

INTERIM REPORT 2021

HALF YEAR TO 30 JUNE 2021



 EXACT_{TX}

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OVERVIEW

H1 2021 HIGHLIGHTS

- ACTIVATE Phase I clinical trial patient recruitment continued to be adversely affected by COVID-19, however the five evaluable patients in the first cohort of patients treated have provided valuable and encouraging insights.
- The senior management team has been further strengthened by the appointment of Dr Hilary McElwaine-Johnn as Chief Medical Officer, and Dominic Moreland as Chief Financial Officer.
- The team continues to strengthen governance and internal processes to provide a strong platform to evaluate the exciting potential of ACT® in oncology and other therapeutic segments.
- In May, the Japanese patent office has granted a patent for ACT®.
- Development of the bespoke multi-indication probe in partnership with GE Healthcare was initiated in January 2021 and is progressing well.
- The research laboratory facility in Oslo and the offices in London have been expanded to accommodate the new team members, and to enable ongoing scientific development.
- The Company has a strong cash position and despite the delay in clinical trial recruitment, has focussed cash expenditure on the strategic business priorities namely the development of the quality management system, GCP framework, multi indication probe and the resumption of clinical trials.

KEY FIGURES

EXACT Therapeutics AS Group (EXACT-Tx)

Amounts in MNOK - Unaudited (except employee numbers and loss per share)	First Half Year		Full Year
	2021	2020	2020
Total Revenues	-	-	-
Total operating expenses	36.4	12.0	34.7
Operating profit (loss)	(36.4)	(12.0)	(34.7)
Net financial items	0.2	0.7	1.5
Total comprehensive income (loss) for the period	(36.2)	(11.3)	(33.2)
Basic and diluted earnings (loss) per share	(1.2)	(0.5)	(1.3)
Number of employees	8	4	4
Net change in bank deposits, cash and equivalents	(31.9)	(8.1)	115.5
Cash and equivalents at beginning of period	139.2	23.8	23.8
Cash and equivalents at end of period	107.3	15.7	139.2

Dr Rafiq Hasan, Chief Executive Officer of EXACT-Tx, commented:

“Bolstered by further insights regarding the utility of the ACT® platform, the Company continues to focus the initial strategy in oncology with prioritisation of pancreatic cancer as one of the lead indications.

This strategy is strongly supported by several preclinical data sets, demonstrating the potential for sonoporation to enhance the management of this devastating disease, most notably the studies conducted in collaboration with Prof Daniel von Hoff at the Translational Genomics Research Institute (TGen) in Arizona.

“There is a high unmet need in these patients with pancreatic cancer, which is forecast to be the second leading cause of cancer death in the US by 2030.

“To drive the Company towards this goal, our focus has been on strengthening the governance and internal processes which have led to key management hires, and we are delighted to welcome Dr Hilary McElwaine-Johnn, as Chief Medical Officer and Dominic Moreland, as Chief Financial Officer.”

OVERVIEW

OPERATIONAL REVIEW

Enrolment of patients in the ACTIVATE Phase I study at the Royal Marsden Hospital in London continued to be adversely impacted by the Covid-19 pandemic. To date seven patients have been enrolled in the study, with five patients' data evaluable. This has yielded valuable and encouraging insights from this first cohort of treated patients, particularly with respect to application of ultrasound.

Continued strengthening of the management team occurred in H1 2021, specifically with the appointments of Dr Hilary McElwaine-Johnn as Chief Medical Officer, and Dominic Moreland as Chief Financial Officer.



Dr Hilary McElwaine-Johnn
Chief Medical Officer



Dominic Moreland
Chief Financial Officer

Consequently, an increased focus was placed on improving quality management and internal governance processes which have been developed and implemented during H1 2021. This additional foundational work will provide a strong platform to evaluate the exciting potential of ACT[®] in oncology and other therapeutic segments.

During the first half of 2021, the Company has established a leading R&D facility in Norway with significant in-house capabilities regarding ultrasound characterisation and validation.

In May the Japanese patent office granted a patent for ACT[®]. The patent covers EXACT-Tx's unique microbubble/microdroplet formulation and its use, co-administered with a range of pharmaceutical agents for ultrasound-mediated therapeutic targeting.

Based on the available data from the ACTIVATE study, as well as further insights regarding the utility of the ACT[®] platform, the Company continues to focus the initial strategy in oncology with prioritisation of pancreatic cancer as one of the lead indications. This strategy is strongly supported by several preclinical data sets, demonstrating the potential for sonoporation to enhance the management of this devastating disease, most notably the studies conducted in collaboration with Prof Daniel von Hoff at the Translational Genomics Research Institute (TGen) in Arizona.

The ongoing collaboration with GE Healthcare (GE) continues to be productive from both a manufacturing and technology perspective. The next-generation probe project initiated in January 2021 remains on track to deliver a multi-functional transducer with associated tracking software facilitating the application of dual frequency ultrasound as part of the ACT[®] procedure.

OUTLOOK

Along with the Board of Directors, the Management Team has taken the opportunity to review the strategic direction of the Company, given the broad range of preclinical data and preliminary findings of the Phase I ACTIVATE study.

Together with the continued strengthening of the management team and the build out of the quality systems and operational infrastructure, the Company is well placed to move forward into further clinical development programmes in early 2022, with a focus on therapeutic outcomes in oncology.

Given the delay in the ACTIVATE trial linked to the COVID-19 pandemic and consideration of the learnings that we have gained from the early patients with liver metastases treated in the trial, the management team is looking to evaluate and possibly refocus efforts on the progression of the clinical development plan for ACT[®]. Pancreatic cancer, which represents an area of significant unmet clinical need, is an opportunity which may be well suited to the biomechanical mechanism of ACT[®] to enhance existing therapeutic solutions.

The innovative probe development programme, focussed on the effective administration of ACT[®], is also an important contractual relationship with GE, and has the potential to deliver a differentiating asset to the business. The relationship with GE for the supply of ACT[®] is under contract until July 2025, and will underpin the ongoing clinical development conducted by EXACT-Tx.



OVERVIEW

FINANCIAL REVIEW

The interim consolidated financial statements for EXACT Therapeutics AS Group as of June 30th 2021 have been prepared in accordance with the International Accounting Standard (IFRS) 34 interim financial reporting.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Total operating expenses for the first half of 2021 came to NOK 36.4 million (2020 NOK 12.0 million). Payroll and related expenses were NOK 17.5 million (2020 NOK 5.6 million). Other expenses amounted to NOK 18.9 million during the half year (2020 NOK 6.4 million).

Research and Development (preclinical, clinical and regulatory) expenses accounted for 47% of total operating expenses in the first half of 2021 (2020 55%).

Operating loss for the first half of 2021 was NOK 36.4 million (2020 NOK 12.0 million).

FINANCIAL POSITION

Total assets as of June 30th, 2021 were NOK 145.4 million, down from NOK 170.2 million as at year end December 31st, 2020.

Total shareholders' equity on June 30th, 2021 was NOK 135.6 million (NOK 159.7 million at year end 2020) corresponding to an equity ratio of 93% (94% at year end 2020).

Total liabilities at the end of the first half of 2021 were NOK 9.9 million, as compared to NOK 10.6 million at year end 2020.

CASH FLOW

Net cash flow from operating activities in the first half of 2021 was negative NOK 30.5 million (first half 2020 negative NOK 10.6 million) mainly reflecting the costs of GE probe development, pre-clinical research, clinical trial maintenance costs, and ongoing business running costs.

Cash and cash equivalents amounted to NOK 107.3 million at the end of June 2021, compared to NOK 139.2 million at year end 2020.

RISKS AND UNCERTAINTIES

The COVID-19 pandemic has had a significant impact on patient enrolment in the ACTIVATE study. Whilst there are early signs of relaxation of restrictions, a normal clinical development environment has not yet been reinstated. Any return to increased restrictions will have an impact on our ability to initiate and progress clinical trial activities.

RESPONSIBILITY STATEMENT

The Board of Directors of EXACT Therapeutics AS has today considered and approved the condensed financial statements as of June 30th 2021, and for the six-month period ended June 30th 2021. The half year report has been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU and additional Norwegian regulations.

We confirm, to the best of our knowledge, that:

- The condensed consolidated financial statements for the six months ended June 30th 2021 have been prepared in accordance with applicable financial reporting standards.
- The information provided in the financial statements gives a true and fair view of the group's assets, liabilities, financial position and result for the period.
- The financial review includes a fair review of significant events during the first six months of the year and their impact on the financial statements, any major related party transactions, and a description of the principal risk and uncertainties for the remaining six months of the year.

Oslo, September 15th, 2021

The Board of Directors EXACT Therapeutics AS

Dr Masha Stromme
CHAIR OF BOARD



Dr Jean-Michel Cosséry
BOARD MEMBER



Ann-Tove Kongsnes
BOARD MEMBER



Sir William Martin Castell
VICE CHAIR OF BOARD



Dr Aitana Peire
BOARD MEMBER



Dr Rafiq Hasan
CEO



Dr Jean-Claude Provost
BOARD MEMBER



Hans Henrik Klouman
BOARD MEMBER



Dominic Moreland
CFO



EXACT THERAPEUTICS GROUP FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 30 June

(Amounts in NOK) Unaudited	Notes	H1 2021	H1 2020	FY 2020
Other income		-	-	-
Total other income		-	-	-
Employee benefit expenses	1.5,1.7	17,510,553	5,552,106	14,074,351
Other operating expenses	2.4	18,048,454	6,106,154	19,546,046
Depreciation and amortisation		876,471	297,259	1,078,264
Operating profit or loss		-36,435,478	-11,955,519	-34,698,661
Finance income		539,530	691,912	1,773,356
Finance costs		305,201	44,892	160,163
Profit or loss before tax		-36,201,149	-11,308,499	-33,085,468
Income tax expense		-	-	-
Profit or loss for the year		-36,201,149	-11,308,499	-33,085,468
Allocation of profit or loss:				
Profit/loss attributable to the parent		-36,201,149	-11,308,499	-33,085,468
Other comprehensive income:				
<i>Items that subsequently may be reclassified to profit or loss:</i>				
Exchange differences on translation of foreign operations		21,963		-71,843
Total items that may be reclassified to profit or loss		21,963		-71,843
Total other comprehensive income for the half year		21,963		-71,843
Total comprehensive income for the half year		-36,179,186	-11,308,499	-33,157,311
Allocation of total comprehensive income				
Total comprehensive income attributable to owners of the parent company		-36,179,186	-11,308,499	-33,157,311
Earnings per share ("EPS"):				
Basic and diluted EPS - loss attributable to equity holders of the parent company	2.2	-1.21	-0.50	-1.27

The interim half year financial information has not been subject to audit.

EXACT THERAPEUTICS GROUP FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK) Unaudited	Notes	30 June 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment		5,245,253	4,504,997
Right-of-use assets		1,848,220	13,100
Total non-current assets		7,093,473	4,518,097
Current assets			
Other receivables	1.5, 1.8	10,383,915	5,991,416
Other current financial assets		20,731,059	20,498,927
Cash and cash equivalents		107,256,019	139,224,380
Total current assets		138,370,993	165,714,723
TOTAL ASSETS		145,464,466	170,232,820
EQUITY AND LIABILITIES			
Equity			
Share capital	1.9, 2.3	119,969	119,871
Share premium	1.9	215,629,907	215,137,483
Other paid-up equity		19,476,353	7,848,423
Uncovered loss		-99,631,160	-63,451,974
Total equity		135,595,069	159,653,803
Non-current liabilities			
Non-current lease liabilities		1,535,204	-
Total non-current liabilities		1,535,204	-
Current liabilities			
Current lease liabilities		344,932	37,894
Trade and other payables		7,330,019	9,434,496
Current provisions		659,242	1,106,627
Total current liabilities		8,334,193	10,579,017
Total liabilities		9,869,397	10,579,017
TOTAL EQUITY AND LIABILITIES		145,464,466	170,232,820

The interim half year financial information has not been subject to audit.

EXACT THERAPEUTICS GROUP FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June

Cash flows from operating activities (NOK) - Unaudited	Notes	H1 2021	H1 2020	FY 2020
Profit or loss before tax		-36,201,149	-11,308,499	-33,085,468
<i>Adjustments to reconcile profit before tax to net cash flows:</i>				
Net financial income/expense		-280,309	-651,155	-1,613,193
Depreciation and impairment of property, plant and equipment		708,451	218,648	745,423
Amortisation and impairment of Right-of-use assets		181,120	78,612	157,224
Share-based payment expense	2.1	11,627,930	2,579,735	7,848,423
<i>Working capital adjustments:</i>				
Changes in other receivables		-4,004,830	-755,633	-899,874
Changes in trade and other payables		-2,126,438	-861,678	-248,542
Changes in provisions and other liabilities		-447,385	-	1,106,627
Net cash flows from operating activities		-30,542,610	-10,699,970	-25,989,380
Cash flows from investing activities (NOK)				
Purchase of property, plant and equipment		-1,437,417	-750,000	-3,963,350
Purchase of financial instruments		-	-	-
Proceeds from sale of financial instruments		-	2,000,000	2,000,000
Interest received		159,527	-	982,478
Net cash flow from investing activities		-1,277,890	1,250,000	-980,872
Cash flow from financing activities (NOK)				
Proceeds from issuance of equity			1,508,071	146,517,152
Transaction costs on issue of shares			-	-3,790,691
Payments for the principal portion of the lease liability		-182,083	-76,156	-152,312
Payments for the interest portion of the lease liability		9,969	3,070	-6,139
Interest paid		2,290	-1,836	-1,280
Net cash flows from financing activities		-169,824	1,433,149	142,566,730
Net increase/(decrease) in cash and cash equivalents		-31,968,361	-8,016,821	115,596,478
Cash and cash equivalents at beginning of the year/period		139,224,380	23,754,682	23,754,682
Net foreign exchange difference		21,963		-126,780
Cash and cash equivalents, end of year/period		107,256,019	15,737,861	139,224,380

The interim half year financial information has not been subject to audit.

EXACT THERAPEUTICS GROUP FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK) Unaudited	Other equity					Total equity
	Share capital	Share premium	Other paid-up equity	Foreign currency translation reserve	Retained earnings	
Balance at 1 January 2021	119,871	215,137,483	7,848,423	-71,843	-63,380,131	159,653,803
Profit (loss) for the period					-36,201,149	-36,201,149
Other comprehensive income				21,963		21,963
Issue of share capital (Note 1.9)	98	507,874				507,972
Transaction costs		-15,450				-15,450
Share based payments - Options (Note 2.1)			11,427,930			11,427,930
Share based payments - RSUs (Note 2.1)			200,000			200,000
Balance at 30 June 2021	119,969	215,629,907	19,476,353	-49,880	-99,581,280	135,573,106
Balance at 1 January 2020	89,912	72,440,981	-	-	-30,294,663	42,236,230
Profit (loss) for the period					-33,085,468	-33,085,468
Other comprehensive income				-71,843		-71,843
Issue of share capital (Note 1.9)	29,959	146,487,193			-	146,517,152
Transaction costs		-3,790,691				-3,790,691
Share based payments - Options (Note 2.1)			7,737,565			7,737,565
Share based payments - RSUs (Note 2.1)			110,858			110,858
Balance at 31 December 2020	119,871	215,137,483	7,848,423	-71,843	-63,380,131	159,653,803

The interim half year financial information has not been subject to audit.

EXACT THERAPEUTICS GROUP FINANCIAL STATEMENTS

1.1 GENERAL INFORMATION NOTES

CORPORATE INFORMATION

The consolidated interim financial statements of EXACT Therapeutics AS and its subsidiaries (collectively, “the Group” or “EXACT Therapeutics”) for the half year period ended 30 June 2021 were authorised for issue in accordance with a Board resolution on 15 September 2021. The figures in this half year 2021 report are non-audited figures. EXACT Therapeutics AS is a publicly listed company on the Euronext Growth, with the ticker symbol EXTX. EXACT Therapeutics AS is incorporated and domiciled in Norway, and the address of its registered office is Østre Aker vei 19, 0581 Oslo, Norway. EXACT Therapeutics is a clinical stage Norwegian biotech company developing a technology platform for targeted therapeutic enhancement – Acoustic Cluster Therapy (ACT®). ACT® sonoporation is a unique approach to ultrasound-mediated, targeted drug enhancement – with the potential to significantly amplify the clinical utility of a wide range of therapeutic agents across a multitude of indications including within oncology (chemotherapy, immunotherapy), infectious diseases, and neurological conditions.

1.2 BASIS OF PREPARATION

The consolidated interim financial statements of the Group comprise the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity, and related notes. The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by The European Union (“EU”), and represents the first interim financial statements of the Group in accordance with IFRS. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020, except for the adoption of new standards and interpretations effective as of 1 January 2021. The interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. Further, management have prepared detailed cash flow forecasts and following consideration of these forecasts, the financial statements are prepared based on the going concern assumption. The new and amended standards and interpretations from IFRS that were adopted by the EU with effect from 2021 did not have any significant impact on the half year reporting for the six-month period ended on 30 June 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

1.3 BASIS FOR CONSOLIDATION

The consolidated interim financial statements comprise the financial statements of the Company and its subsidiary as of 30 June 2021. The subsidiary is ACT Therapeutics Ltd, with its registered address in Suffolk and offices in London in the United Kingdom and is 100% owned and controlled by the parent company EXACT Therapeutics AS.

1.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The consolidated interim financial statements have been prepared in accordance with IFRS and the application of the chosen accounting policies requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimate uncertainty were the same as those used in the consolidated financial statements for the year ended 31 December 2020.

EXACT THERAPEUTICS GROUP FINANCIAL STATEMENTS

1.5 GOVERNMENT GRANTS

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

	H1 2021	H1 2020	FY 2020
Employee benefit expenses	1,954,476	978,279	3,484,000
Other operating expenses	3,909,528	2,696,243	3,780,120
Total government grants recognised	5,864,004	3,674,522	7,264,120

Government grants receivable	30 June 2021	30 June 2020	31 December 2020
Grant from the Research Council of Norway	557,000	580,665	1,161,334
Grant from SkatteFUNN	8,530,124	5,139,017	3,780,120
Total government grants receivable	9,087,124	5,719,682	4,941,454

Government grant receivables are included as other receivables in the consolidated statement of financial position and included in the specification in note 1.8. Grant from Norsk Forskningsråd (The Research Council of Norway) is for a research project relating to the development of Acoustic Cluster Therapy for pancreatic cancer. Three grants have been posted to the profit and loss for research projects via the SkatteFUNN scheme. The amounts have been posted in full as a reduction in expensed costs related to the projects. The SkatteFUNN grant A technology Platform for Localized Delivery of Medicinal Drugs started in 2017 and ended in 2020. The SkatteFUNN grant Clinical Development of Acoustic Cluster Therapy within Oncology started in 2020 and will end in 2023. The SkatteFUNN project period for Ultrasound Transducer for Acoustic Cluster Therapy is from 2020 to 2022. The projects relating to the grants have not generated income to date as the projects still are in the early stage of development.

1.6 EMPLOYEE BENEFIT EXPENSES

PENSIONS

The Group has a defined contribution pension plan for its employees in Norway and UK. The Norwegian scheme satisfies the statutory requirements in the Norwegian law on required occupational pension (“lov om obligatorisk tjenestepensjon”). The UK scheme satisfies UK statutory requirements. Both schemes are defined contribution plans. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Employee benefit expenses	H1 2021	H1 2020	FY 2020
Salaries	7,015,052	3,339,493	7,800,787
Social security costs	881,152	419,979	1,412,710
Pension costs	388,280	191,178	412,152
Other employee expenses (mainly Share option expenses)	11,180,545	2,579,735	7,932,702
Grants deducted	-1,954,476	-978,279	-3,484,000
Total employee benefit expenses	17,510,553	5,552,106	14,074,351
Average number of full time employees (FTEs):	8	4	4

At the end of the reporting period, members of the Board and management held shares, share options and Restricted Stock Units in EXACT Therapeutics AS.

1.7 OPERATING EXPENSES

Other operating expenses	H1 2021	H1 2020	FY 2020
Audit and accounting fees	671,073	69,675	514,113
Consulting fees	1,174,880	438,060	4,034,838
Legal expenses	403,414	272,651	1,076,014
Travel expenses	48,642	170,228	225,577
Lease expenses	242,325	162,355	488,805
Research expenses	17,062,865	6,572,382	13,314,205
Grants deducted	-3,909,528	-2,696,243	-3,780,120
Other operating expenses	2,354,783	1,117,046	3,672,614
Total other operating expenses	18,048,454	6,106,154	19,546,046

Total research expenses for the six-month period ended 30 June 2021 were NOK 17.1 million, and for 30 June 2020 NOK 6.6 million. For the year ended 31 December 2020 were NOK 13.3 million, included in other operating expenses in the consolidated statement of comprehensive income.

EXACT THERAPEUTICS GROUP FINANCIAL STATEMENTS

1.8 OTHER RECEIVABLES

Other receivables	30 June 2021	FY 2020
VAT receivable	479,851	766,240
Government grants	9,087,124	4,941,454
Other	816,940	283,722
Total other receivables	10,383,915	5,991,416

Allowance for expected credit losses	30 June 2021	30 June 2020
At 1 January	-	-
Provision for expected credit losses	-	-
At 31 December	-	-

The credit risk of financial assets has not increased significantly from initial recognition. The loss allowance is insignificant.

1.9 SHARE CAPITAL AND SHAREHOLDERS

As of 30 June	Number of shares authorised and fully paid	Par value pershare (NOK)	Financial Position
Ordinary shares 2021	29,967,750	0.0004	119,969
Ordinary shares 2020	119,871	1.0000	119,871
			For the six months ended 30 June
Changes in the outstanding number of shares		2021	2020
Ordinary shares at 1 January		29,967,750	89,912
Issue of ordinary shares		-	29,561
Issue of ordinary shares under share options		-	-
Issue of ordinary shares under RSUs		-	398
Ordinary shares at 30 June		29,967,750	119,871

The ordinary shares of the Company were split in the ratio of 250:1 on 24th July 2020.

EXACT THERAPEUTICS GROUP FINANCIAL STATEMENTS

THE GROUP'S SHAREHOLDERS:

Shareholders in EXACT Therapeutics AS at 30 June 2021	Total shares	Ownership/ Voting rights
Kvåle AS	3,017,500	10.1%
PAACS Invest AS *	2,678,250	8.9%
Investinor Direkte AS	2,387,750	8.0%
Brekke Holding AS	2,357,500	7.9%
Andrew J. Healey	2,203,250	7.4%
Canica AS	2,021,000	6.7%
Per Christian Sontum	1,921,605	6.4%
Optimuspistor AS	1,574,750	5.3%
Verdipapirfondet Nordea Avkastning	1,244,999	4.2%
Helene Sundt AS	1,131,000	3.8%
Other shareholders (less than 3%)	9,430,146	31.50%
Total	29,967,750	100%

* Dr Masha Strømme's husband Dag Strømme has 100% ownership of the company PAACS Invest AS which owns 2 678 250 shares.

As at 31.12.2020 the Company had issued share options to Dr Rafiq Hasan, CEO to subscribe for 755 500 shares at a strike price of NOK 0.38 and Dr Spiros Kotopoulos, CTO for 250 000 options at a strike price of NOK 7.69. During the first half of 2021 Dr Hilary McElwaine-Johnn, CMO was granted 250,000 options at a strike price of NOK 26.4 and Dominic Moreland, CFO was granted 220,000 options at a strike price of NOK 24.0. The costs of these employee share-based transactions are expensed over the average vesting period with a total of NOK 11.6 million in H1 2021, consisting of CEO NOK 7.6 million, CTO NOK 2.3 million, CMO NOK 1.5 million, CFO NOK 0.1 million and Board members NOK 0.2 million. The number of Restricted Stock Units (RSU) granted to Board members is equal to the amount such member elects to receive in the form of RSUs, divided by the market price of the shares at the time of the general meeting where the election is made.

EXACT THERAPEUTICS GROUP FINANCIAL STATEMENTS

2.1 SHARE BASED PAYMENTS

SHARE OPTION PLAN - DESCRIPTION

Under the Share Option Plan, share options of the parent are granted to management and employees of the Group. The exercise price of the share options is set at the agreed HMRC valuation level or equal to the market price of the underlying shares on the date of grant (post IPO). The share options were granted on 1 November 2019, 16 June 2020, 1 February 2021 and 14 June 2021. Spiros Kotopoulos's options are split into equally sized tranches that vest over one, two, three, four and five years. The options granted to Dr Rafiq Hasan, Dr Hilary McElwaine-Johnn and Dominic Moreland are split into three tranches with the first, second and third tranches vesting in the proportion of 25%, 25% and 50% on the first, second and third anniversaries of the dates of grants respectively. The share options can be exercised up to 10 years after the grant date. The Group elects whether to settle the share options in cash or by delivery of shares. The Group has no practice of cash settlement for these share options and expects to settle the options by delivery of shares. The Group accounts for the RSUs as equity-settled transactions, measured by applying the Black-Scholes-Merton option-pricing model for European options ("BSM"). Share options held by management at the end of the reporting period are summarised in note 2.3. The fair value of the options were determined at the grant dates and expensed over the vesting period. NOK 11.6 million has been expensed as employee benefit expenses in the period (NOK 2.3 million in H1 2020).

MOVEMENTS DURING THE HALF YEAR

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

Total options	Number of options	Weighted average exercise prices (WAEP)
Outstanding options 1 January	1,005,500	2.2003
Options granted during the period	470,000	25.7447
Options forfeited during the period	-	-
Options exercised during the period	-	-
Options expired during the period	-	-
Outstanding options 30 June	1,475,500	9.7000
Exercisable at 30 June	238,750	1.9139

470,000 options were granted in the six months period ended 30 June 2021.

For further information about the Share option programme, see note 4.8 in the Company's annual accounts included in the Company's annual report for 2020.

RESTRICTED STOCK UNITS – DESCRIPTION

The Group has a board remuneration programme where the Board members may receive the compensation in cash or in Restricted Stock Units (RSUs). Each RSU granted gives the right and obligation to acquire one share at nominal value (NOK 0.004) from EXACT Therapeutics AS. The number of RSUs granted to each Board member is equal to the amount such member elects to receive in the form of RSUs, divided by the market price of the shares at the time of the general meeting at which the remuneration is approved. The programmes were granted in June 2020 and June 2021 with a vesting period of 12 months. The RSUs may be exercised up to three years after they are fully vested and at the end of the reporting period the RSUs granted expire in approximately three years. As each Board member has the right to elect for settlement in either 100% RSUs or 50% cash / 50% RSUs, the Group regards the transaction as a compound transaction to which split accounting is applied. The sum of the two components is the fair value of the whole compound instrument. The equity component is established by the fair value (FV) of the equity alternative and subtracting the fair value of the liability component. Once split, the two components are accounted for separately. Following the Annual General Meeting (AGM) at which the shareholders approve board compensation, the Board members elect to take their remuneration in the form of RSUs or cash. The AGM has given a proxy to the Board and the Board then issues shares for RSUs to its members as approved at the AGM. The fair value of the RSUs was determined at the grant dates and expensed over the vesting period. NOK 0.2 million have been expensed as employee benefit expenses in the period (NOK 0.1 million in 2020).

MOVEMENTS DURING THE YEAR

The following table illustrates the number of and movements in RSUs during the year:

	For the six months ended 30 June 2021	
Total options	Number of RSUs	Weighted average exercise prices (WAEP)
Outstanding RSUs 1 January	99,500	7.69
RSUs granted during the period	24,417	20.80
RSUs forfeited during the period	-	-
RSUs exercised during the period	-	-
RSUs expired during the period	-	-
Outstanding RSUs 30 June	123,917	10.27
Exercisable at 30 June	101,535	7.95

For further information about the RSU programme, see note 4.8 in the Company's annual accounts included in the Company's annual report for 2020.

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2.2 EARNINGS PER SHARE

The following table reflects the income and share data used in the EPS calculations:

	H1 2021	H1 2020	FY 2020
Loss attributable to ordinary equity holders - for basic and diluted EPS	-36,201,149	-11,308,499	-33,085,468
Weighted average number of ordinary shares - for basic and diluted EPS	29,967,750	22,610,511	26,119,936
Basic and diluted EPS - loss attributable to equity holders of the parent	-1.21	-0.50	-1.27

2020 Weighted average numbers of ordinary shares have been retrospectively adjusted to reflect the 250:1 ordinary share split which took place on 24 July 2020

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

2.3 SHARES HELD BY MANAGEMENT AND THE BOARD

Shares held by Executive Management team:

	30 June 2021
Dr Spiros Kotopoulos - CTO, resigned 31.08.21	7,500
Stig Jarle Pettersen - CFO, resigned 01.01.21	30,000
Dr Per Christian Sontum - Founder, resigned 30.06.21	1,921,605
Dr Svein Kvåle - Co Founder and COO, shares held by Kvåle AS	3,017,500
Dr Andrew John Healey - CSO, resigned 31.10.20	2,203,250
Total	7,179,855

Shares held by the Board of Directors:

	30 June 2021
Dr Masha Strømme - Chair of the Board *	2,678,250
Sir William Martin Castell - Vice Chair of the Board	332,500
Dr Jean-Claude Provost - Board member	-
Hans Henrik Klouman - Board member	399,750
Dr Jean-Michel Cosséry - Board & Advisory committee member	-
Dr Susanne Stuffers - Board member, resigned 01.06.21	134,000
Dr Aitana Peire - Board member	-
Ann-Tove Kongsnes - Board member	-
Jan Fikkan - Board member, not re-elected 09.07.20	285,750
Total	3,830,250

* Masha Strømme's husband Dag Strømme owns PAACS Invest AS which owns 2 678 250 shares as at 30.06.21

Share options held by Executive Management team:

	30 June 2021
Dr Rafiq Hasan - CEO	755,500
Dr Hilary McElwaine-Johnn - CMO	250,000
Dominic Moreland - CFO	220,000
Dr Spiros Kotopoulos - CTO, resigned 31.08.21	250,000
Total	1,475,500

The CEO share options have been granted as part of an Executive Management Incentive (EMI) scheme established in May 2020, for which the valuation of the Company was approved by the UK tax authorities, HMRC. Subsequent grants of share options to Dr Hilary McElwaine-Johnn and Dominic Moreland have been made under this EMI scheme with open market value at the grant date used as the exercise price.

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Restricted Stock Units held by the Board of Directors:

30 June 2021

Dr Masha Strømme - Chair of the Board	33,041
Sir William Martin Castell - Vice Chair of the Board	33,333
Dr Jean-Michel Cosséry - Board & Advisory committee member	12,000
Dr Jean-Claude Provost - Board member	6,250
Hans Henrik Klouman - Board member	16,492
Dr Aitana Peire - Board member	419
Total	101,535

Board members may elect to sacrifice a proportion of their earned Board fees for Restricted Stock Units (RSUs). The RSUs vest 1/12 each month during the twelve months following the annual general meeting. The number of shares is calculated by dividing the sacrificed Board fee by the market share price at the time the Director elects to purchase the shares. The shares must be purchased within three years of the Director choosing to receive the board fee in RSUs. At the AGM 2020, the Board members listed elected to receive the following RSUs, as adjusted to reflect the impact of the 250:1 share split: Dr Masha Strømme 32,500 RSUs; Sir William Martin Castell 32,500 RSUs; Hans Henrik Klouman 16,250 RSUs; Jean-Claude Provost 6,250 RSUs; Jean-Michel Cosséry 12,000 RSUs. At the AGM 2021, the Board members listed elected to receive the following RSUs: Dr Masha Strømme 6,489 RSUs; Sir William Martin Castell 9,998 RSUs; Hans Henrik Klouman 2,900 RSUs; Dr Aitana Peire 5,030.

2.4 RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions that have been entered into with related parties (outside the Group) for the relevant financial period:

Related party transactions in 2021 in NOK	Board Member	Other Shareholders	Total
Purchase of professional services from Dr Jean-Michel Cosséry *	62,500		62,500

* In 2021, the Company has used professional services from its Board member Dr Jean-Michel Cosséry in relation to consulting services. The work is related to advisory services beyond board duties. The contract for these services is based on market rates and conditions for such services. These services has been invoiced and included in other operating expenses.

2.5 EVENTS AFTER THE REPORTING PERIOD

ADJUSTING EVENTS

There have been no significant adjusting events subsequent to the reporting date.

NON-ADJUSTING EVENTS

There have been no significant non-adjusting events subsequent to the reporting date.

COVID-19

The Covid pandemic continues to have a detrimental impact on operations particularly enrolment into the Phase I ACTIVATE study in both the UK and Norway. This is likely to continue through 2021 with delays likely to planned data readouts.

FORWARD-LOOKING STATEMENT

This report contains certain forward-looking statements. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances, since they relate to events and depend on circumstances that will occur in the future and which, by their nature, will have an impact on EXACT Therapeutic's business, financial condition and results of operations. The terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "should", "projects", "targets", "will", "would" or, in each case, their negative, or other variations or comparable terminology are used to identify forward-looking statements. These forward-looking statements are not historic facts. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied in the forward-looking statements. Factors that could cause these differences include, but are not limited to, risks associated with implementation of EXACT Therapeutic's strategy, risks and uncertainties associated with the development and/or approval of EXACT Therapeutic's product candidates, ongoing and future clinical trials and expected trial results, the ability to commercialise products or devices in development, technology changes and new products in EXACT Therapeutic's potential market and industry, EXACT Therapeutic's freedom to operate (competitors patents) in respect of the products it develops, the ability to develop new products and enhance existing products, the impact of competition, changes in general economy and industry conditions, and legislative, regulatory and political factors. No assurance can be given that such expectations will prove to have been correct. EXACT Therapeutics disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This information is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act.



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