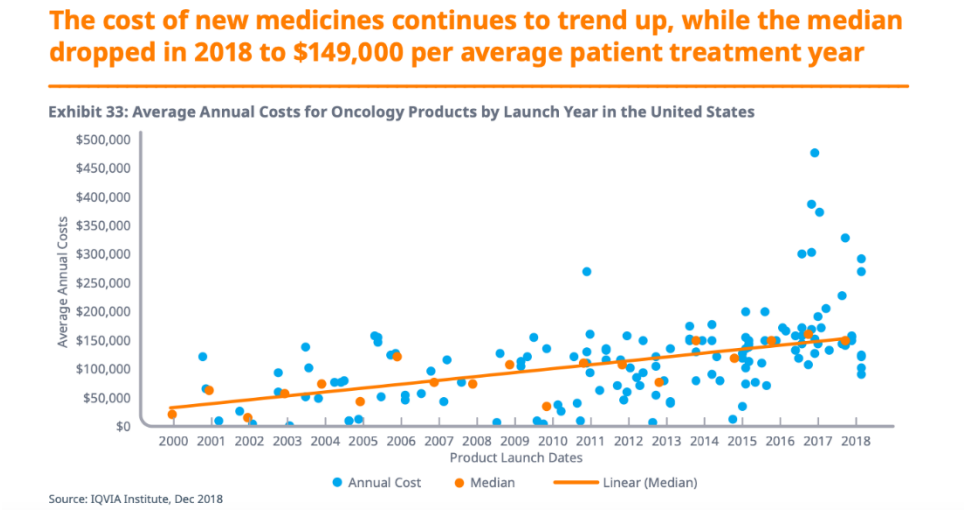
**Exhibit 29: Total Spending on Oncology Medicine and Supportive Care and Growth US$Bn**




Source: IQVIA Institute, Dec 2018

Over the last 5 years the median annual cost for newly launched oncology therapeutics surpassed USD 100,000 per patient in the United States. Although not as high, the pricing of oncology products has also been the subject of much discussion outside the US. Against this backdrop and with growing payer pressure particularly post-Covid-19 pandemic, the drive to extract greater value from therapeutics will increase as evidenced by institutions such as the Value in Cancer Care Consortium ("**VI3C**"), a non-profit organising whose vision is to improve the value of existing treatments to cancer patients and society by, amongst others, optimizing the delivery of existing drugs.

EXACT-Tx is in a unique position to target this segment of the value chain given the broad potential of the ACT® platform for therapeutic enhancement and optimised delivery.




Given the platform potential of ACT® sonoporation across multiple indications and therapeutics, the initial focus for the company will remain in oncology where the unmet need continues to be high as well as being commercially attractive given the current global dynamics. ACT® has the potential to be co-administered with well-established standard of care generic chemotherapeutics to deliver improved outcomes, whilst addressing increased healthcare budget pressures. ACT® may also be an attractive partnering opportunity with both branded and generic/biosimilar assets to improve outcomes and differentiate products in increasingly competitive market segments.

The planned clinical development of ACT® sonoporation will centre around local/locally advanced malignancies that may be primarily managed through surgical resection where ACT® sonoporation in combination with standard of care chemotherapy increases the likelihood of successful resection and consequent improved long-term outcomes. Through amplifying the therapeutic effects of chemotherapy, it is anticipated that ACT® sonoporation will achieve a significant reduction in tumour burden thereby enabling resection where this was not previously feasible or facilitating the surgical procedure (e.g., breast conserving surgery).

### *7.4.2 Soft Tissue Sarcoma*

Soft tissue sarcoma is a rare type of cancer originating from muscle, fat, blood vessel, nerves, tendons and other soft tissues surrounding joints. More than 100 subtypes of soft tissue sarcoma exist, affecting both children and adults. The most common subtypes of soft tissue sarcoma occur in the arms and legs, and in the abdomen, all of which are readily accessible by ultrasound. Surgical removal is the most common treatment strategy, although radiation and chemotherapy also may be recommended, depending on the size, type, location and aggressiveness of the tumour.[2] Consequently, the potential of ACT® sonoporation combined with chemotherapy to reduce tumour burden and enable/facilitate successful resection is significant. Given the high unmet need and orphan nature of this type of cancer, there may be opportunities for an accelerated development program and subsequent regulatory review. It is anticipated that ACT® sonoporation would be utilised in patients with locally advanced disease (stage II)

[2] Hoang, Ngoc T., et al. "A review of soft-tissue sarcomas: translation of biological advances into treatment measures." Cancer management and research 10 (2018): 1089.

as well as in some patients with large local tumours (stage I).[3] This represents approximately 15% of the total sarcoma population.

### *7.4.3 Breast Cancer*

Neoadjuvant therapy is the standard of care for treatment of locally advanced and inoperable breast cancer. Application of this systematic therapy before surgery benefits patients with improved rates of breast-conserving surgery, increased possibility of early measurement of response, as well as potentially preferable outcomes for certain subgroups of high-risk patients. Although there is an exponential increase in the number of patients with earlier-stage operable breast cancers in the setting of improved screening and early diagnosis, locally advanced breast cancer ("**LABC**") is still a severe clinical issue.[4]

LABC accounts for about 20% of breast cancer with 5-year overall survival rate ranging between 13 to 24% after simple operation, and local recurrence rate in 5 years is about 48%. With the introduction of routine treatment methods such as radiotherapy and chemotherapy accompanying surgery for these patients, the 5-year survival rate now pegs at 30–55%.[5]

In this context, and based on compelling preclinical data, ACT® sonoporation has the potential to enhance the neoadjuvant management of LABC, improving surgical and longer-term clinical outcomes when co-administered with current standard of care chemotherapy.

### *7.4.4 Pancreatic Cancer*

Pancreatic ductal adenocarcinoma ("**PDAC**") is currently the 3rd most common cause of cancer death in the United States with surgical resection offering the only chance of cure. Long-term survival rates after the diagnosis of PDAC is dismal, with less than a tenth of patients alive after 5 years. A strategy involving neoadjuvant therapy aims to improve the chance of a long-term cure. Against this backdrop the application of ACT® sonoporation in combination with chemotherapeutic regimens such as FOLFIRINOX has the potential to improve margin-negative resection rates and consequent long-term outcomes.[6]

## 7.5 Technology

### *7.5.1 Present market landscape*

**Ultrasound Guided Therapy**

There has been significant interest in ultrasound guided therapy over the last decade. During this time, the potential for microbubbles traditionally used in diagnostic imaging has been evaluated including the first clinical study assessing the potential utility of a commercially available contrast agent (SonoVue – Bracco) in the management of pancreatic cancer. This small study (n=10) led by a member of the management team of EXACT-Tx (S. Kotopoulis) demonstrated both improved overall survival and adherence to chemotherapy.[7] Despite limitations of commercially available contrast agents, this study amongst others has stimulated interest in the field of sonoporation, including a focus on optimising the profile of the microbubble agent that is co-administered with chemotherapy. EXACT-Tx has developed a proprietary formulation, Acoustic Cluster Therapy (ACT®), consisting of microbubbles and microdroplets, that overcomes the limitations of existing agents and is thereby expected to increase the therapeutic activity of the co-administered product at the target site of action.

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[3] Cates, Justin MM. "The AJCC 8th edition staging system for soft tissue sarcoma of the extremities or trunk: a cohort study of the SEER database." Journal of the National Comprehensive Cancer Network 16.2 (2018): 144-152.

[4] Wang, Minghao, et al. "Neoadjuvant chemotherapy creates surgery opportunities for inoperable locally advanced breast cancer." *Scientific reports* 7 (2017): 44673

[5] Costa, Ricardo, Nora Hansen, and William J. Gradishar. "Locally Advanced Breast Cancer." The Breast. Elsevier, 2018. 819-831.

[6] Chawla, Akhil, and Cristina R. Ferrone. "Neoadjuvant therapy for resectable pancreatic cancer: an evolving paradigm shift." *Frontiers in oncology* 9 (2019).

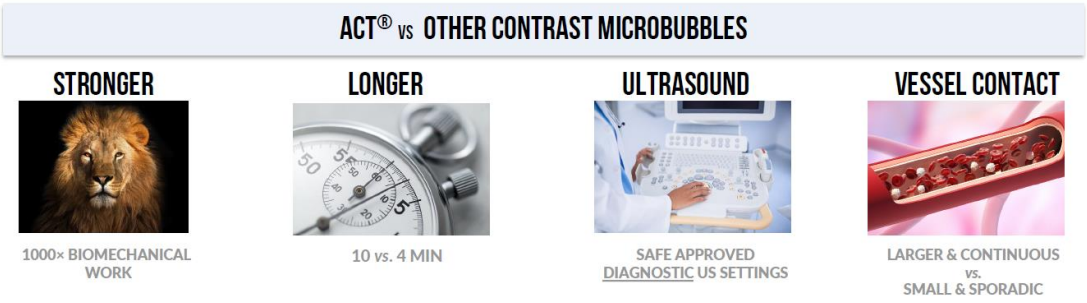
[7] Dimcevski, Georg, et al. "A human clinical trial using ultrasound and microbubbles to enhance gemcitabine treatment of inoperable pancreatic cancer." Journal of Controlled Release 243 (2016): 172-181.

**Acoustic Cluster Therapy (ACT®)**

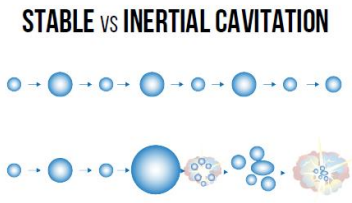
In 2013 EXACT-Tx (formerly Phoenix Solutions) spun out of GE Healthcare to develop and commercialise Acoustic Cluster Therapy (ACT®) for the therapeutic enhancement of pharmaceutical products. In the subsequent 6-year period, a significant preclinical data package was developed demonstrating a profound, consistent and sustained impact of ACT® when combined with standard of care chemotherapy across animal models of pancreatic, prostate, colon and breast cancer. Furthermore, a study in a murine model suggests ACT® has the potential to achieve controlled opening of the blood brain barrier, signalling a promising opportunity for co-administration with therapeutics targeting the central nervous system, an area of very high unmet need. In parallel, the company has completed significant chemistry, manufacturing and control ("**CMC**") work with GE Healthcare, for the GMP manufacturing of the ACT® formulation. GE Healthcare is also EXACT-Tx's partner for the development of a bespoke dual-frequency probe required to activate and enhance ACT®. Importantly, this probe is compatible with the existing installed base of ultrasound scanners, ubiquitous in the current healthcare environment.


The ACT® formulation of stabilised microbubbles and stabilised microdroplets is biologically inert being excreted via the lungs in 1-2 hours while the lipid component enters the endogenous phospholipid pool. Consequently, the mode of action to increase extravasation of the co-administered therapeutic is purely through the generation of biomechanical forces within the microvasculature based on ultrasound activation of the ACT® formulation creating a larger microbubble. These larger microbubbles expand and contract rapidly in a stable and controllable manner using US Food and Drug Administration[8] and International Electrotechnical Commission[9] approved diagnostic ultrasound levels.

EXACT-Tx considers the ACT® technology as superior and believes that it has a first mover advantage in this space, which creates an advantage over emerging competition, as illustrated in the following:




- Clinical stage significantly ahead of competition
- GMP manufacturing
- Technology platform: breadth of preclinical program provides platform for early indication expansion
- Customised probe compatible with off the shelf scanner platform, accelerating commercial adoption
- 'Theranostic' potential

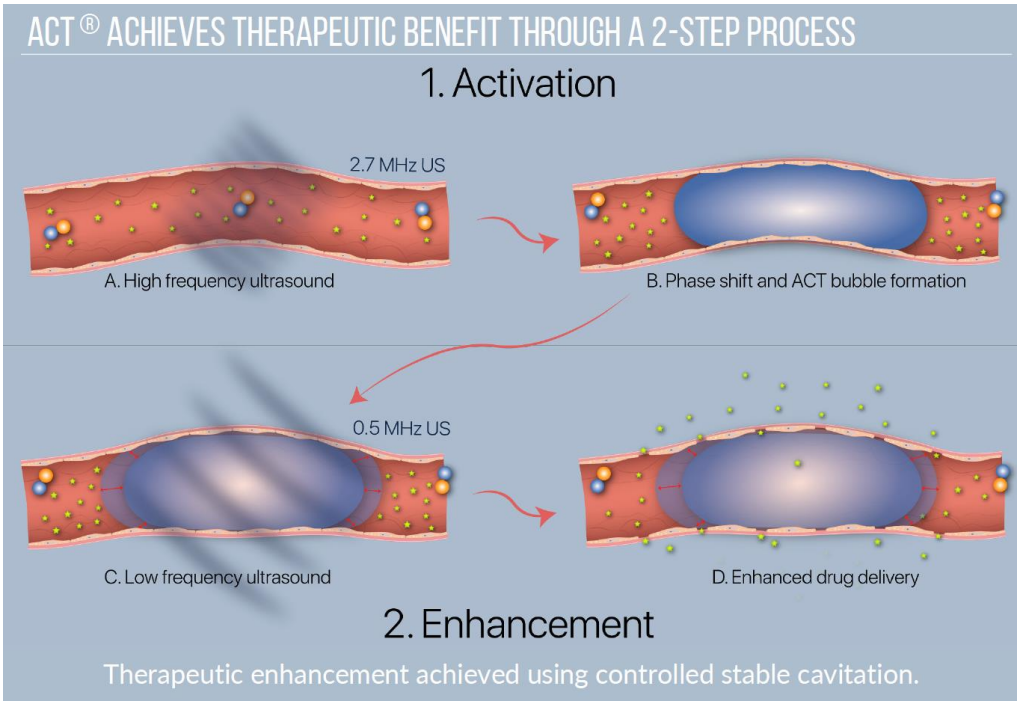


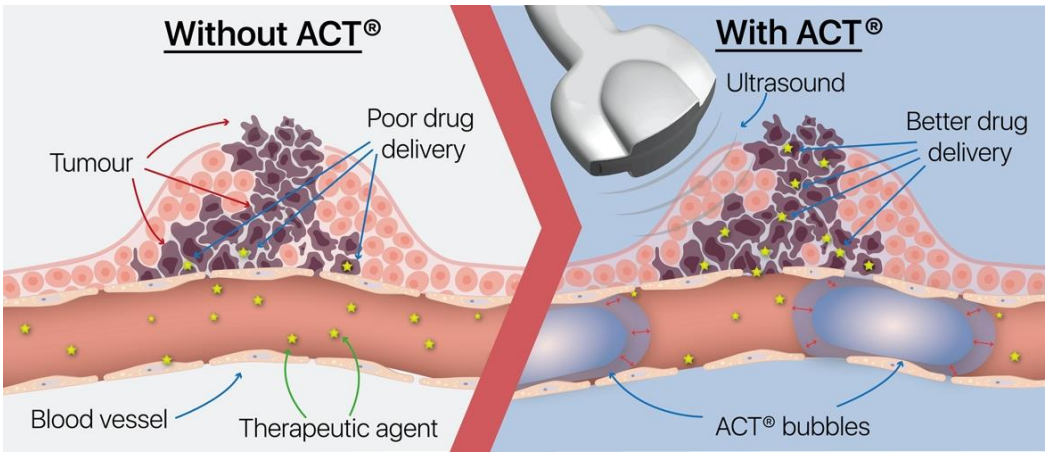

[8] U.S. Department of Health and Human Services. Food and Drug Administration. (2008). *Information for Manufacturers Seeking Marketing Clearance of Diagnostic Ultrasound Systems and Transducers*

[9] IEC 6061-2-37:2007+AMD1:2015 CSV

In summary the ACT® sonoporation;

- increases efficacy and tolerability of co-administered drugs;
- is applicable for a multitude of localised pathologies;
- is agnostic of product class; and
- involves state of the art scanners & bespoke probes to perform ACT®



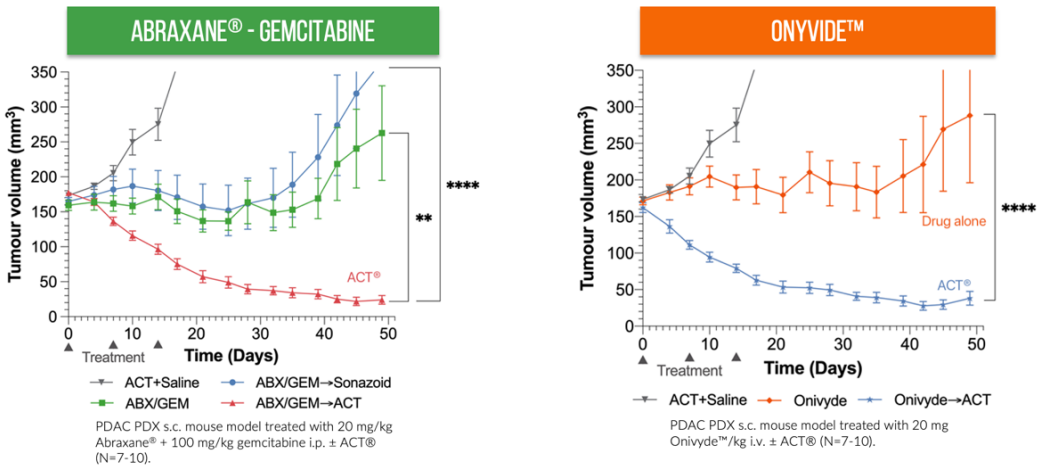




ACT® sonoporation enhances drug delivery and penetration.

**Summary of preclinical data evaluating ACT® across a number of cancer models and therapeutic agents**

| Disease model (mice) | Drug co-administered | Preclinical outcome | Research Group |
|---|---|---|---|
| Prostate cancer | Abraxane® | **100% complete remission** at 80 days | Prof de Lange Davies NTNU, Norway |
| Breast cancer | Doxil® | **63% complete response** at 200 days vs 0% drug alone | Prof Jeff Bamber ICR, UK |

| | | | |
|---|---|---|---|
| Colon cancer | Irinotecan | **75% reduction in growth** at day 27. 24% vs. 6% complete response at day 120 | Prof Jeff Bamber ICR, UK |
| Pancreatic cancer | Abraxane®-Gemcitabine | **90% reduction in growth** at day 50 50% vs. 11% complete response | Prof Von Hoff, TGen, Arizona, US |
| Pancreatic cancer | Onivyde™ | **87% reduction in growth** at day 50 50% vs. 11% complete response | Prof Von Hoff, TGen, Arizona, US |
| Prostate cancer | Methotrexate | **90% reduction in growth** at day 22. 72% vs. 0% complete response at day 50 | Prof de Lange Davies NTNU, Norway |




Preclinical studies in pancreatic cancer show significant benefit in combining with ACT® sonoporation vs drug alone

**Clinical Development of ACT® sonoporation**

***The Activate Study***

Following completion of the preclinical studies, CMC and technology development, ACT® has entered clinical development with a phase I study initiated at the Royal Marsden Hospital in London in September 2019. This first in human study aims to evaluate the safety, tolerability, pharmacokinetics and pharmacodynamics of ACT® sonoporation in patients with liver metastases secondary to colorectal and pancreatic cancer. Part 1 of this study is dose finding and is evaluating 20µL/kg and 40µL/kg PS101 ACT® in a 3+3 design alongside safety, tolerability and pharmacokinetic assessments. Once a dose has been selected, part 2 of the study will additionally evaluate the pharmacodynamic effect of ACT in up to 30 patients with metastatic colorectal cancer ("**mCRC**") or PDAC. All patients are treated with FOLFOX/FIRI chemotherapy regimens that are co-administered with ACT®.

To be eligible for this study, patients must have multiple liver metastases arising from their primary tumour where 2 similar sized but distinct liver metastases are identified on computed tomography/ultrasound. One of these tumours will be the treated tumour where ACT® plus ultrasound is applied whilst the second tumour acts as the control where only ACT® is administered with no ultrasound activation. In this way the patients in this study act as their own controls. The primary endpoint is the change in size of the longest axis of the active vs control tumours after 4 cycles of chemotherapy (8 weeks). An important secondary endpoint is the change in tumour volume over the course of the study between treated tumours and control tumours.

As of June 15th 2020, the study had enrolled a total of 5 patients prior to the temporary suspension of the study due to the Covid-19 pandemic. Four patients have completed part 1 of the study with evaluable data whilst patient 5 died after a single cycle of chemotherapy due to septicaemia, unrelated to ACT®. This case was reported to the relevant regulatory authorities as a SUSAR with no further action necessary and is considered closed.

Of the 4 patients who completed the study, ACT® was safe and well tolerated with some early indications of therapeutic benefit. In fact, an exploratory volumetric analysis has demonstrated a significant reduction in tumour volume for ACT® treated *vs.* controls, where multiple control tumours were evaluated to lower the impact of differential growth rates of tumours within the same patient.

Enrolment into the study is anticipated to restart shortly, with completion of the study in H2 2021 and with ongoing evaluation of patient data due to the open label design of the study.

## 7.6 Competitive Environment

### *7.6.1 General*

The discipline of sonoporation has attracted interest from both manufacturers of contrast agents as well as others, however the current direct competitive set remains limited. Direct competition (including Bracco and Oxsonics) are evaluating the potential of ultrasound activated microbubbles to enhance therapeutic targeting. Other potential competitors include niche players such as Carthera and Insightech mainly focused on central nervous system. Finally, a number of indirect competitors are focusing efforts on therapeutic targeting using more direct and invasive strategies such as cannulation of intratumoural vessels with direct administration of chemotherapy (RenovoRx).

### *7.6.2 Oxsonics Ltd.*

Oxsonics is developing a proprietary platform technology (Sonotrans®) which is composed of a preformulated gas bubble that undergoes inertial cavitation when exposed to ultrasound. Oxsonics have developed a preclinical data package evaluating this approach in combination with different therapeutic agents and intend to initiate clinical development in 2020. The Sonotrans® platform consists of a dedicated proprietary ultrasound device that is required for the application of this approach.

### *7.6.3 Bracco Diagnostics Inc.*

Bracco works in the field of diagnostic agents and is commercialising the ultrasound contrast agent SonoVue®. Bracco announced they are investigating monosized microbubbles for ultrasound therapeutics. These microbubbles are produced using a microfluidic process allowing very accurate size distribution. To date a single published study has evaluated the imaging quality improvements of mono-sized bubbles.

### *7.6.4 Lantheus*

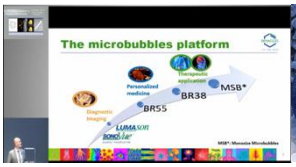
Lantheus works in the field of medical imaging: developing, manufacturing and commercializing essential diagnostic imaging agents and products that help healthcare professionals identify disease and improve patient treatment and care – mainly for conditions linked to heart, brain, lungs and other organs using echocardiography and nuclear imaging. Lantheus is commercialising microbubbles (Definity®) for ultrasound diagnostics. Definity® is also being investigated for therapeutic enhancement.

### *7.6.5 Carthera SAS*

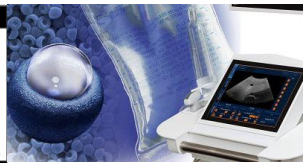
Carthera are developing hardware applications for ultrasound guided therapy. Carthera is developing Sonocloud®, an implantable ultrasound emitting device for the treatment of brain tumours. The device is surgically implanted through a Burr hole and remains under the skin and in contact with the dura mater. A bipolar needle is used externally to power the device that subsequently emits local ultrasound to open the blood brain barrier. The device has undergone a phase I/IIa study in glioblastoma patients with early signs of efficacy.

### *7.6.6 Insightech Ltd.*

Insightech is developing a magnetic resonance guided ultrasound therapy where sound waves converge and heat up resulting in thermal ablation of the target tissue. This ablative approach is positioned as an alternative to surgical intervention in specific conditions such as essential tremor/Parkinson's disease, uterine fibroids, prostate cancer and palliative treatment of bone metastases in cancer. The technology is marketed as a medical device, having received initial regulatory clearance in 2016.



Bracco (IT)


Oxsonics (UK)

Carthera (FR)


Insightech (ISL)

## 7.7 Key collaborating partners

### *7.7.1 GE Healthcare*

GE Healthcare is a leading global med-tech and digital solutions innovator that enables clinicians to make faster, more informed decisions through intelligent devices, data analytics, applications and services. With over 100 years

of healthcare industry experience and around 50,000 employees globally, GE Healthcare operates at the centre of an ecosystem working toward precision health, digitizing healthcare, helping drive productivity and improve outcomes for patients, providers, health systems and researchers around the world

*7.7.2 The Institute of Cancer Research, UK*

The Institute of Cancer Research, London, is one of the world's most influential cancer research organisations. The ICR undertakes world-class research designed to improve outcomes for people with cancer, engaging with scientists who are world leaders in their fields. The ICR is the top academic research centre in the UK and together with the Royal Marsden Hospital are one of the top centres globally for cancer research and treatment. ICR have discovered more new cancer drugs than any other academic centre in the world, including the discovery of 20 cancer drug candidates and 20 drugs progressed into clinical trials since 2005.

*7.7.3 Norwegian University of Science and Technology (NTNU), Trondheim (Norway)*

NTNU is Norway's largest University with a mission to create knowledge for a better world and deliver solutions that can change and improve everyday life. The Norwegian Research Council appointed Centre for Innovative Ultrasound Solutions is located at NTNU. NTNU is Norway's leading university in the field of ultrasound technology.

*7.7.4 Haukeland University Hospital- National Centre for Ultrasound in Gastroenterology ("**HUH-NCUG**"), Bergen (Norway)*

Haukeland University Hospital is Norway's largest single hospital and houses the majority of the Institute of Medicine, University allowing unparalleled clinical research and collaborations. The Norwegian Centre of Excellence "National Centre of Ultrasound in Gastroenterology" has been awarded to Haukeland University since 2001 due its leading and innovative research in the field of clinical ultrasound. The team at HUH-NCUG are pioneers in the field of sonoporation and performed the world's first clinical trial in sonoporation.

*7.7.5 The Translational Genomics Research Institute (TGen), Arizona (USA)*

TGen, the Translational Genomics Research Institute, is an affiliate of City of Hope and is an Arizona-based, nonprofit medical research institute dedicated to conducting groundbreaking research with life-changing results. TGen works to unravel the genetic components of common and complex diseases, including cancer, neurological disorders, infectious disease, and rare childhood disorders. The TGen oncology team were involved in the beginning of the development of many US Food and Drug Administration ("**FDA**") approved agents now in routine use, including: mitoxantrone, fludarabine, paclitaxel, docetaxel, gemcitabine, irinotecan, nelarabine, capecitabine, lapatinib, vismodegib, nab-paclitaxel, nal-IRI, pexidartinib and others. Clinical trials at TGen have led to the approval of 3 of the 4 drugs approved by the FDA for treatment of patients with advanced pancreatic cancer.

*7.7.6 Royal Marsden Hospital, London (UK)*

The Royal Marsden Hospital and its academic partner, ICR, work as one integrated organisation to rapidly move science from bench to bedside. Together, The Royal Marsden and the ICR also make up the only National Institute for Health Research Biomedical Research Centre dedicated to cancer in the UK as well as Europe's largest cancer care centre. With more than 450 clinical trials taking place at The Royal Marsden each year, their work is internationally renowned and influences how cancer patients are treated and cared for around the world.

**7.8 The Group's business**

*7.8.1 Principal Markets*

As the Company is currently carrying out a Phase I study, reference is made to section 7.4 ("Target Market").

*7.8.2 Material Contracts*

7.8.2.1 Supply agreement between GE Healthcare AS and EXACT-Tx

7.8.2.2 A 5-year supply agreement with GE Healthcare AS for manufacturing of ACT® was signed on 2 July 2020. The agreement covers the production of ACT® for use in relation to conducting preclinical development and phase I and phase II clinical studies of ACT® including for use following conditional approval. The agreement covers production of ACT® for use in further technical development in the field of ultrasound mediated monitoring and targeted therapy. Under the agreement, GEHC has agreed to

support such study by manufacturing and supplying ACT® at cost. Hardware and software agreements with GE Healthcare.

EXACT-Tx entered into a fee for service agreement with GE Parallel Designs (part of GE Healthcare (**"GEPD**")) on 19 February 2018 for the development of a dual-frequency ultrasound probe and companion software to operate on a GE Vivid E9 and E95 ultrasound system. This prototype ultrasound probe and companion software is currently in use in the Phase I clinical trial.

#### 7.8.2.3 GE Healthcare Master Agreement

The Company entered into a master agreement (with addendums) with GE Healthcare AS in 2012, regarding transfer of certain assets from GE Healthcare AS to the Company and a license for the Company to use certain data where critical asset to the company. As consideration therefore, GE Healthcare AS is entitled to receive 5% of the Company's (future) net sales (as further defined in the agreement) of products and/or technology based on the originally transferred assets and data. The agreement also provides GE Healthcare AS with a right of first refusal to purchase any patents arising out of the originally transferred assets and data, should the Company decide to sell such patents to a third party.

#### 7.8.2.4 Other material contracts

Neither the Company nor any other Group company has entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Admission Document. Further, the Group has not entered into any other contract outside the ordinary course of business that contains any provision under which any member of the Group has any obligation or entitlement that is material to the Group as of the date of this Admission Document.

## 7.9 Group organisation

### *7.9.1 EXACT-Tx AS*

EXACT-Tx AS is the parent company and operational entity of the Group. The Company holds 100% of the shares in ACT Therapeutics Ltd.

### *7.9.2 ACT Therapeutics Ltd.*

ACT Therapeutics Ltd. is a newly established company in the UK, which is not yet operational.

## 7.10 Dependency on contracts, patents, licenses, trademarks, etc.

### *7.10.1 Dependency on contracts*

It is the Company's opinion that the Group's existing business and profitability are not dependent upon any contracts. However, the agreements described in Section **Error! Reference source not found.** ("The Group's business"), are considered to be of material importance to the Group.

### *7.10.2 Intellectual property rights*

Intellectual property is of vital importance for the protection of EXACT-Tx's core technology. Below is a listing of EXACT-Tx's patents (including patent applications) considered critical for EXACT-Tx's core technology. Core patent family (WO2015/047103A1) covering a broad range of composition and method claims filed in all key territories (European Patent Office ("**EPO**"), US, Japan, China). The patent family is protecting ACT® technology in several ways such as cluster composition, pharmaceutical composition, method of delivering, method of treatment and method of ultrasound imaging.

(i) Patent granted in China November 2019, ZL201480052814.8

(ii) Pending in EPO, US and Japan

EXACT-Tx is pursuing an active patent strategy including filing of new patent applications to further protect the ACT® technology.

### *7.10.3 Dependency on patents, licenses, trademarks, etc*

Other than the intellectual property rights described in Section 7.10.2 ("Intellectual property rights"), the Group's existing business and profitability is not dependent on any patents, licenses or other intellectual property.

### 7.11 Related party transactions

Below is a summary of the Group's related party transactions for the periods covered by the historical financial information included in this Admission Document and up to the date of this Admission Document.

As of the date of this Admission Document, the Company had outstanding interest free loans (debt) with principal amounts of in total of NOK 3.8 million to the founders Per Christian Sontum, Svein Kvåle and Andrew John Healy. The loans relate to historical accrued and unpaid salary due to the Company's limited funds in the first years following incorporation and has no repayment date.

### 7.12 Legal and arbitration proceedings

From time to time, the Group may become involved in litigation, disputes and other legal proceedings arising in the course of its business. Neither the Company nor any other company in the Group, is, nor has been, during the course of the preceding 12 months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

## 8 SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

### 8.1 Introduction and basis for preparation

The audited financial statements as of and for the years ending on 31 December 2019 and 31 December 2018 (the "**Financial Statements**") have been prepared in accordance with the Norwegian Generally Accepted Accounting Principles ("**NGAAP**"), the Norwegian Accounting Act of 17 July 1998 no 56 (the "**Norwegian Accounting Act**") and the Norwegian Accounting Standard Board (Nw.: Norsk Regnskapsstiftelse) standard no. 8 (good accounting practice for small businesses) (Nw.: Norsk Regnskaps Standard nr 8, God regnskapsskikk for små foretak) ("**NRS no. 8**"). The Financial Statements are included herein as Appendix B and Appendix D, respectively.

The Financial Statements are referred to herein as the "**Financial Information**". The Company presents the Financial Information in NOK (presentation currency).

The Financial Statements have been audited by the independent auditor of Revisorgruppen Oslo AS, as set forth in the auditor's report, which is included in the Financial Statements (see Appendix B and Appendix D). The auditor's reports do not include any qualifications.

ACT Therapeutics Ltd. is newly incorporated and has hence not yet prepared any financial statements.

The selected financial information presented in Section 8.2 to Section 8.6 below has been derived from the Financial Statements and should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements included herein as Appendix B and Appendix D.

### 8.2 Summary of accounting policies and principles

For information regarding accounting policies and the use of estimates and judgments, please see note 1 in each of the Financial Statements, incorporated herein as Appendix B and Appendix D.

### 8.3 Selected statement of income

The table below sets out selected data from the Company's audited income statement for the year ended 31 December 2019, with comparable figures for the year ended 31 December 2018.

| *(In NOK)* | Year ended 31 December | |
|---|---|---|
| | **2019** | **2018** |
| **Revenue** | | |
| Sales Revenue | 88,245 | - |
| Grants | 7,339,703 | 5,579,657 |
| | **7,427,948** | **5,579,657** |
| **Operating expenses** | | |
| Payroll expenses | 7,362,537 | 5,703,885 |
| Depreciation of tangible and intangible fixed assets | 284,155 | 125,500 |
| Other operating expenses | 15,760,881 | 7,374,886 |
| | **23,407,573** | **13,204,271** |
| Operating result | (15,979,625) | (7,624,614) |
| **Financial income and expenses** | | |
| Other financial income | 1,069,610 | 46,374 |
| Other financial expenses | (71,869) | (7,705) |
| | **997,741** | **38,669** |
| Ordinary result before tax | (14,981,884) | (7,585,945) |
| **Net profit or loss for the year** | **(14,981,884)** | **(7,585,945)** |

### 8.4 Selected statement of financial position

The table below sets out selected data from the Company's audited balance sheet for the year ended 31 December 2019, with comparable figures for the year ended 31 December 2018.

| *(In NOK)* | Year ended 31 December | |
|---|---|---|
| | **2019** | **2018** |
| **Assets** | | |
| Fixtures and fittings, tools, office machinery etc. | 1,287,070 | 171,974 |
| **Total non-current assets** | **1,287,070** | **171,974** |
| Other receivables | 5,091,542 | 3,855,735 |
| Other quoted financial instruments | 21,628,962 | - |
| Cash and cash equivalents | 23,754,682 | 59,204,752 |
| **Total current assets** | **50,475,186** | **63,060,487** |
| **Total assets** | **51,762,256** | **63,232,461** |
| **Equity** | | |
| Share capital | 89,912 | 60,187 |
| Decided, not registered share capital | - | 29,725 |
| Share premium reserve | 72,440,981 | 72,440,981 |
| Other paid-in capital | - | (12,000) |
| Accumulated loss | (30,451,675) | (15,457,791) |
| **Total equity** | **42,079,218** | **57,061,102** |
| **Liabilities** | | |
| Trade creditors | 3,340,871 | 7,166 |
| Public duties payable | 851,556 | 832,055 |
| Other short-term liabilities | 5,490,611 | 5,332,138 |
| **Total short-term liabilities** | **9,683,038** | **6,171,359** |
| **Total liabilities** | **9,683,038** | **6,171,359** |
| **Total equity and liabilities** | **51,762,256** | **63,232,461** |

### 8.5 Selected statement of cash flows

The table below sets out selected data from the Company's audited statement of cash flows for the year ended 31 December 2019, with comparable figures for the year ended 31 December 2018. The cash flow statement is additional information not part of the Financial Statements, but has been prepared and audited in connection with the preparation for the Admission.

| *(In NOK)* | Year ended 31 December | |
|---|---|---|
| | **2019** | **2018** |
| **Cash flows from operating activities** | | |
| Net loss for the year | -14,981,884 | -7,585,945 |
| Depreciation | 284,155 | 125,500 |
| Receivables, increase | -1,235,807 | 721,597 |
| Current liabilities, increase | 3,511,679 | -5,506,421 |
| **Changes in operating assets and liabilities** | 2,275,872 | -4,784,824 |
| **Cash flows from (used in) operating activities** | -12,421,857 | -12,245,269 |
| **Cash flows used in investing activities** | | |
| Investments in operating assets | -1,399,251 | 0 |
| **Cash flows used in investing activities** | -1,399,251 | 0 |
| **Cash flows from financing activities** | | |
| New equity, net | 0 | 56,300,752 |
| Interest-bearing placement | -21,628,962 | 0 |
| **Cash flows from financing activities** | -21,628,962 | 56,300,751 |
| **(Decrease) increase in cash and cash equivalents** | -35,450,070 | 44,055,482 |
| **Cash and cash equivalents at the beginning of the year** | **59,204,752** | **15,149,270** |
| **Cash and cash equivalents at the year end** | **23,754,682** | **59,204,752** |

### 8.6 Selected statement of changes in equity

Changes in equity is presented in the equity note of the financial statements as of and for the year ending on 31 December 2019 and 2018. An overview is included below.

| *(In NOK)* | **Share capital** | **Share premium reserve** | **Other paid-in capital** | **Accumulated loss** | **Other equity** | **Total** |
|---|---|---|---|---|---|---|
| As of 1 January 2018 | 60,187 | 16,157,955 | - | - | (7,871,846) | 8,346,296 |
| Decided, not registered capital | 29,725 | 56,271,027 | - | - | - | 56,300,752 |
| Loss for the year | - | - | - | - | (7,585,946) | (7,585,946) |
| **As at 31 December 2018** | **89,912** | **72,428,982** | **-** | **-** | **(15,457,792)** | **57,061,102** |
| As of 1 January 2019 | 89,912 | 72,440,981 | (12,000) | (15,457,791) | - | 57,061,102 |
| Loss for the year | **-** | - | - | (14,981,884) | - | (14,981,884) |
| Other changes | **-** | - | 12,000 | (12,000) | - | - |
| **As of 31 December 2019** | **89,912** | **72,440,981** | **-** | **(30,451,675)** | **-** | **42,079,218** |

### 8.7 Significant changes in the Group's financial or trading position

Other than the Private Placement, the Group has not carried out any transactions after the last audited accounts that represent a change of more than 25% in its total assets, revenue or profit or loss.

### 8.8 Material borrowings

Other than the related party loans described in section 7.11 ("Related party transactions"), the Group does not have any loans.

### 8.9 Grants

The Group has received the following grants:

| *(In NOK)* | **Year ended 31 December** | |
|---|---|---|
| | **2019** | **2018** |
| SkatteFUNN | 3,339,703 | 2,068,950 |
| Research Council of Norway (BIA) | 4,000,000 | 3,010,707 |
| **Total current assets** | **7,339,703** | **5,079,657** |

### 8.10 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Admission Document.

## 9 THE BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND OTHER CONSULTANTS

### 9.1 Introduction

The General Meeting is the highest decision-making authority of the Company. All shareholders of the Company are entitled to attend and vote at General Meetings and to table draft resolutions for items to be included on the agenda for a General Meeting.

The overall management of the Company is vested with its Board of Directors and the Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business ensuring proper organization, preparing plans and budgets for its activities ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's Chief Executive Officer (the "**CEO**"), is responsible for keeping the Company's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, the CEO must, according to Norwegian law, brief the Board of Directors about the Company's activities, financial position and operating results at a minimum of one time per month.

### 9.2 The Board of Directors

#### *9.2.1 General*

The Articles of Association provide that the Board of Directors shall comprise between five and seven board members, as elected by the Company's shareholders in an ordinary or extraordinary general meeting (as applicable).

The Company's registered business address, Ullernchausséen 64, 0379 Oslo, Norway, serves as business address for the members of the Board of Directors in relation to their directorship in the Company.

#### *9.2.2 The composition of the Board of Directors*

The names and positions of the members of the Board of Directors are set out in the table below.

| Name | Function | Served since | Term expires | Shares[7] |
|---|---|---|---|---|
| Masha Strømme | Chairperson | 2015[1] | 2021 | 8.5%[2] |
| Sir William Castell | Deputy chair | 2018 | 2021 | 1.1% |
| Jean Claude Provost | Director | 2017 | 2021 | 0.04%[6] |
| Hans Henrik Klouman | Director | 2017 | 2021 | 1.3%[3] |
| Jean-Michel Cossery | Director | 2020 | 2021 | 0.04%[6] |
| Aitana Peire | Director | 2020 | 2021 | 6.7%[4] |
| Susanne Stuffers | Director | 2020 | 2021 | 2.4%[5] |

1 Served as chairperson since 2018. Acting interim CEO (Executive Chairperson). Rafiq Hasan assumes the position of new CEO on 1 August 2020.

2 Masha Strømme holds the shares through PAACS Invest AS of which she controls 100% of the shares.

3 Hans Henrik Klouman holds the shares through Virkelyst AS, of which he holds 100% of the shares.

4 Aitana Peire does not hold the shares herself, but represents the shareholder Canica AS on the board.

5 Susanne Stuffers holds the shares through P53 Invest AS of which she holds 20% of the shares through Ubiquity AS, of which she holds 100% of the shares

6 The shares of Provost and Cossery are held on their behalf by CFO for Hire AS, until their VPS accounts are established.

7 All percentages show shareholding following completion of the Private Placement.

#### *9.2.3 Brief biographies of the Board Members*

Set out below are brief biographies of members of the Board of Directors, including their managerial expertise and experience, in addition to an indication of any significant principal activities performed by them outside of the Company.

**Marsha Strømme, Chairperson**

Investor and entrepreneur with close to 25 years of experience from successful private ownership and leading financial institutions within healthcare. Focused on creating value by bringing active engagement to investments with a long-term ownership perspective, hands-on operating experience, financial know-how, growth capital as well as global network. Previously Morgan Stanley and Altium Cap (Apax), (UK), Arctic Securities, serves on multiple boards. Rhodes Scholar with a Doctorate (D.Phil) in Genetics and Neuroscience from Oxford University.

**Sir William Castell, Deputy**

British businessman who was chairman of the Wellcome Trust, a director of General Electric and a former director of BP. He was CEO of Amersham plc from 1989 until it was acquired by GE in April 2004 and then became CEO of GE Healthcare and a vice-chairman of GE. He joined the board of governors of the Wellcome Trust as chairman-designate on 1 January 2006 until 2016. Alongside his business career he has been involved for many years in not-for-profit activities, including being a council member of the Medical Research Council (2001–2004) and chairman of the Prince's Trust (1998–2003). He is a former trustee of the Natural History Museum, a board member of the University of Michigan's Institute of Life sciences, a board member of the National Bureau of Asian Research, a Visiting Fellow at Green College, Oxford University, and an Honorary Fellow of the Academy of Medical Sciences.

**Hans Henrik Klouman, Director**

Klouman combines a wide legal background and broad business knowledge with international experience. He has held various executive and board positions in different industries. Sr. Advisor CFO in the area of Equinor's investment and active ownership strategies and activities, including innovation and venture activities. Chair of the Board of Equinor Pension, Altor Funds, Farvatn AS. Board member in Storebrand Life. Formerly inter alia General Counsel of Equinor, CEO of SEB Enskilda and General Counsel of Storebrand AS.

**Jean Claude Provost, Director**

Managing Partner at Theranostics Consulting. Former Global Head of Imaging R&D at GE Healthcare Pharmaceutical Diagnostics. 25+ years' experience from Clinical Research and R&D management (including Pfizer, Bayer and Merck-Serono). Former; co-founder of SMO-CLINICA SAS, CEO of CCBR A/S, the division of Clinical Research Centres at Synarc-CCBR Inc, SVP of Imaging Services & General Manager Europe at Synarc Inc, President & CEO of IôDP. MD (Clinical Pharmacology)

**Jean-Michel Cossery, Director**

Senior Healthcare Executive with global leadership experience in Research, Marketing and Commercial roles within Med-Tech and Pharmaceuticals. Former Chief Marketing Officer and VP Global Marketing GE Healthcare and VP North America Oncology Eli-Lily. Currently, non-Executive Director at the company boards of Malin Corporation plc, Kymab Ltd and Immunocore Ltd. MBA, PhD (Nuclear Chemistry and Neurobiology), Pharm D (Pharmacology).

**Aitana Peire, Director**

Before joining in 2019 as Investment Manager of Canica's Future of Health assets, Aitana worked as business analyst and senior consultant in Venture Valuation. She also worked as Pharma equity research analyst for Kepler Cheuvreux, and as PMA consultant for Stratas Partners. She started her career in Finance with a position as investment analyst for hedge fund Carval Investors. PhD in Evolutionary Genetics from the University of Groningen (Netherlands) and CFA Level II candidate.

**Susanne Stuffers, Director**

Susanne Stuffers is CEO and partner of P53 Invest AS, an investment company with a sole focus on healthcare investments. Her past employments and professional experience include equity research, consultancy, medical and commercial roles with Arctic Securities, EY, Novartis and OUS Ullevål. She holds a degree in medicine from Erasmus University Rotterdam (Netherlands) and a Ph.D. in cancer biomedicine from Oslo University Hospital (Radiumhospitalet).

## 9.3 Management

### *9.3.1 General*

As of the date of this Admission Document, the Group's senior management team consists of four individuals, in addition to Per Christian Sontum and Stig Jarle Pedersen. The names of the members of the management and their respective positions are presented in the table below.

| Name | Position | Employed since | Shares[6] | Options held |
|---|---|---|---|---|
| Rafiq Hasan | Chief Executive Officer Designate[1] | 2020[1] | 0 | 3,022 |
| Per Christian Sontum | Founder[2] | 2012 | 6.7% | 0 |
| Stig Jarle Pettersen | Chief Financial Officer[3] | 2019 | 0.1%[4] | 90 |
| Svein Kvåle | Founder & Chief Operating Officer | 2012 | 10.1%[5] | 0 |
| Spiros Kotopoulis | Chief Technology Officer | 2019 | 0.03% | 1,000 |
| Andrew John Healey | Founder & Chief Scientific Officer | 2012 | 7.4% | 0 |

1 Rafiq Hasan will assume his position on 1 August 2020. Masha Strømme is acting as interim CEO.

2 Currently on sick leave.

3 Stig Jarle Pettersen is an external consultant, hired in by the Company as CFO.

4 Stig Jarle Pettersen holds the shares through CFO for Hire AS, of which he holds 100% of the shares.

5 Svein Kvåle holds the shares through Kvåle AS, of which he holds 100% of the shares.

6 All percentages show shareholding following completion of the Private Placement.

The Company's registered business address, Ullernchausséen 64, 0379 Oslo, Norway, serves as business address for the members of the Company's senior management team in relation to their employment with the Group.

### *9.3.2 Brief biographies of the management*

**Rafiq Hasan, Chief Executive Officer Designate**

MD by training with 25 years in the pharma industry globally (Novartis and Bayer) managing multi-billion-dollar global franchises with year on year sales growth. Most recently as SVP and Global Head of Ophthalmology at Bayer. MBBS from University of London.

**Per Christian Sontum, Founder**

Dr. Sontum has 25+ years' experience from pharma R&D; Nycomed Imaging/Amersham Health/GE Healthcare, last eight as Principal Scientist/Project Manager (GE Healthcare). Inventor in 5+ patents within diagnostics and cancer therapeutics. MSc and PhD in pharmacy from University of Oslo.

**Stig Jarle Pettersen, Chief Financial Officer**

Mr. Pettersen is a graduate of the Norwegian School of Economics & Business Administration and is a Certified Public Accountant. Previously Mr. Pettersen held the position of Chief Financial Officer of Xellia Pharmaceuticals AS and Chief Financial Officer for Cermaq ASA. State Authorized Public Accountant from Norwegian School of Economics (NHH).

**Spiros Kotopoulis, Chief Technology Officer**

Dr. Kotopoulis is an engineer by training and holds a PhD in biomedical ultrasonics from the University of Hull, UK with over 12+ years' experience in the development of ultrasound mediated/targeted drug delivery. Dr. Kotopoulis has over 36 peer reviewed publications and books in the field of therapeutic ultrasound including the first-in-man clinical trial in sonoporation.

**Svein Kvåle, Founder & Chief Operating Officer**

Dr. Kvåle has 25+ years' experience from pharma R&D; Nycomed Imaging/Amersham Health/GE Healthcare, last ten as Sr. Scientist (GE Healthcare). Inventor in 10+ patents within diagnostics and cancer therapeutics protecting

5 commercial products. B.Eng (Hons) from University of Glasgow and PhD in Chemical Engineering from Norwegian University of Science and Technology.

**Andrew John Healey, Founder & Chief Scientific Officer**

Dr. Healy has 20+ years' experience from pharma R&D; Nycomed Imaging/Amersham Health/GE Healthcare, last ten as Sr. Scientist (GE Healthcare). Inventor in 10+ patents within diagnostics and cancer therapeutics. BSc (Hons) from University of London, BA (Hons) and MSc (science) from The Open University, PhD in Ultrasound Physics from Kings College, London.

### 9.4 Share incentive schemes

The Group has implemented a share option scheme for its Board Members whereby they may elect to receive restricted stock units as an alternative of cash payment for serving at the Board. The Board Members can choose to have all or half of their board remuneration converted into Shares. The number of Shares allocated is calculated by dividing the board remuneration with the share price. There are currently no outstanding options to the Board Members.

The Group has outstanding share options granted to three employees.

The Group does not have any other share incentive schemes in place.

### 9.5 Employees and other consultants

As of the date of this Admission Document, the Group has four employees. The table below shows the development in the numbers of full-time employees over the last two years:

| | Year ended 31 December | |
|---|---|---|
| | **2019** | **2018** |
| Number of employees[1] | 4 | 3 |

1 Number of employees stated as the average for each financial year.

### 9.6 Benefits upon termination

No employee, including any member of the Company's senior management team, has entered into employment agreements which provide for any special benefits upon termination. None of the members of the Board of Directors will be entitled to any benefits upon termination of office.

### 9.7 Corporate governance

The Company is not subject to the Corporate Governance Code, but the Company intends over time to implement the recommendations of the Corporate Governance Code.

### 9.8 Conflicts of interests etc.

No member of the Board of Directors or Management has, or have had, as applicable, during the last five years preceding the date of the Admission Document:

- any convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, member of the administrative body or supervisory body, director or senior manager of a company.

## 10 SHARE CAPITAL AND SHAREHOLDER MATTERS

### 10.1 Corporate information

The Company's legal name is EXACT Therapeutics AS (previously Phoenix Solutions AS) and the Company's commercial name is EXACT-Tx (previously Phoenix Solutions). The Company is a private limited liability company (Nw.: *aksjeselskap*), validly incorporated and existing under the laws of Norway and in accordance with the Norwegian Private Companies Act. The Company is registered in the Norwegian Register of Business Enterprises with company registration number 998 317 487. The Company was incorporated on 30 April 2012.

The Company's registered business address is Ullernchausséen 64, 0379 Oslo, Norway, which is the Group's principal place of business. The telephone number to the Company's principal offices is +47 93 02 25 09 and its website is "https://www.exact-tx.com/".

The Shares are registered in book-entry form with VPS under ISIN NO0010852213. The Company's register of shareholders in VPS is administrated by the VPS Registrar, DNB Markets VPT, Dronning Eufemias gate 30, Oslo, Norway. The Company's LEI-code is 2138006ZE5JAL39AGD55.

### 10.2 Legal structure

The Company is the parent company of its wholly-owned subsidiary ACT Therapeutics Ltd. There are no other entities within the Group. See Section 7.9 ("Group organisation") for more information on ACT Therapeutics Ltd.

### 10.3 Share capital and share capital history

#### *10.3.1 Overview*

As of the date of this Admission Document, the Company's registered share capital is NOK 119,871 divided into 119,871 Shares, each with a par value of NOK 1. All of the Company's shares have been issued under the Norwegian Private Companies Act, and are validly issued and fully paid.

The Company has one class of shares, and accordingly there are no differences in the voting rights among the Shares. The Company's shares are freely transferable, meaning that a transfer of Shares is not subject to the consent of the Board of Directors or rights of first refusal. Pursuant to the Articles of Association, the Company's shares shall be registered in VPS.

#### *10.3.2 Share capital history*

The table below shows the development in the Company's share capital for the period covered by the Financial Statements to the date of the Admission Document. There have not been any other capital increases in the Company other than as set out in the table below, neither by way of contribution in cash or in kind for the period covered by the Financial Statements until the date of this Admission Document.

| Date of registration | Type of change | Change in share capital (NOK) | New share capital (NOK) | Nominal value (NOK) | New number of total issued shares | Subscription price per share (NOK) |
|---|---|---|---|---|---|---|
| 29 December 2016 | Share capital increase | 15,857 | 45,857 | 1 | 15,857 | 233.3 |
| 11 May 2017 | Share capital increase | 13,757 | 59,614 | 1 | 13,757 | 872.3 |
| 29 August 2017 | Share capital increase | 573 | 60,187 | 1 | 573 | 872.3 |
| 9 February 2019 | Share capital increase | 29,725 | 89,912 | 1 | 29,725 | 1,441.5/1,922[1] |
| 4 May 2020 | Share capital increase | 1,680 | 91,592 | 1 | 1,680 | 233/1,922[2] |
| 24 June 2020 | Share capital increase | 398 | 91,990 | 1 | 398 | 1/1,922[3] |
| 9 July 2020 | Share capital increase[1] | 27,881 | 119,871 | 1 | 27,881 | 5,201 |

1 Two private placements, one aimed at external investors and one aimed at the Board of Directors/Management. The shares with the lower price were subject to restrictions.

2 Settlement of warrants to board members (present and former) as remuneration for earlier work.

3 Relates to RSUs as board remuneration vesting monthly over 2019-2020 at last share price.

### 10.4 Ownership structure

As of 8 July 2020, being the last practical date prior to the date of this Admission Document, the Company's twenty largest shareholders on record in the VPS were:

| # | Shareholder | Number of Shares | Per cent of share capital |
|---|---|---|---|
| **1** | Kvåle AS | 12,070 | 10.1% |
| **2** | PAACS Invest AS | 10,133 | 8.5% |
| **3** | Investinor AS | 9,551 | 8.0% |
| **4** | Brekke Holding AS | 9,430 | 7.9% |
| **5** | Andrew John Healey | 8,813 | 7.4% |
| **6** | Canica AS | 8,084 | 6.7% |
| **7** | Per Christian Sontum | 8,009 | 6.7% |
| **8** | Optimuspistor AS | 6,299 | 5.3% |
| **9** | Verdipapirfondet Nordea Avkastning | 4,980 | 4.2% |
| **10** | Helene Sundt | 4,524 | 3.8% |
| **11** | CGS Holding AS | 3,562 | 3.0% |
| **12** | P53 Invest AS | 2,906 | 2.4% |
| **13** | Danske Invest Norge Vekst | 2,363 | 2.0% |
| **14** | AS Tanja | 2,342 | 2.0% |
| **15** | Portia AS | 2,307 | 1.9% |
| **16** | Norda ASA | 1,923 | 1.6% |
| **17** | Altitude Capital AS | 1,790 | 1.5% |
| **18** | Virkelyst AS | 1,599 | 1.3% |
| **19** | T.D. Veen AS | 1,538 | 1.3% |
| **20** | Sir William Castell | 1,330 | 1.1% |
| **Total top 20** | | 103,553 | 86.4% |
| **Others** | | 16,318 | 13.6% |
| **Total** | | 119,871 | 100% |

As of the date of this Admission Document, no shareholder other than Kvåle AS (10.1%), PAACS Invest AS (8.5%) Investinor AS (8.0%), Brekke Holding AS (7.9%), Andrew John Healey (7.4%), Canica AS (6.7%), Per Christian Sontum (6.7%) and Optimuspistor AS (5.3%) holds more than 5% of the issued Shares.

As of the date of this Admission Document, the Company does not hold any treasury shares.

There are no arrangements known to the Company that may lead to a change of control in the Company.

### 10.5 Authorisations

*10.5.1 Authorisation to increase the share capital*

As at the date of this Admission Document, the Board of Directors holds an authorisation to increase the share capital with up to 15,102 shares.

*10.5.2 Authorisation to acquire treasury shares*

As at the date of this Admission Document, the Board of Directors does not hold any authorisations to acquire Shares in the Company.

### 10.6 Financial instruments

Other than as set out in Section 9.3 and 9.4 above, neither the Company nor any of the Company's subsidiaries have issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries.

### 10.7 Shareholder rights

The Company has one class of shares in issue and all Shares provide equal rights in the Company, including the rights to any dividends. Each of the Company's shares carries one vote. The rights attached to the Shares are further described in Section 10.8 ("The Articles of Association") and Section 10.9 ("Certain aspects of Norwegian corporate law").

### 10.8 The Articles of Association

The Articles of Association are enclosed in Appendix A to the Admission Document. Below is a summary of the provisions of the Articles of Association as of 29 June 2020.

#### *10.8.1 Objective of the Company*

Pursuant to section 3, the objective of the Company is to develop pharmaceutical drugs and related services and products, including ownership and participation in other companies with the same business, purchase and sale of shares, or other interest in other business as well as purchase, sale and lease of real estate.

#### *10.8.2 Share capital and par value*

Pursuant to section 5, the Company's share capital is NOK 119,871 divided into 119,871 shares, each with a nominal value of NOK 1.

Pursuant to section 9, the Shares shall be registered with a central securities depository (the Norwegian Central Securities Depository (VPS)). The Company's shares are freely transferable.

#### *10.8.3 The board of directors*

Pursuant to section 6, the Board of Directors shall consist of between five and seven members, according to the shareholders' decision in a general meeting of the Company.

#### *10.8.4 Restrictions on transfer of Shares*

Pursuant to the section 8, the Shares are freely transferable.

#### *10.8.5 Signatory right*

The signatory right lies with the Chairman of the Board and a board member jointly.

#### *10.8.6 Nomination committee*

The Company also has a nomination committee consisting of Dag W.R. Strømme, Ann-Tove Kongsnes, Svein Kvåle and Leiv Askvig.

#### *10.8.7 General meetings*

Documents relating to matters to be dealt with by the Company's general meeting, including documents which pursuant to law shall be included in or attached to the notice of the general meeting, do not need to be sent to the shareholders if such documents have been made available on the Company's website. A shareholder may nevertheless request that documents which relate to matters to be dealt with at the general meeting are sent to him/her.

The annual general meeting shall deal with and decide the following matters:

- Approval of the annual accounts and the annual report, including distribution of dividend; and
- Any other matters, which according to the law or the articles of association fall within the responsibility of the general meeting.

## 10.9 Certain aspects of Norwegian corporate law

### *10.9.1 General meetings*

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that a written notice of annual general meetings setting forth the time of, the venue for and the agenda of the meeting is sent to all shareholders with a known address no later than seven days before the annual general meeting of a Norwegian private limited liability company shall be held, unless the articles of association stipulate a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy (the proxy holder is appointed at their own discretion). Although Norwegian law does not require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of general meetings. All of the Company's shareholders who are registered in the shareholders' register kept and maintained with VPS as of the date of the general meeting, or who otherwise have reported and documented ownership of shares in the Company, are entitled to participate at general meetings, without any requirement of pre-registration.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders shall also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 10% of the share capital demands such in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings.

### *10.9.2 Voting rights – amendments to the articles of association*

Each Share carries one vote. In general, decisions shareholders are entitled to make under Norwegian law or the articles of association may be made by a simple majority of the votes cast. In the case of elections or appointments (e.g. to the board of directors), the person(s) who receive(s) the greatest number of votes cast is elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe for shares in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the articles of association, to authorize an increase or reduction of the share capital, to authorize an issuance of convertible loans or warrants by the Company or to authorize the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at the general meeting in question. Moreover, Norwegian law requires that certain decisions, i.e. decisions that have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the articles of association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority required for amending the articles of association.

In general, only a shareholder registered in VPS is entitled to vote for such Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees.

There are no quorum requirements that apply to the general meetings.

### *10.9.3 Additional issuances and preferential rights*

If the Company issues any new Shares, including bonus share issues, the Company's Articles of Association must be amended, which requires the same vote as other amendments to the articles of association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. The preferential rights may be deviated from by a resolution in the general meeting passed with the same vote required to amend the articles of association. A deviation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, by the same vote as is required for amending the articles of association, authorize the board of directors to issue new Shares, and to deviate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered par share capital when the authorisation is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States and other jurisdictions upon the exercise of preferential rights may require the Company to file a registration statement or prospectus in the United States under United States securities laws or in such other jurisdictions under the laws of such jurisdictions. Should the Company in such a situation decide not to file a registration statement or prospectus, the Company's U.S. shareholders and shareholders in such other jurisdictions may not be able to exercise their preferential rights. To the extent that shareholders are not able to exercise their rights to subscribe for new shares, the value of their subscription rights will be lost and such shareholders' proportional ownership interests in the Company will be reduced.

#### *10.9.4 Minority rights*

Norwegian law sets forth a number of protections for minority shareholders of the Company, including, but not limited to, those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the board of directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 10% or more of the Company's share capital have a right to demand in writing that the Board of Directors convenes an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

#### *10.9.5 Rights of redemption and repurchase of shares*

The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorisation to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares so acquired, and held by the Company must not lead to the share capital with deduction of the aggregate nominal of the holding of own shares is less than the minimum allowed share capital of NOK 30,000, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the general meeting of the Company's shareholders cannot be granted for a period exceeding two years.

#### *10.9.6 Shareholder vote on certain reorganizations*

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the articles

of association stipulate that, made available to the shareholders on the Company's website, at least one month prior to the general meeting to pass upon the matter.

*10.9.7 Liability of board members*

Board Members owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Board members may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting passing upon the matter. If a resolution to discharge the Board Members from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the articles of association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Board Members from liability or not to pursue claims against the Board Members is made by such a majority as is necessary to amend the articles of association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

*10.9.8 Indemnification of board members*

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for the Board Members against certain liabilities that they may incur in their capacity as such.

*10.9.9 Distribution of assets on liquidation*

10.9.9.1 Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

### 10.10 Dividend policy

Pursuant to the Norwegian Private Companies Act, dividends may only be declared to the extent that the Company has distributable funds and the Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations and the need to strengthen its liquidity and financial position. Apart from this, there are no formal restrictions on the distribution of dividends. However, as the Company's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and companies in which the Company may invest. See Section 5 ("Dividends and dividend policy") for more information on the Company's dividend policy.

### 10.11 Takeover bids and forced transfers of shares

The Company is not subject to the takeover regulations set out in the Norwegian Securities Trading Act, or otherwise.

The Shares are, however, subject to the provisions on compulsory transfer of shares as set out in the Norwegian Private Companies Act. If a private limited liability company alone, or through subsidiaries, owns 9/10 or more of the shares in the subsidiary, and may exercise a corresponding part of the votes that may be cast in the general meeting, the board of directors of the parent company may resolve that the parent company shall take over the remaining shares in the company. Each of the other shareholders in the subsidiary have the right to require the parent company to take over the shares. The parent company shall give the shareholders a redemption offer pursuant to the provisions of the Norwegian Private Companies Act. The redemption amount will in the absence of agreement or acceptance of the offer be fixed by a discretionary valuation.

## 11 NORWEGIAN TAXATION

*This section describes certain tax rules in Norway applicable to shareholders who are resident in Norway for tax purposes ("Norwegian Shareholders") and to shareholders who are not resident in Norway for tax purposes ("Non-Resident Shareholders"). The statements herein regarding taxation are based on the laws in force in Norway as of the date of this Admission Document and are subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares. Investors are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of Shares. The statements only apply to shareholders who are beneficial owners of Shares. Please note that for the purpose of the summary below, references to Norwegian Shareholders or Non-Resident Shareholders refers to the tax residency rather than the nationality of the shareholder. Please also note that the tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdictions in which the shareholders are resident for tax purposes may have an impact on the income received from the Shares.*

### 11.1 Norwegian shareholders

#### *11.1.1 Taxation of dividends*

Norwegian corporate shareholders (i.e. limited liability companies and similar entities) ("**Norwegian Corporate Shareholders**") are comprised by the Norwegian participation exemption. Under the exemption, only 3% of dividend income on shares in Norwegian limited liability companies is subject to tax as ordinary income (22% flat rate as of 2020), implying that such dividends are effectively taxed at a rate of 0.66%. For Norwegian Corporate Shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax the effective rate of taxation for dividends is 0.75%.

Dividends distributed to Norwegian shareholders that are individuals (i.e. shareholders who are natural persons) **Norwegian Individual Shareholders**") are grossed up with a factor of 1.44 before taxed as ordinary income (22% flat rate, resulting in an effective tax rate of 31.68%) to the extent the dividend exceeds a tax-free allowance.

The tax-free allowance is calculated on a share-by-share basis for each individual shareholder on the basis of the cost price of each of the Shares multiplied by a risk-free interest rate. The risk-free interest rate is based on the effective rate of interest on treasury bills (Nw.: *statskasseveksler*) with three months maturity plus 0.5 percentage points, after tax. The tax-free allowance is calculated for each calendar year and is allocated solely to Norwegian Individual Shareholders holding Shares at the expiration of the relevant calendar year. Norwegian Individual Shareholders who transfer Shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated tax-free allowance one year exceeding the dividend distributed on the Share ("unused allowance") may be carried forward and set off against future dividends received on (or gains upon realization of, see below) the same Share. Any unused allowance will also be added to the basis of computation of the tax-free allowance on the same Share the following year.

The Shares will not qualify for Norwegian share saving accounts (Nw.: *aksjesparekonto*) for Norwegian Individual Shareholders as the shares are listed on Merkur Market (and not Oslo Børs or Oslo Axess).

#### *11.1.2 Taxation of capital gains*

Sale, redemption or other disposal of Shares is considered as a realization for Norwegian tax purposes.

Capital gains generated by Norwegian Corporate Shareholders through a realization of shares in Norwegian limited liability companies, such as the Company, are comprised by the Norwegian participation exemption and therefore tax exempt. Net losses from realization of Shares and costs incurred in connection with the purchase and realization of such Shares are not tax deductible for Norwegian Corporate Shareholders.

Norwegian Individual Shareholders are taxable in Norway for capital gains derived from realization of Shares, and have a corresponding right to deduct losses. This applies irrespective of how long the Shares have been owned by the individual shareholder and irrespective of how many Shares that are realized. Gains are taxable as ordinary income in the year of realization and losses can be deducted from ordinary income in the year of realization. Any gain or loss is grossed up with a factor of 1.44 before taxed at a rate of 22% (resulting in an effective tax rate of 31.68%. Under current tax rules, gain or loss is calculated per Share, as the difference between the consideration received for the Share and the Norwegian Individual Shareholder's cost price for the Share, including costs incurred

in connection with the acquisition or realization of the Share. Any unused tax-free allowance connected to a Share may be deducted from a capital gain on the same Share, but may not create or increase a deductible loss. Further, unused tax-free allowance related to a Share cannot be set off against gains from realization of other Shares.

If a Norwegian shareholder realizes Shares acquired at different points in time, the Shares that were first acquired will be deemed as first sold (the "first in first out"-principle) upon calculating taxable gain or loss. Costs incurred in connection with the purchase and sale of Shares may be deducted in the year of sale.

A shareholder who ceases to be tax resident in Norway due to domestic law or tax treaty provisions may become subject to Norwegian exit taxation of capital gains related to shares in certain circumstances.

*11.1.3 Net wealth tax*

The value of Shares is taken into account for net wealth tax purposes in Norway. The marginal net wealth tax rate is currently 0.85% of the value assessed. The value for assessment purposes for the Shares is equal to 75% of the total tax value of the Company as of 1 January of the year before the tax assessment year. However, if the share capital in the Company has been increased or reduced by payment from or to shareholders in the year before the tax assessment year, the value for assessment purposes for the Shares is equal to 75% of the total tax value of the Company as of 1 January of the tax assessment year. The value of debt allocated to the Shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 75%).

Norwegian limited liability companies and similar entities are exempted from net wealth tax.

### 11.2 Non-Resident Shareholders

*11.2.1 Taxation of dividends*

Dividends paid from a Norwegian limited liability company to shareholders who are not resident in Norway for tax purposes ("**Non-Resident Shareholders**") are generally subject to Norwegian withholding tax at a rate of 25% unless the recipient qualifies for a reduced rate according to an applicable tax treaty or other specific regulations. The shareholder's country of residence may give credit for the Norwegian withholding tax imposed on the dividend.

If a Non-Resident Shareholder is carrying on business activities in Norway and the Shares are effectively connected with such activities, the Non-Resident Shareholder will be subject to the same taxation of dividend as a Norwegian Shareholder, as described above.

Non-Resident Shareholders that are corporate shareholders (i.e. limited liability companies and similar entities) ("**Foreign Corporate Shareholders**") resident within the EEA are exempt from Norwegian withholding tax pursuant to the Norwegian participation exemption provided that the Foreign Corporate Shareholder is genuinely established and carries out genuine economic activities within the EEA.

Dividends paid to Non-Resident Shareholders that are individual shareholders (i.e. shareholders who are natural persons) ("**Foreign Individual Shareholders**") are as the main rule subject to Norwegian withholding tax at a rate of 25%, unless a lower rate has been agreed in an applicable tax treaty. If the individual shareholder is resident within the EEA, the shareholder may apply to the tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share, see Section 11.1.1 ("Taxation of dividends"). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% less the tax-free allowance.

In accordance with the present administrative system in Norway, a distributing company will generally deduct withholding tax at the applicable rate when dividends are paid directly to an eligible Foreign Shareholder, based on information registered with the VPS. Foreign Corporate and Individual Shareholders must document their entitlement to a reduced withholding tax rate by (i) obtaining a certificate of residence issued by the tax authorities in the shareholder's country of residence, confirming that the shareholder is resident in that state, which cannot be older than three years, and (ii) providing a confirmation from the shareholder that the shareholder is the beneficial owner of the dividend. In addition, Foreign Corporate Shareholders must also present either (i) an approved withholding tax refund application or (ii) an approval from the Norwegian tax authorities confirming that the recipient is entitled to a reduced withholding tax rate or a withholding tax exemption. Such documentation must be provided to either the nominee or the account operator (VPS). Dividends paid to Non-Resident Shareholders in respect of nominee

registered shares are not eligible for reduced treaty withholding tax rate at the time of payment unless the nominee, by agreeing to provide certain information regarding beneficial owner, has obtained approval for reduced treaty withholding tax rate from the Norwegian tax authorities. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Foreign Individual and Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted. The same will apply to Foreign Corporate Shareholders that have suffered withholding tax although qualifying for the Norwegian participation exemption.

Non-Resident Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments.

#### *11.2.2 Taxation of capital gains*

Gains from realization of Shares by Non-Resident Shareholders will not be subject to tax in Norway unless the Non-Resident Shareholders are holding the Shares in connection with business activities carried out or managed from Norway. Such taxation may be limited according to an applicable tax treaty or other specific regulations.

#### *11.2.3 Net wealth tax*

Non-Resident Shareholders are not subject to Norwegian net wealth tax with respect to the Shares, unless the shareholder is an individual, and the shareholding is effectively connected with a business which the shareholder takes part in or carries out in Norway. Such taxation may be limited according to an applicable tax treaty.

### 11.3 Transfer taxes etc. VAT

No transfer taxes, stamp duty or similar taxes are currently imposed in Norway on purchase, issuance, disposal or redemption of shares. Further, there is no VAT on transfer of shares.

## 12 SELLING AND TRANSFER RESTRICTIONS

### 12.1 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares admitted to trading on Merkur Market.

The Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Admission Document does not constitute an offer and this Admission Document is for information only and should not be copied or redistributed. If an investor receives a copy of this Admission Document, the investor may not treat this Admission Document as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Admission Document, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

### 12.2 Selling restrictions

#### *12.2.1 United States*

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, the Merkur Market Advisor has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Shares as part of its allocation at any time other than (i) within the United States to QIBs in accordance with Rule 144A or (ii) outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Shares will be restricted and each purchaser of the Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 12.3.1 ("United States").

#### *12.2.2 United Kingdom*

The Merkur Market Advisor has represented, warranted and agreed that:

a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA"**) in connection with the issue or sale of any Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

#### *12.2.3 European Economic Area*

In no member state (each a "**Relevant Member State**") of the European Economic Area (the "**EEA**") have Shares been offered and in no Relevant Member State other than Norway will Shares be offered to the public pursuant to an offering, except that Shares may be offered to the public in that Relevant Member State at any time in reliance on the following exemptions under the EU Prospectus Regulation:

a) to persons who are "qualified investors" within the meaning of Article 2(e) in the EU Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) per Relevant Member State, with the prior written consent of the Merkur Market Advisor for any such offer; or

c) in any other circumstances falling under the scope of Article 3(2) of the EU Prospectus Regulation;

provided that no such offer of Shares shall result in a requirement for the Company or Merkur Market Advisor to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplementary prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

This EEA selling restriction is in addition to any other selling restrictions set out in this Admission Document.

12.2.3.2 Other jurisdictions

The Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Switzerland, Japan, Canada, Australia or any other jurisdiction in which it would not be permissible to offer the Shares.

In jurisdictions outside the United States and the EEA where an offering would be permissible, the Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

### 12.3 Transfer restrictions

*12.3.1 United States*

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Admission Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities, regulatory authority or any state of the United States, subject to certain exceptions, may not be offered or sold within the United States.

- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Admission Document.

- The Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.

- The Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above restrictions.

- If the purchaser is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements in behalf of each such account.

- The purchaser acknowledges that the Company, the Merkur Market Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States purchasing pursuant to Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Admission Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.

- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Shares, as the case may be.

- The purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.

- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, or any economic interest therein, as the case may be, such Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser will not deposit or cause to be deposited such Shares into any depositary receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.

- The purchaser acknowledges that the Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.

- The purchaser acknowledges that the Company shall not recognize any offer, sale pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

- If the purchaser is requiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

- The purchaser acknowledges that the these representations and undertakings are required in connection with the securities laws of the United States and that Company, the Merkur Market Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

*12.3.2 European Economic Area*

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Shares under, the offers contemplated in this Admission Document will be deemed to have represented, warranted and agreed to and with the Merkur Market Advisor and the Company that:

a) it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and

b) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Shares acquired by it in an offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation, or in circumstances in which the prior consent of the Merkur Market Advisor has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

## 13 ADDITIONAL INFORMATION

### 13.1 Admission to Merkur Market

On 30 June 2020, the Company applied for Admission to Merkur Market. The first day of trading on Merkur Market is expected to be on or about 14 July 2020.

Neither the Company nor any other entity of the Group have securities listed on any stock exchange or other regulated market place.

### 13.2 Information sourced from third parties and expert opinions

In this Admission Document, certain information has been sourced from third parties. The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

The Company confirms that no statement or report attributed to a person as an expert is included in this Admission Document.

### 13.3 Independent auditor

The Company's independent auditor is Revisorgruppen Oslo AS (business registration number 917 275 254, and registered business address at Oscars gate 30, 0352 Oslo, Norway) Revisorgruppen Oslo AS has been the Company's independent auditor since 9 January 2017.

Revisorgruppen Oslo AS has not audited, reviewed or produced any report on any other information in this Admission Document.

### 13.4 Advisors

The Company has engaged Carnegie AS (business registration number 936 310 974, and registered business address at Fjordalléen 16, 0250 Oslo, Norway) as the Merkur Advisor.

Advokatfirmaet Thommessen AS (business registration number 957 423 248, and registered business address at Haakon VIIs gate 10, N-0116 Oslo, Norway) is acting as Norwegian legal counsel to the Company.

## 14 DEFINITIONS AND GLOSSARY OF TERMS

When used in this Admission Document, the following defined terms shall have the following meaning:

| | |
|---|---|
| ACT® | Acoustic Cluster Therapy. |
| Admission | The admission to trading of the Company's shares on Merkur Market. |
| Admission Document | This admission document, dated 9 July 2020. |
| Appropriate Channels for Distribution | Has the meaning ascribed to such term under "Important Information". |
| Articles of Association | Articles of Association of the Company as of 29 June 2020. |
| Board of Directors | The board of directors of the Company. |
| Board Members | The members of the Board of Directors. |
| CEO | Chief Executive Officer. |
| CMC | Chemistry, manufacturing and control. |
| CNS | Central nervous system. |
| Company | EXACT Therapeutics AS. |
| Corporate Governance Code | The Norwegian Code of Practice for Corporate Governance last updated 30 October 2014. |
| EEA | European Economic Area. |
| EPO | European Patent Office. |
| EU Prospectus Regulation | Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC. |
| EXACT-Tx | EXACT Therapeutics AS. |
| FDA | US Food and Drug Administration. |
| FSMA | Financial Services and Markets Act 2000. |
| Financial Statements | The audited financial statements of the Company for the years ending 31 December 2019 and 31 December 2018. |
| Foreign Corporate Shareholders | Non-Resident Shareholders that are corporate shareholders (i.e. limited liability companies and similar entities). |
| Foreign Individual Shareholders | Non-Resident Shareholders that are individual shareholders (i.e. other shareholders than Foreign Corporate Shareholders). |
| GEHC | GE Healthcare companies. |
| GEPD | GE Parallel Designs. |
| GMP | Good manufacturing practices. |
| Group | The Company together with its subsidiaries. |
| HUH-NCUG | Haukeland University Hospital - National Centre for Ultrasound in Gastroenterology. |
| ICR | Institute for Cancer Research. |
| LABC | Locally advanced breast cancer. |
| LEI | Legal Entity Identifier. |
| LIBOR | London Inter-bank Offered Rate. |
| Management | The members of the Group's senior management. |
| mCRC | Metastatic colorectal cancer. |
| Merkur Advisors | Carnegie AS. |
| Merkur Market | The multilateral trading facility for equity instruments operated by Oslo Børs ASA. |
| Merkur Market Admission Rules | Admission to trading rules for Merkur Market as of December 2017. |
| Merkur Market Content Requirements | Content requirements for Admission Documents for Merkur Market as of January 2017. |
| MiFID II | EU Directive 2014/65/EU on markets in financial instruments, as amended. |
| MiFID II Product Governance Requirements | MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures. |
| Negative Target Market | Has the meaning ascribed to such term under "Important Information". |
| NGAAP | Norwegian Generally Accepted Accounting Principles. |
| NIBOR | Norwegian Interbank Offered Rate. |
| NOK | Norwegian kroner, the currency of the Kingdom of Norway. |
| Non-Resident Shareholders | Shareholders who are not resident in Norway for tax purposes. |
| Norwegian Accounting Act | The Norwegian Accounting Act of 17 July 1998 no 56 (*Nw.: regnskapsloven*). |
| NPA | National Planning Agency |
| Norwegian Corporate Shareholders | Shareholders who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes. |
| Norwegian Individual Shareholders | Norwegian Shareholders other than Norwegian Corporate Shareholders. |

| | |
|---|---|
| Norwegian Private Companies Act | The Norwegian Private Limited Liability Companies Act of 13 June 1997 no 44 (as amended) (*Nw.: aksjeloven*). |
| Norwegian Securities Trading Act | The Norwegian Securities Trading Act of 29 June 2007 no. 75 (as amended) (*Nw.: verdipapirhandelloven*). |
| Norwegian Securities Trading Regulation | The Norwegian Securities Trading Regulation of 29 June 2007 no 876 (as amended) (*Nw.: verdipapirforskriften*). |
| Norwegian Shareholders | Shareholders who are resident in Norway for tax purposes. |
| NRS no. 8 | Norwegian Accounting Standard Board *(Nw.: Norsk Regnskapsstiftelse)* standard no. 8 (good accounting practice for small businesses) *(Nw.: Norsk Regnskaps Standard nr 8, God regnskapsskikk for små foretak).* |
| NTNU | Norwegian University of Science and Technology. |
| Oslo Børs (or OSE) | Oslo Børs ASA. |
| PDAC | Pancreatic ductal adenocarcinoma. |
| Positive Target Market | Has the meaning ascribed to such term under "Important Information". |
| Private Placement | The private placement consisting of (i) a share capital increase for a total amount of NOK 145,009,081, by issuing 27,881 Shares, with a nominal value of NOK 1 each, at a subscription price of NOK 5,201 per Share; and, (ii) a secondary sale of existing, validly issued Shares from the Selling Shareholders, each with a nominal value of NOK 1, for a total amount of NOK 10,001,523. |
| Relevant Member State | Each Member State of the European Economic Area which has implemented the EU Prospectus Directive. |
| Selling Shareholders | Has the meaning ascribed to such term under "Details of the Private Placement". |
| Shares (or Share) | Shares in the capital of the Company, each with a nominal value of NOK 1, or any one of them. |
| Target Market Assessment | Negative Target Market together with the Positive Target Market. |
| TGen | The Translational Genomics Research Institute. |
| USD | United States Dollars, the currency of the United States. |
| United States (or US) | The United States of America. |
| VI3C | Value in Cancer Care Consortium. |
| VPS | The Norwegian Central Securities Depository (*Nw.: Verdipapirsentralen*). |
| VPS Registrar | DNB Markets VPT, a part of DNB Bank ASA. |

***

**APPENDIX A**

**ARTICLES OF ASSOCIATION**

# VEDTEKTER

# FOR

# EXACT Therapeutics AS

**(sist endret 29.6.2020)**

## § 1 Foretaksnavn

Selskapets foretaksnavn er EXACT Therapeutics AS. Selskapet er et aksjeselskap.

## § 2 Forretningskontor

Selskapets forretningskontor er i Oslo.

## § 3 Formål

Selskapets formål er Legemiddelutvikling
og andre tjenester og produkter som naturlig faller sammen med dette, herunder å delta i andre selskaper med lignende virksomhet, kjøp og salg av aksjer, eller på annen måte gjøre seg interessert i andre foretagender samt kjøp, salg og utleie av fast eiendom.

## § 4 Virksomhet

Selskapets virksomhet er: Legemiddelutvikling

## § 5 Aksjekapital

Selskapets aksjekapital er NOK 119.871 fordelt på 119.871 aksjer, hver aksje pålydende NOK 1.

## § 6 Ledelse

Selskapets styre består av 5 til 7 medlemmer etter generalforsamlingens nærmere beslutning.
Selskapets styre, herunder styreleder og nestleder, velges årlig på ordinær generalforsamling.

Selskapets firma tegnes av "Styrets leder og ett styremedlem i fellesskap".
Styret kan meddele prokura.
Selskapet skal ha en daglig leder.

## § 7 Generalforsamling

Den ordinære generalforsamling skal behandle:
1. Godkjennelse av årsregnskapet og årsinnberetningen, herunder utdeling av utbytte.
2. Andre saker som etter loven eller vedtektene hører under generalforsamlingen.

Dokumenter som gjelder saker som skal behandles i selskapets generalforsamling, herunder dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen, trenger ikke sendes til aksjeeierne dersom dokumentene er tilgjengelige på selskapets hjemmeside. En aksjeeier kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles I generalforsamlingen.

**§ 8 Aksjenes omsettelighet**

Aksjene i selskapet er fritt omsettelige.

**§ 9 Aksjeeierregistrering**

Selskapets aksjer skal registreres i Verdipapirsentralen.

**§ 10 Nominasjonskomite**

Nominasjonskomiteen skal bestå av opp til fire medlemmer fra Selskapets aksjonærer eller representanter for aksjonærene. Medlemmene herunder lederen, skal velges av generalforsamlingen for en periode på et år. Nominasjonskomiteen skal nominere styremedlemmer herunder styreleder og nestleder og foreslå godtgjørelse til styret til generalforsamlingen. Generalforsamlingen skal fastsette godtgjørelse til nominasjonskomiteen.

**§ 11 Forholdet til aksjeloven**

For øvrig henvises til den til enhver tid gjeldende aksjelovgivning.

**APPENDIX B**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF EXACT THERAPEUTICS AS FOR THE YEAR ENDED 31 DECEMBER 2019**

admincontrol

annual report 2019 accounts and BoD report.pdf

**Signers:**

| *Name* | *Method* | *Date* |
|---|---|---|
| Masha Strømme | One-Time-Password | 2020-05-25 19:19 GMT+2 |
| Fikkan, Jan | BANKID | 2020-05-25 21:55 GMT+2 |
| Jean-Claude Provost | One-Time-Password | 2020-05-26 09:24 GMT+2 |
| Klouman, Hans Henrik | BANKID_MOBILE | 2020-05-26 11:19 GMT+2 |
| William Castell | One-Time-Password | 2020-05-26 11:39 GMT+2 |
| Jean-Michel Cossery | One-Time-Password | 2020-05-26 14:30 GMT+2 |

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Document ID:
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THE SIGNED DOCUMENT FOLLOWS ON THE NEXT PAGE >

**PHOENIX SOLUTIONS AS**

**ANNUAL ACCOUNTS 2019**

## REPORT FROM THE BOARD OF DIRECTORS

### 1. Short description of the company

Phoenix Solutions AS is a private limited liability company incorporated and domiciled in Norway, with headquarters in Oslo, Norway. The technology and expert team spun out of GE Healthcare in 2013 to develop Acoustic Cluster Therapy (ACT®), an innovative platform for ultrasound enhanced drug targeting. It is a clinical stage company, with clinical development initiated at Royal Marsden Hospital/ICR (UK) in Sept 2019 currently evaluating ACT® for the delivery of SoC chemotherapy in patients with hepatic metastases from colon and pancreatic cancers.

ACT® achieves therapeutic enhancement through biomechanical effects induced by insonation of microbubbles transiently trapped in the microvasculature. Extensive preclinical program demonstrates utility across multiple therapeutic agents and diseases, particularly in oncology and it utilises ultrasound fields well within approved, safe range with off the shelf scanners. The initial focus is within oncology and aims at enhancing the standard of care. The company further looks to address significant unmet needs, with clear potential for multi-indication therapeutic utility, agnostic of product class.

### 2. Highlights 2019

The past year was an important and transformative year for Phoenix Solutions AS, with the Company initiating the ACTivate phase I study evaluating safety and tolerability in metastatic colorectal cancer patients at the Institute of Cancer Research (ICR) and Royal Marsden in the UK. Part I of the phase I is looking at recommended dose & schedule of ACT®in combination with standard of care chemotherapy while Part II will evaluate the anti-tumour effect of ACT®with chemotherapy, comparing impact on size of treated vs untreated liver metastases. Before the Covid-19 halt and as of March 2020, the company had enrolled 5 patients:

- 3 patients dosed at 20uL/kg with acceptable safety and tolerability
- 2 patients dosed at 40uL/kg, patient 5 died from septicemia, unrelated to ACT®, reported as a Serious Unexpected Serious Adverse Reaction (SUSAR) to relevant regulatory authorities.

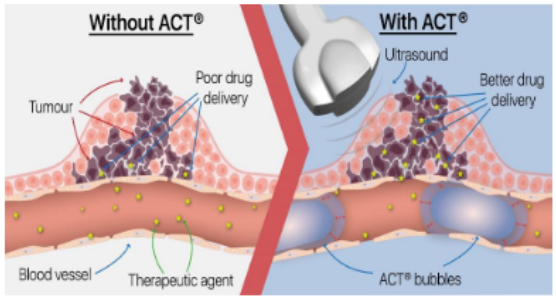
The analytical work on the patient data is not finished, but results achieved so far are encouraging and clinical activities should resume in the summer 2020. A further 3 sites are expected to be included in the Part 2 of the Phase 1 clinical study.

In 2019, the work with GEHC's Parallel Design SAS, GE Global Research Centre and Vingmed, continued to progress on the development of the Ultrasound prototype probe "the Benou probe" in use in the ACTivate study. The Company continued to expand its preclinical efforts through a collaboration with the team at Translational Genomics in Phoenix Arizona, demonstrating a remarkable increase in therapeutic effect levels when combining Abraxane/Gemcitabine or Onivyde® with ACT® in a well-recognised pancreatic cancer animal model. The study results were presented at an American Association for Cancer Research meeting in Boston in October.

The Company also expanded the organisation with the appointment of Dr Rafiq Hasan as CEO of the company (start date Summer 2020) and the recruitment of Dr Spiros Kotopoulis, CTO of Phoenix, an experienced scientist within the field of ultrasound mediated microbubble drug delivery technology. The Company also saw the addition of Dr Davide Manissero (Chief Medical Officer at Qiagen) as advisor to the Company's efforts within infectious diseases. The Board was strengthened by the addition of Dr Jean-Michel Cosséry, a Senior Healthcare Executive with global leadership experience in Research, Marketing and Commercial roles within Med-Tech and Pharmaceuticals (including GE Healthcare and Eli-Lily). Finally, Phoenix Solutions received major media exposure in December 2019 led by the BBC's interest in the phase 1 trial at the Marsden/ICR, confirming ACT®'s lead globally within the field of Ultrasound mediated drug delivery.

### 3. Business overview

Phoenix Solutions' clinical operations are exclusively focused today on the development of ACT to enhance the standard of care within oncology. ACT® is based on a purely biomechanical mode of action and has so far proven to be both drug and disease agnostic which underpins the potential of ACT® as a technology platform across indications.




By forging relationships with leading institutions in Europe and US, the company has developed a compelling oncology preclinical portfolio which provides a solid foundation for the ongoing clinical program. While phase 1 is exclusively focused on colorectal and pancreatic cancer patients with liver metastases, Phoenix Solutions has initiated planning for a phase II basket trial evaluating ACT® in multiple oncology indications, enabling rapid prioritization of indications & potential for conditional approval. The initial focus is on neo-adjuvant management of unresectable sarcomas, locally advanced pancreatic cancer, breast cancer, Head and neck squamous cell carcinoma. For ease of translation to a commercial product, Phoenix is focused on working with off the shelf Ultrasound scanner and bespoke probe to accompany ACT®+drug.

The global oncology market remains highly attractive, valued at $97bn in 2017 and anticipated to grow to $176bn in 2025. Following global economic trauma of Covid-19 pandemic, payers within the healthcare sector will inevitably increase pricing pressure on pharmaceuticals and ACT® has potential to address this opportunity.

## 4. Financial summary

The company had income of NOK 7 427 948 in 2019 compared to NOK 5 579 657 in 2018. Revenues include Skattefunn grant of NOK 3 339 703 and BIA grant from Norwegian Research Council of NOK 4 000 000.

The company had a net loss of NOK -14 981 884 in 2019 compared to NOK -7 585 945 in 2018. The increased loss is mainly due to increased R&D activities where clinical program started up in 2H 2019. All R&D costs are expensed.

Total equity at year end 2019 was NOK 42 079 218 compared to a total balance value of NOK 51 762 256 giving an equity ratio of 81%. Last year the total equity was NOK 57 061 102 compared to a total balance value of NOK 63 232 461. The reduced equity in 2019 is equal to the net loss.

Cash and interest-bearing funds at year end 2019 was NOK 45 383 644 compared to NOK 59 204 752 at year end 2018. The company had a capital increase late 2018 where NOK 56.3 million was raised. There has been no capital increase in 2019.

The Board consider that the annual accounts give an accurate description of Phoenix Solutions AS' assets, liabilities, financial position and result.

The Board confirms that the annual accounts have been prepared under the assumption of going concern in accordance with the Norwegian Accounting Act.

## 5. Other elements

The company had 4 employees at year end 2019, there were no long-term leave of absence due to illness or work-related injuries. All employees were men.

The Board has 6 members hereof one woman.

Phoenix Solutions AS operations do not directly pollute or harm the environment, and the company and its employees are committed to behaving responsibly and to minimizing the impact on the environment.

## 6. Subsequent events

The corona pandemic has impacted the global economy and no industry seem to be protected from operational and financial consequences. The final impact on any industry or individual company is currently difficult to assess. For our company, the likely implications of the COVID-19 pandemic will be delays in clinical and pre-clinical programs. We are working to ensure that our programs will be re-started as soon as the situation become normalized.

## 7. Outlook

As for 2020, Phoenix aims to accomplish;

- Safety and clinical dose confirmation at Royal Marsden, followed by starting up at Haukeland, Radium Hospitalet and Newcastle
- Refine and validate further Phase II clinical development plans,
- Manufacture and release of a 2nd batch of GMP product;
- Continue pre-clinical efforts in line with clinical and commercial strategy
- Strengthen the management team with operations in the UK through the establishment of the wholly owned subsidiary ACT Therapeutics Ltd.

Oslo 25. May 2020

The Board of Directors of Phoenix Solutions AS

| | | | |
|---|---|---|---|
| Masha Strømme | William Martin Castell | Jan Fikkan | Hans Henrik Klouman |
| Chairman | Deputy chairman | Board member | Board member |

| | |
|---|---|
| Jean Claude Provost | Jean Michael Cosséry |
| Board member | Board member |

**Phoenix Solutions AS**

**Org.num: 998 317 487**

## Income statement

| | Note | 2019 | 2018 |
|---|---|---|---|
| **Revenue** | | | |
| Sales revenues | | 88 245 | 0 |
| Grants | 6 | 7 339 703 | 5 579 657 |
| Total revenue | | 7 427 948 | 5 579 657 |
| **Operating expenses** | | | |
| Payroll expenses | 4 | 7 362 537 | 5 703 885 |
| Depreciation of tangible and intangible fixed assets | 5 | 284 155 | 125 500 |
| Other operating expenses | 4 | 15 760 881 | 7 374 886 |
| Total operating expenses | | 23 407 573 | 13 204 271 |
| Operating result | | -15 979 625 | -7 624 614 |
| **Financial income and expenses** | | | |
| Other financial income | | 1 069 610 | 46 374 |
| Other financial expenses | | 71 869 | 7 705 |
| Net financial items | | 997 741 | 38 669 |
| Ordinary result before tax | | -14 981 884 | -7 585 945 |
| **Net profit or loss for the year** | | -14 981 884 | -7 585 945 |
| **Allocated as follows** | | | |
| Transferred to other equity | 3 | -14 981 884 | -7 585 945 |

## Balance sheet as of December 31

| | Note | 2019 | 2018 |
|---|---|---|---|
| **Fixed assets** | | | |
| *Tangible assets* | | | |
| Fixtures and fittings, tools, office machinery etc. | 5 | 1 287 070 | 171 974 |
| Total tangible assets | | 1 287 070 | 171 974 |
| Total fixed assets | | 1 287 070 | 171 974 |
| **Current assets** | | | |
| *Receivables* | | | |
| Other receivables | 11 | 5 091 542 | 3 855 735 |
| Total accounts receivable | | 5 091 542 | 3 855 735 |
| *Investments* | | | |
| Other quoted financial instruments | 7 | 21 628 962 | 0 |
| Total investments | | 21 628 962 | 0 |
| Cash and cash equivalents | 2 | 23 754 682 | 59 204 752 |
| Total current assets | | 50 475 186 | 63 060 487 |
| Total assets | | 51 762 256 | 63 232 461 |

## Balance sheet as of December 31

| | Note | 2019 | 2018 |
|---|---|---|---|
| **Equity** | | | |
| *Paid-in capital* | | | |
| Share capital | 3, 9 | 89 912 | 60 187 |
| Decided, not registered share capital | | 0 | 29 725 |
| Share premium reserve | 3 | 72 440 981 | 72 440 981 |
| Other paid-in capital | | 0 | -12 000 |
| Total paid-in capital | | 72 530 893 | 72 518 893 |
| *Other equity* | | | |
| Accumulated loss | 3 | -30 451 675 | -15 457 791 |
| Total accumulated loss | | -30 451 675 | -15 457 791 |
| Total equity | 10, 12 | 42 079 218 | 57 061 102 |
| **Liabilities** | | | |
| *Current liabilities* | | | |
| Trade creditors | | 3 340 871 | 7 166 |
| Public duties payable | 2 | 851 556 | 832 055 |
| Other short-term liabilities | | 5 490 611 | 5 332 138 |
| Total current liabilities | | 9 683 038 | 6 171 359 |
| Total liabilities | | 9 683 038 | 6 171 359 |
| Total equity and liabilities | | 51 762 256 | 63 232 461 |

Oslo, 25 May 2020

| | | |
|---|---|---|
| Masha Strømme<br>Chairman/acting CEO | William Martin Castell<br>Deputy chairman | Jan Fikkan<br>Board member |
| Hans Henrik Klouman<br>Board member | Jean Claude Provost<br>Board member | Jean Michael Cosséry<br>Board member |

## Notes to the accounts for 2019

### Note - 1 Accounting Principles

The annual report is prepared according to the Norwegian Accounting Act 1998 and generally accepted accounting principles for small companies.

*Sales revenue*
Sales revenues are recognized at the time of delivery. Revenue from services are recognized at execution. The share of sales revenue associated with future services are recorded in the balance sheet as deferred sales revenue, and are recognized at the time of execution.

*Trade and other receivables*
Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments. In addition, for the remainder of accounts receivables outstanding balances, a general provision is carried out based on expected loss.

*Public grants*
Public grants are, in accordance with Norwegian Accounting Standard #4, recognized as revenue at gross value, rather than as cost reductions, since public grants have a significant impact on the Company's accounts. Grants are recognized in the profit and loss account in the same period as the cost which the grant shall finance. Net pre-payment of grants and net grants receivable at the end of the accounting period are recognized in the balance sheet as other short-term liabilities and other receivables respectively.

*Property, plant and equipment*
Property, plant and equipment is capitalized and depreciated over the estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset. If carrying value of a non current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the esimated future cash flows are discounted to their present value.

*Research and development*
Cost regarding research and development are expensed in accordance with the accounting act § 5-6.

*Income tax*
Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. According to accounting standards for smaller companies, deferred tax assets are not recorded in the balance sheet.

### Note 2 - Bank deposit

| | 2019 |
|---|---|
| Restricted bank deposits | 519 924 |

The deposit covers payroll taxes withheld from employees as per 31.12.

# Notes to the accounts for 2019

## Note 3 - Owners equity

| | Share capital | Share premium reserve | Other paid-in capital | Accumulated loss | Total |
|---|---|---|---|---|---|
| Owners equity 01.01. | 89 912 | 72 440 981 | -12 000 | -15 457 791 | 57 061 102 |
| Loss for the year | 0 | 0 | 0 | -14 981 884 | -14 981 884 |
| Other changes | 0 | 0 | 12 000 | -12 000 | 0 |
| Owners equity 31.12. | 89 912 | 72 440 981 | 0 | -30 451 675 | 42 079 218 |

## Note 4 - Wage costs, number of employees, remuneration, loans to employees and auditor's fee

| *Wage costs* | 2019 | 2018 |
|---|---|---|
| Salaries | 6 077 120 | 4 702 275 |
| Payroll tax | 907 419 | 703 445 |
| Pension costs | 256 305 | 217 705 |
| Other payments | 121 693 | 80 460 |
| Total | 7 362 537 | 5 703 885 |

Salaries and remuneration paid to the company's managing director Per Sontum is NOK 1 649 477 for 2019. In 2019 NOK 570 000 was paid in board's fees. The auditor's fees amounted to NOK 45 575. The company is subject to the rules of mandatory occupational pensions and has established a defined contribution scheme according to the law.

## Note 5 - Tangible assets

| | Fixtures and fittings, tools etc |
|---|---|
| Acquisition cost 01.01. | 1 032 325 |
| Purchased tangibles | 1 399 251 |
| Acquisition cost 31.12. | 2 431 576 |
| | |
| Acc.depreciation 31.12. | -1 144 506 |
| Net carrying amount at 31.12. | 1 287 070 |
| | |
| Depreciation for the year | 284 155 |
| | |
| Useful economic life | 3 - 5 years |

## Notes to the accounts for 2019

### Note 6 - Public grants

| | 2019 | 2018 |
|---|---|---|
| Research Council of Norway (BIA) | 4 000 000 | 3 010 707 |
| SkatteFUNN | 3 339 703 | 2 068 950 |
| Total | 7 339 703 | 5 579 657 |

### Note 7 - Financial investments

| | Acquisition value | Market value | Accounted value |
|---|---|---|---|
| Bond funds | 21 628 962 | 21 799 717 | 21 628 962 |
| Sum | 21 628 962 | 21 799 717 | 21 628 962 |

### Note 8 - Income taxes

| *Tax base estimation* | 2019 | 2018 |
|---|---|---|
| Ordinary result before tax | -14 981 884 | -7 585 946 |
| Permanent differences | -3 304 294 | -2 045 568 |
| Change in temporary differences | -68 145 | 34 939 |
| Tax base | -18 354 323 | -9 596 575 |

| *Temporary differences outlined* | 2019 | 2018 |
|---|---|---|
| Fixed assets | -122 125 | -190 270 |
| Total | -122 125 | -190 270 |
| Tax loss carry-forward | -41 547 297 | -23 192 974 |
| Net temporary differences | -41 669 422 | -23 383 244 |
| Deferred income tax liability (22%) | -9 167 273 | -5 144 314 |

| *Permanent differences outlined* | 2019 | 2018 |
|---|---|---|
| Others costs | 35 409 | 23 382 |
| Income SkatteFUNN (funding) | -3 339 703 | -2 068 950 |
| Total permanent differences | -3 304 294 | -2 045 568 |

## Notes to the accounts for 2019

### Note 9 - Share capital and shareholder information

Share capital:

| | Number of shares | Face value | Book value |
|---|---|---|---|
| Ordinære aksjer | 89 912 | 1 NOK | 89 912 |

Main shareholders per 31.12:

| | Ordinary shares | Ownership share |
|---|---|---|
| Kvåle AS | 11 622 | 13 % |
| Marlena Holding AS | 10 033 | 11 % |
| Andrew John Healey | 9 775 | 11 % |
| Per Christian Sontum | 8 981 | 10 % |
| Brekke Holding AS | 8 660 | 10 % |
| Investinor AS | 6 667 | 7 % |
| Optimuspistor AS | 6 069 | 7 % |
| Canica AS | 5 200 | 6 % |
| CGS Holding AS | 2 601 | 3 % |
| Helene Sundt AS | 2 601 | 3 % |
| Total | 72 209 | 80 % |
| Other (less than 5% ownership) | 17 703 | 20 % |
| Total number of shares | 89 912 | 100 % |

### Note 10 - Warrants

| | Warrants | Share price | Warrants | Share price |
|---|---|---|---|---|
| Fikkan Pharma AS | 600 | 233 | 300 | 1 922 |
| Sigrid Fossheim | 300 | 233 | | |
| Masha Strømme | 300 | 233 | 150 | 1 922 |
| Hans Henrik Klouman | | | 150 | 1 922 |
| Robert Dann | 300 | 233 | | |
| Jean Claude Provost | | | 150 | 1 922 |

All warrants above had expiry date 31 March 2020. In an extraordinary general meeting on that date, the share capital was increased by in total NOK 1,680 equal to 1,680 shares based on these warrants. Total contribution was NOK 1,117,710 of which NOK 1,680 was share capital.

One employee has received 500 warrants in 2019 with strike price of NOK 1,922. Vesting period is 5 years ending 1 November 2024 and the employee is allowed to exercise 20% each year of the 5 year period.

## Notes to the accounts for 2019

### Note 11 - Short term receivables

| | 2019 | 2018 |
|---|---|---|
| Other short term receivables | 33 875 | 71 431 |
| Research Council of Norway (funding) | 1 333 334 | 1 503 569 |
| SkatteFUNN (funding) | 3 339 703 | 2 068 950 |
| VAT | 384 630 | 211 785 |
| Total | 5 091 542 | 3 855 735 |

### Note 12 - Events occuring after the balance sheet date

The Corona crises has delayed ongoing clinical study and as well pre-clinical activities at hospitals as such activities have been. It is unclear when situation will normalize. The company will do its best to ensure that activities are started again when possible.

To the Shareholders' Meeting of Phoenix Solutions AS

# Independent auditor`s report 2019

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Phoenix Solutions AS, showing a loss of NOK 14.981.884. The financial statements comprise the balance sheet as at December 31, 2019 and the statement of income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company as required by laws and regulations, 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.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Revisorgruppen

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N-0307 Oslo

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Fax: +47 23 20 49 01

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Board of Directors and the Managing Director for the Financial Statements**

The Board of Directors and the Managing Director is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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 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.

Refer to https://revisorforeningen.no/revisjonsberetninger which contains a description of Auditor's responsibilities.

## Report on Other Legal and Regulatory Requirements

**Opinion on the Board of Directors' report**

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

**Opinion on Registration and Documentation**

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that

management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 26th May 2020

Revisorgruppen Oslo AS

Mari Østbø

State Authorized Public Accountant

**APPENDIX C**

**AUDITED CASH FLOW STATEMENT OF EXACT THERAPEUTICS AS FOR THE YEAR ENDED 31 DECEMBER 2019**

| *(In NOK)* | Year ended 31 December | |
|---|---|---|
| | **2019** | **2018** |
| **Cash flows from operating activities** | | |
| Net loss for the year | -14 981 884 | -7 585 945 |
| Depreciation | 284 155 | 125 500 |
| **Working capital from (used in) operating activities** | | |
| Changes in operating assets and liabilities: | | |
| Receivables, increase | -1 235 807 | 721 597 |
| Current liabilities, increase | 3 511 679 | -5 506 421 |
| **Changes in operating assets and liabilities** | **2 275 872** | **-4 784 824** |
| **Cash flows from (used in) operating activities** | **-12 421 857** | **-12 245 269** |
| | | |
| **Cash flows used in investing activities** | | |
| Investments in operating assets | -1 399 251 | - |
| **Cash flows used in investing activities** | **-1 399 251** | **-** |
| | | |
| **Cash flows from financing activities** | | |
| New equity, net | - | 56 300 751 |
| Interest-bearing placement | -21 628 962 | - |
| **Cash flows from financing activities** | **-21 628 962** | **56 300 751** |
| | | |
| **(Decrease) increase in cash and cash equivalents** | **-35 450 070** | **44 055 482** |
| | | |
| **Cash and cash equivalents at the beginning of the year** | **59 204 752** | **15 149 270** |
| | | |
| **Cash and cash equivalents at the year end** | **23 754 682** | **59 204 752** |

To Exact Therapeutics AS

Independant auditor's report on cash flows for 2019

In the financial statements for Phoenix Solutions As (now Exact Therapeutics AS) the cash flow was not included, because the statement was prepared according to generally accepted accounting principles for small companies.

We have now audited the cashflow and can confirm that the cashflow is in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Oslo, 25th June 2020

Revisorgruppen Oslo AS

Mari Østbø
State Authorized Public Accountant

Revisorgruppen

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Oscars gate 30
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N-0307 Oslo

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Foretaksregisteret
NO 917 275 254 MVA

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**APPENDIX D**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF EXACT THERAPEUTICS AS FOR THE YEAR ENDED 31 DECEMBER 2018**

Brønnøysundregistrene

# ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

**Enheten**

| | |
|---|---|
| Organisasjonsnummer: | 998 317 487 |
| Organisasjonsform: | Aksjeselskap |
| Foretaksnavn: | PHOENIX SOLUTIONS AS |
| Forretningsadresse: | Ullernchausséen 64<br>0379 OSLO |

**Regnskapsår**

| | |
|---|---|
| Årsregnskapets periode: | 01.01.2018 - 31.12.2018 |

**Konsern**

| | |
|---|---|
| Morselskap i konsern: | Nei |

**Regnskapsregler**

| | |
|---|---|
| Regler for små foretak benyttet: | Ja |
| Benyttet ved utarbeidelsen av årsregnskapet til selskapet: | Regnskapslovens alminnelige regler |

**Årsregnskapet fastsatt av kompetent organ**

| | |
|---|---|
| Bekreftet av representant for selskapet: | Per Sontum |
| Dato for fastsettelse av årsregnskapet: | 08.05.2019 |

**Grunnlag for avgivelse**

År 2018: Årsregnskapet er elektronisk innlevert

År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 25.05.2020

# Resultatregnskap

| Beløp i: NOK | Note | 2018 | 2017 |
|---|---|---|---|
| **RESULTATREGNSKAP** | | | |
| **Inntekter** | | | |
| Salgsinntekt | 6 | 5 579 657 | 7 859 527 |
| **Sum inntekter** | | **5 579 657** | **7 859 527** |
| **Kostnader** | | | |
| Lønnskostnad | 4 | 5 703 885 | 3 835 444 |
| Avskrivning | 5 | 125 500 | 143 296 |
| Annen driftskostnad | 4 | 7 374 886 | 8 834 167 |
| **Sum kostnader** | | **13 204 271** | **12 812 907** |
| **Driftsresultat** | | **-7 624 614** | **-4 953 380** |
| **Finansinntekter og finanskostnader** | | | |
| Annen finansinntekt | | 46 374 | 45 528 |
| **Sum finansinntekter** | | **46 374** | **45 528** |
| Annen finanskostnad | | 7 705 | 5 675 |
| **Sum finanskostnader** | | **7 705** | **5 675** |
| **Netto finans** | | **38 669** | **39 853** |
| **Ordinært resultat før skattekostnad** | | **-7 585 945** | **-4 913 527** |
| **Ordinært resultat etter skattekostnad** | | **-7 585 945** | **-4 913 527** |
| **Årsresultat** | | **-7 585 945** | **-4 913 527** |
| **Overføringer og disponeringer** | | | |
| Overføringer annen egenkapital | 3 | -7 585 945 | -4 913 527 |
| **Sum overføringer og disponeringer** | | **-7 585 945** | **-4 913 527** |

# Balanse

| Beløp i: NOK | Note | 2018 | 2017 |
|---|---|---|---|
| **BALANSE - EIENDELER** | | | |
| **Anleggsmidler** | | | |
| **Immaterielle eiendeler** | | | |
| **Varige driftsmidler** | | | |
| Driftsløsøre, inventar, kontormaskiner ol | 5 | 171 974 | 297 474 |
| **Sum varige driftsmidler** | | **171 974** | **297 474** |
| **Sum anleggsmidler** | | **171 974** | **297 474** |
| **Omløpsmidler** | | | |
| **Varer** | | | |
| **Fordringer** | | | |
| Andre fordringer | | 3 855 735 | 4 577 332 |
| **Sum fordringer** | | **3 855 735** | **4 577 332** |
| **Bankinnskudd, kontanter og lignende** | | | |
| **Sum bankinnskudd, kontanter og lignende** | 2 | **59 204 752** | **15 149 270** |
| **Sum omløpsmidler** | | **63 060 487** | **19 726 602** |
| **SUM EIENDELER** | | **63 232 461** | **20 024 076** |
| **BALANSE - EGENKAPITAL OG GJELD** | | | |
| **Egenkapital** | | | |
| **Innskutt egenkapital** | | | |
| Aksjekapital | 3, 8, 9 | 60 187 | 60 187 |
| Decided, not registered share capital | | 29 725 | |
| Overkurs | 3 | 72 440 981 | 16 169 955 |
| Annen innskutt egenkapital | | -12 000 | -12 000 |
| **Sum innskutt egenkapital** | | **72 518 893** | **16 218 142** |
| **Opptjent egenkapital** | | | |

# Balanse

| Beløp i: NOK | Note | 2018 | 2017 |
|---|---|---|---|
| Fond | 3 | 29 725 | |
| Annen egenkapital | 3 | -15 457 791 | -7 871 846 |
| **Sum opptjent egenkapital** | | **-15 457 791** | **-7 871 846** |
| **Sum egenkapital** | | **57 061 102** | **8 346 296** |
| **Sum langsiktig gjeld** | | **0** | **0** |
| **Kortsiktig gjeld** | | | |
| Leverandørgjeld | | 7 166 | 6 387 537 |
| Skyldige offentlige avgifter | 2 | 832 055 | 275 781 |
| Annen kortsiktig gjeld | | 5 332 138 | 5 014 462 |
| **Sum kortsiktig gjeld** | | **6 171 359** | **11 677 780** |
| **Sum gjeld** | | **6 171 359** | **11 677 780** |
| **SUM EGENKAPITAL OG GJELD** | | **63 232 461** | **20 024 076** |

Skattedirektoratet

| Saksbehandler | Deres dato | Vår dato |
|---|---|---|
| Jeanette Munkvold Skovholt | 29.04.2017 | 31.05.2017 |
| Telefon | Deres referanse | Vår referanse |
| 90076012 | Linda Dalan | 2017/451437 |

Regnskapstjenester Linda
Kjelsåsveien 131 B
0491 OSLO

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Phoenix Solutions AS, org. nr. 998 317 487

Vi viser til deres brev av 29. april 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Phoenix Solutions AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Phoenix Solutions AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

**Bakgrunn**
Fra søknaden gjengis:

> ***Nasjonalitet:*** *Etter ny emisjon i 2017, har selskapet nå tre utenlandske aksjonærer. Selskapet har utenlandsk styremedlem, se vedlegg 2.*
> ***Eierkrets:*** *Eierkretsen er begrenset og det blir foretatt rettede emisjoner.*
> ***Kunder:*** *Selskapet driver med forskning og utvikling og har så langt ikke lansert et ferdig produkt.*
> ***Bransjer:*** *Selskapets virksomhet er innen bioforskning som er svært internasjonalt orientert.*
> ***Hjørnesteinsbedrift:*** *Selskapet er ikke en hjørnestensbedrift.*

En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

**Skattedirektoratets vurdering**
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som*

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Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60

*tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet har flere utenlandske aksjonærer, og et utenlandsk styremedlem. Eierkretsen er begrenset. Selskapet opererer i en internasjonal bransje. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk, og det anses at ingen øvrige brukere av regnskapsinformasjon blir negativt berørt av at årsregnskapet og årsberetningen utarbeides på engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
*seniorrådgiver*
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*

## Phoenix Solutions AS

Org.num: 998 317 487

## Income statement

| | Note | 2018 | 2017 |
|---|---|---|---|
| **Revenue** | | | |
| Sales revenue | 6 | 5 579 657 | 7 859 527 |
| **Operating expenses** | | | |
| Payroll expenses | 4 | 5 703 885 | 3 835 444 |
| Depreciation of tangible and intangible fixed assets | 5 | 125 500 | 143 296 |
| Other operating expenses | 4 | 7 374 886 | 8 834 167 |
| Total operating expenses | | 13 204 271 | 12 812 907 |
| Operating result | | -7 624 614 | -4 953 380 |
| **Financial income and expenses** | | | |
| Other financial income | | 46 374 | 45 528 |
| Other financial expenses | | 7 705 | 5 675 |
| Net financial items | | 38 669 | 39 853 |
| Ordinary result before tax | | -7 585 945 | -4 913 527 |
| **Net profit or loss for the year** | | -7 585 945 | -4 913 527 |
| **Allocated as follows** | | | |
| Transferred to other equity | 3 | -7 585 945 | -4 913 527 |

## Phoenix Solutions AS

Org.num: 998 317 487

## Balance sheet as of December 31

| | Note | 2018 | 2017 |
|---|---|---|---|
| **Fixed assets** | | | |
| *Tangible assets* | | | |
| Fixtures and fittings, tools, office machinery etc. | 5 | 171 974 | 297 474 |
| Total tangible assets | | 171 974 | 297 474 |
| Total fixed assets | | 171 974 | 297 474 |
| **Current assets** | | | |
| *Receivables* | | | |
| Other receivables | | 3 855 735 | 4 577 332 |
| Total accounts receivable | | 3 855 735 | 4 577 332 |
| Cash and cash equivalents | 2 | 59 204 752 | 15 149 270 |
| Total current assets | | 63 060 487 | 19 726 602 |
| Total assets | | 63 232 461 | 20 024 076 |

## Phoenix Solutions AS

Org.num: 998 317 487

## Balance sheet as of December 31

| | Note | 2018 | 2017 |
|---|---|---|---|
| **Equity** | | | |
| *Paid-in capital* | | | |
| Share capital | 3, 8, 9 | 60 187 | 60 187 |
| Decided, not registered share capital | | 29 725 | 0 |
| Share premium reserve | 3 | 72 440 981 | 16 169 955 |
| Other paid-in capital | | -12 000 | -12 000 |
| Total paid-in capital | | 72 518 893 | 16 218 142 |
| *Retained earnings* | | | |
| Other equity | 3 | -15 457 791 | -7 871 846 |
| Total retained earnings | | -15 457 791 | -7 871 846 |
| Total equity | | 57 061 102 | 8 346 296 |
| **Liabilities** | | | |
| *Current liabilities* | | | |
| Trade creditors | | 7 166 | 6 387 537 |
| Public duties payable | 2 | 832 055 | 275 781 |
| Other short-term liabilities | | 5 332 138 | 5 014 462 |
| Total current liabilities | | 6 171 359 | 11 677 780 |
| Total liabilities | | 6 171 359 | 11 677 780 |
| Total equity and liabilities | | 63 232 461 | 20 024 076 |

Oslo, 8 May 2019

| | | |
|---|---|---|
| Masha Strømme<br>Chairman | William Martin Castell<br>Deputy chairman | Jan Fikkan<br>Board member |
| Hans Henrik Klouman<br>Board member | Jean Claude Provost<br>Board member | Per Christian Sontum<br>General manager |

**Phoenix Solutions AS**
Org.num: 998 317 487

## Notes to the accounts for 2018

### Note - 1 Accounting Principles

The annual report is prepared according to the Norwegian Accounting Act 1998 and generally accepted accounting principles for small companies.

*Sales revenue*
Sales revenues are recognized at the time of delivery. Revenue from services are recognized at execution. The share of sales revenue associated with future services are recorded in the balance sheet as deferred sales revenue, and are recognized at the time of execution.

*Trade and other receivables*
Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments. In addition, for the remainder of accounts receivables outstanding balances, a general provision is carried out based on expected loss.

*Public grants*
Public grants are, in accordance with Norwegian Accounting Standard #4, recognized as revenue at gross value, rather than as cost reductions, since public grants have a significant impact on the Company's accounts. Grants are recognized in the profit and loss account in the same period as the cost which the grant shall finance. Net pre-payment of grants and net grants receivable at the end of the accounting period are recognized in the balance sheet as other short-term liabilities and other receivables respectively.

*Property, plant and equipment*
Property, plant and equipment is capitalized and depreciated over the estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset. If carrying value of a non current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the esimated future cash flows are discounted to their present value.

*Research and development*
Research and development costs are capitalized providing that a future economic benefit associated with development of the intangible asset can be identified. Otherwise, the costs are expensed as incurred. Capitalized research and development are amortized linearly over the economic lifetime.

*Income tax*
Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. According to accounting standards for smaller companies, deferred tax assets are not recorded in the balance sheet.

### Note 2 - Bank deposit

| | 2018 |
|---|---|
| Restricted bank deposits | 538 297 |

The deposit covers the company's tax depth as per 31.12.

## Phoenix Solutions AS

Org.num: 998 317 487

## Notes to the accounts for 2018

### Note 3 - Owners equity

| | Share capital | Share premium reserve | Other equity | Total |
|---|---|---|---|---|
| Owners equity 01.01. | 60 187 | 16 157 955 | -7 871 846 | 8 346 296 |
| Decided, not registered capital | 29 725 | 56 271 027 | 0 | 56 300 752 |
| Loss for the year | 0 | 0 | -7 585 946 | -7 585 946 |
| Owners equity 31.12. | 89 912 | 72 428 982 | -15 457 792 | 57 061 102 |

### Note 4 - Wage costs, number of employees, remuneration, loans to employees and auditor's fee

| *Wage costs* | 2018 | 2017 |
|---|---|---|
| Salaries | 4 702 275 | 3 128 469 |
| Payroll tax | 703 445 | 472 679 |
| Pension costs | 217 705 | 158 166 |
| Other payments | 80 460 | 76 130 |
| Total | 5 703 885 | 3 835 444 |

The total number of employees in the company during the year: 3

Salaries and remuneration paid to the company's managing director Per Sontum is NOK 1 359 567 for 2018. In 2018 NOK 570 000 was paid in board's fees. The auditor's fees amounted to NOK 23 600. The company is subject to the rules of mandatory occupational pensions and has established a defined contribution scheme according to the law.

### Note 5 - Tangible assets

| | Fixtures and fittings, tools etc |
|---|---|
| Acquisition cost 01.01. | 1 032 325 |
| Acquisition cost 31.12. | 1 032 325 |
| Acc.depreciation 31.12. | -860 351 |
| Net carrying amount at 31.12. | 171 974 |
| Depreciation for the year | 125 500 |
| Useful economic life | 3 - 5 years |

## Phoenix Solutions AS

**Org.num: 998 317 487**

## Notes to the accounts for 2018

### Note 6 - Public grants

| | 2018 | 2017 |
|---|---|---|
| Research Council of Norway (BIA) | 3 010 707 | 5 295 293 |
| SkatteFUNN | 2 068 950 | 2 401 544 |
| Innovation Norway | 500 000 | 0 |
| Total | 5 579 657 | 7 696 837 |

### Note 7 - Income taxes

*Tax base estimation*

| | 2018 | 2017 |
|---|---|---|
| Ordinary result before tax | -7 585 945 | -4 913 525 |
| Permanent differences | -2 048 921 | -2 403 736 |
| Change in temporary differences | 34 939 | 30 095 |
| Tax base | -9 599 927 | -7 287 166 |

*Temporary differences outlined*

| | 2018 | 2017 |
|---|---|---|
| Fixed assets | -190 270 | -155 331 |
| Total | -190 270 | -155 331 |
| Tax loss carry-forward | -23 196 326 | -13 596 399 |
| Net temporary differences | -23 386 596 | -13 751 730 |
| Deferred income tax liability (22% this year, 23% last year) | -5 145 051 | -3 162 898 |

*Permanent differences outlined*

| | 2018 | 2017 |
|---|---|---|
| Others costs | 20 029 | -2 192 |
| Income SkatteFUNN (funding) | -2 068 950 | -2 401 544 |
| Total permanent differences | -2 048 921 | -2 403 736 |

## Phoenix Solutions AS

Org.num: 998 317 487

## Notes to the accounts for 2018

### Note 8 - Share capital and shareholder information

Share capital:

| | Number of shares | Face value | Book value |
|---|---|---|---|
| Ordinære aksjer | 60 187 | 1 NOK | 60 187 |

A number of 29 725 shares are registered in the companies register in 2019 and booked as decided, not registered capital. The share capital and share premium of total NOK 56.3 million were paid in to the company in 2018.

Main shareholders per 31.12:

| | Ordinary shares | Ownership share | Voting rights |
|---|---|---|---|
| Kvåle AS | 11 622 | 19 % | 19 % |
| Andrew John Healey | 10 555 | 18 % | 18 % |
| Per Christian Sontum | 9 761 | 16 % | 16 % |
| Marlena Holding AS | 6 579 | 11 % | 11 % |
| Brekke Holding AS | 5 539 | 9 % | 9 % |
| Investinor AS | 4 586 | 8 % | 8 % |
| Optimuspistor AS | 4 509 | 7 % | 7 % |
| Total | 53 151 | 88 % | 88 % |
| Other (less than 5% ownership) | 7 036 | 12 % | 12 % |
| Total number of shares | 60 187 | 100 % | 100 % |

### Note 9 - Warrants

| | Warrants | Share price (NOK) | Warrants | Share price (NOK) |
|---|---|---|---|---|
| Fikkan Pharma AS | 300 | 1922 | 600 | 233 |
| Masha Strømme | 150 | 1922 | 300 | 233 |
| Sigrid Fossheim | | | 300 | 233 |
| Rober Dann | | | 300 | 233 |
| Jean-Claude Provost | 150 | 1922 | | |
| Hans Henrik Klouman | 150 | 1922 | | |

## UAVHENGIG REVISORS BERETNING FOR 2018

Til Generalforsamlingen i Phoenix Solutions AS

### Uttalelse om revisjonen av årsregnskapet

*Konklusjon*

Vi har revidert Phoenix Solutions AS' årsregnskap som viser et underskudd på kr 7 585 945. Årsregnskapet består av balanse per 31. desember 2018 og resultatregnskap for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2018, og av dets resultater for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

*Grunnlag for konklusjonen*

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i «Revisors oppgaver og plikter ved revisjon av årsregnskapet». Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

*Styret og daglig leders ansvar for årsregnskapet*

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

*Revisors oppgaver og plikter ved revisjonen av årsregnskapet*

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

For videre beskrivelse av revisors oppgaver og plikter vises det til https://www.revisorforeningen.no/revisjonsberetninger.

Revisorgruppen

Revisorgruppen Oslo AS
Oscars gate 30
Postboks 7154 Majorstuen
N-0307 Oslo

Tlf.: +47 23 20 49 00
Fax: +47 23 20 49 01

E-post: oslo@rg.no

Foretaksregisteret
NO 917 275 254 MVA

www.rg.no

**Uttalelse om øvrige lovmessige krav**

*Konklusjon om registrering og dokumentasjon*

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 8. mai 2019

Revisorgruppen Oslo AS

Mari Østbø
statsautorisert revisor

## Phoenix Solutions AS

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## Phoenix Solutions AS

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