

BIONOR PHARMA ASA  
INTERIM FINANCIAL REPORT  
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UNAUDITED

16 NOVEMBER 2016

Q3 2016

CONTACT INFORMATION

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## HIGHLIGHTS Q3 2016

In the third quarter of 2016, Bionor put all preparatory activities of the planned clinical program on hold and initiated a strategic review of Vacc-4x, and the clinical development plan to ensure it is up to date going forward. For this Bionor has engaged a group of highly experienced international HIV scientific, clinical and commercial experts to propose updated development plans going forward. This process is currently ongoing and is done in close collaboration with the company. The same expert group will be engaged in strategic partnership assessment once the strategic review process is concluded

- On 18 August 2016, the company announced that it had raised a total of NOK 105 million in new equity by an agreement with certain new investors regarding full subscription of a NOK 52.5 million private placement, subject to approval at an extraordinary general meeting 9 September 2016, as well as a proposed, subsequent, fully underwritten rights offering of NOK 52.5 million.
- On 9 September at an extraordinary general meeting the completion of the private placement of NOK 52.5 million was approved as well as a fully underwriting rights offering of NOK 52.5 million was approved.
- New Chairman Einar J. Greve and new board members Øystein Stray Spetalen and Kristin Hellebust were elected at the EGM on 9 September 2016. Per S. Thoresen and Ingrid Leisner continue as Board members.
- Further cost saving initiatives has been initiated by the Board and management, reducing the running cost for the company even further. Expecting, when fully implemented 1 January 2017, the core cost base to be reduced to a level below NOK 5 million per quarter.
- Net cash flow in Q3 2016 was NOK 28.0 million (Q3 2015: NOK -19.8 million).
- Cash and cash equivalents at 30 September 2016 was NOK 40.4 million (30 September 2015: NOK 35.7 million).

## EVENTS AFTER THE BALANCE SHEET DATE

The Allocation of 525,000,000 new shares in the Rights Issue was approved by the Board of Directors on 4 October 2016. The Rights Issue raised gross proceeds of NOK 52.5 million.

The share capital increase pertaining to the Rights Issue has on 11 October been registered in the Norwegian Register of Business Enterprises.

Cash and cash equivalent as per 16 November 2016 is NOK 87.3 million.

On 14 October 2016 there was called for an extraordinary general meeting to be held on 7 November 2016. The proposed authorization to the board to increase the share capital with up to NOK 68,083,400 was approved subsequently on the extraordinary general meeting on 7 November 2016.

## FINANCIAL GUIDANCE FOR 2016

For the full year 2016, Bionor now expect a Core Cost Base of approx. NOK 55 million. Previously, in the Q2 2016 interim financial report, a Core cost base of NOK 52-59 million was expected. Currently, through expected savings the core cost base will amount to a level below NOK 5 million per quarter when fully implemented by 1 January 2017.

Following the private placement of NOK 52.5 and subsequent fully underwritten rights offering of NOK 52.5 million, the company is fully funded under the current strategy for the next 12 months. The Core cost base is defined as Employee Benefit Expenses plus Other operating expenses.



## SCIENTIFIC UPDATE

### REDUC clinical trial – Vacc-4x + romidepsin

The manuscript describing the virological findings from REDUC Part B was published in Lancet HIV online in July and in the printed issue of the journal in October. A publication of the immunology data from the study is under preparation

### BIOSKILL clinical trial – Vacc-4x + romidepsin

The planning of the BIOSKILL trial is still on hold.

To date, clinical trial application (CTA) approvals for BIOSKILL have been granted by regulatory authorities in the United States, United Kingdom, France, Australia, Denmark and Germany

### Scientific collaborations

#### *St. Georges University of London (SGUL)*

Bionor has had a longstanding collaboration with SGUL, and several collaboration projects have been partly financed by the Research Council of Norway GLOBVAC and BIA programs. The last project concluded in June 2016. However, the collaboration continues in order to publish findings from the study which addresses immune activation in HIV infection.

Part of this work was presented as a Poster at the 18<sup>th</sup> Annual International Meeting of the Institute of Human Virology, 19-22<sup>nd</sup> September.

#### *Statistical Center for HIV/AIDS Research and Prevention (SCHARP), Fred Hutchinson Research Institute*

Bionor has had a collaboration with SCHARP since 2014 with the purpose of performing a post-hoc statistical analysis of data from the large 2007 phase II clinical trial (CT BI-Vacc-4x 2007/1) where Vacc-4x showed a statistically significant reduction in viral load set point compared to placebo patients (Pollard et al., 2014).

In the ongoing collaboration with SCHARP, Bionor is seeking to identify candidate biomarkers and immune correlates of the effect of Vacc-4x. This work is being prepared for publication.

## CORPORATE MATTERS

At the general meeting on 9 September 2016, a number of resolutions were approved by the shareholders:

- A share capital reduction of NOK 50,350,364.55 to facilitate the completion of the private placement and the rights issue through issuance of new shares at a subscription price of NOK 0.10 of a total of NOK 52,500,000
- the completion of a private placement to selected new investors
- a guaranteed rights issue to shareholders in the Company as per the end of 9 September 2016 who shall have preferential rights to subscribe for new shares
- the election of a new board of directors of the Company
- the election of new members to the Company's nomination committee
- an amendment to the Company's stated objectives in its articles of association

All outstanding warrants as per 15 November 2016, 86,359,147 expire 30 November 2016.



## FINANCIAL REVIEW

### Income statement

Revenues in Q3 2016 were NOK 0.1 million (Q3 2015: NOK 0.1 million) and NOK 0.3 million in the first nine months (9M) of 2016 (9M 2015: 0.1 million), all related to sublease of offices.

Employee Benefit Expenses in Q3 2016 were NOK 7.5 million (Q3 2015: NOK 7.5 million). The same level mainly due to severance payment to management set-off by less employees and management compared to Q3 2015. Employee Benefit Expenses in the first nine months 2016 were NOK 28.4 million (9M 2015: NOK 17.9 million). The increase is due to severance payment to former CEO and management and nine months full impact in 2016 of hiring of the same during Q2 in 2015.

Other operating expenses in Q3 2016 were NOK 5.3 million (Q3 2015: NOK 6.7 million). R&D expenses, including effects of government grants received, were NOK 2.5 million in Q3 2016 (Q3 2015: NOK 7.3 million), decrease due to postponement of startup of BIOSKILL and clinical development set on hold. Government grants received in Q3 2016 were NOK -0.7 million (Q3 2015: NOK 4.4 million). Negative due to reversal of grants set-off in 2015. Other operating expenses in the first nine months 2016 were NOK 19.3 million (9M 2015: NOK 21.1 million). External R&D expenses in the first nine months 2016, including effects of government grants received, were NOK 14.0 million (9M 2015: 18.8 million).

Total operating expenses in Q3 2016 were NOK 18.9 million (Q3 2015: NOK 24.3 million). The decrease is primarily related to the low level of clinical development, as explained above. Total operating expenses in the first nine months of 2016 were 71.0 million (9M 2015: NOK 66.1 million). The increase is primarily related to the increase in Employee Benefit Expenses, as explained above

The company monitors its financial performance based on its Core cost base. The Core cost base is defined as Employee Benefit Expenses plus Other operating expenses. The Core cost base thus refers to costs that are required to run the business, excluding external R&D expenses, which can vary over time (see Table 1). In Q3 2016, the Core cost base amounted to NOK 12.6 million (Q3 2015: NOK 14.2 million). In the first nine months of 2016 the Core costs base amounted to NOK 47.5 million (9M 2015: 39.0 million). From 1 January 2017, the Core cost base will be reduced to below NOK 5 million per quarter based on lease cancellation or subleases of offices supported by further initiated general savings.

Due to the lease cancellations or sublease of offices in the US, Denmark and Norway, housing liabilities have been substantially reduced to only NOK 0.6 million in Q3 2016. In addition lower R&D liabilities have further reduced total liabilities from NOK 26.0 million in Q4 2015 to NOK 5.3 million in Q3 2016 (see note 7).

TABLE 1: Core cost base

In NOK millions	Q3 2016	Q3 2015	9M 2016	9M 2015	FY 2015
Employee Benefit Expenses	7.5	7.5	28.4	17.9	26.5
Other operating expenses	5.1	6.7	19.1	21.1	36.6
<b>Core cost base</b>	<b>12.6</b>	<b>14.2</b>	<b>47.5</b>	<b>39.0</b>	<b>63.1</b>

Due to rounding differences certain summations might not add up.

Depreciation and amortization in Q3 2016 amounted to NOK 3.7 million (Q3 2015: NOK 2.8 million). Depreciation and amortization in the first nine months of 2016 amounted to NOK 9.4 million (9M 2015: NOK 8.4 million).

Net financial items were NOK -0.3 million in Q3 2016 (Q3 2015: NOK 0.2 million). Net financial items were NOK -0.2 million in the first nine months of 2016 (9M 2015: NOK 0.5 million)

Loss before tax and net loss in Q3 2016 was NOK 19.4 million (Q3 2015: NOK 24.0 million). Loss before tax in the first nine months of 2016 was NOK 71.2 million (9M 2015: NOK 65.5 million).



### Cash flow and liquidity

In Q3 2016, Cash flow from operations was NOK -16.9 million (Q3 2015: NOK 40.9 million), and NOK -70.5 million for the first nine months of 2016 (9M 2015: NOK -58.8 million). Net working capital was NOK 2.9 million at period end Q3 2016 (end Q3 2015: NOK -3.7 million).

Net cash flow in Q3 2016 was NOK 28.0 million (Q3 2015: NOK -19.8 million). A positive Net cash flow due to the issue of share capital through a private placement approved 9 September 2016. Net cash flow for the first nine months of 2016 was NOK 29.9 million (9M 2015: -57.4 million). A positive cash flow in the first nine months of 2016 is due to the issue of share capital in Q1 and Q3 2016 through private placements.

Cash flow from investments was NOK 0.3 million in Q3 2016 and NOK 0.0 million in Q3 2015.

Cash and cash equivalents at period end Q3 2016 amounted to NOK 40.4 million (end Q3 2015: NOK 35.7 million).

### Financial position

Total assets were NOK 105.3 million at the end of Q3 2016 (end Q3 2015: NOK 120.4 million). The main reason for the decrease was the reduction of the Group's intangible assets due to depreciations and amortizations. Equity ratio amounted to 91.2 percent at the end of Q3 2016 (end Q3 2015: 80.5 percent).

### Related party transactions

Due to Jens Krøis as per 1 September 2016 continue his role as CFO as a consultant, he is now invoicing from his 100% owned company Proventa. Besides this there have been no major transactions with related parties in of the first nine months of 2016.

### Risk factors

The company's business is exposed to a number of general operational and financial risks that have been explained in Bionor's Annual Report 2015 available on the company's website [www.bionorpharma.com](http://www.bionorpharma.com).

### Financial guidance for 2016

For the full year 2016, Bionor now expects a Core cost base of approx. NOK 55 million. Previously, in the Q2 2016 interim financial report a Core cost base of NOK 52-59 million was expected. The reduced Core cost base is, due to cost saving initiatives implemented in Q2 and Q3 2016, expected to decrease to below 5 million per quarter when fully implemented by 1 January 2017.

Following the private placement of NOK 52.5 and subsequent fully underwritten rights offering of NOK 52.5 million, the company is fully funded under the current strategy for the next 12 months. The Core cost base is defined as Employee Benefit Expenses plus Other operating expenses.

Oslo 15 November 2016

The Board of Directors of Bionor Pharma ASA

### Disclaimer:

THE BOARD OF DIRECTORS EMPHASIZE THAT IN GENERAL THERE IS SIGNIFICANT UNCERTAINTY WITH REGARDS TO FORWARD LOOKING STATEMENTS GIVEN IN THE REPORT.



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(BIONOR PHARMA GROUP)

Amounts in NOK thousands	Note	Q3 2016	Q3 2015	9M 2016	9M 2015	FY 2015
<b>Total revenue</b>		<b>104</b>	<b>55</b>	<b>258</b>	<b>70</b>	<b>85</b>
Cost of goods sold		-	-	-	-	-
Employee Benefit Expenses	3	(7,495)	(7,508)	(28,391)	(17,905)	(26,465)
Depreciation and amortisation		(3,724)	(2,814)	(9,438)	(8,378)	(11,287)
External R&D cost	4	(2,517)	(7,283)	(14,011)	(18,758)	(23,143)
Other operating expenses		(5,141)	(6,667)	(19,149)	(21,074)	(36,643)
<b>Total operating expenses</b>		<b>(18,878)</b>	<b>(24,272)</b>	<b>(70,989)</b>	<b>(66,115)</b>	<b>(97,538)</b>
<b>Operating loss</b>		<b>(18,774)</b>	<b>(24,218)</b>	<b>(70,730)</b>	<b>(66,045)</b>	<b>(97,453)</b>
Finance income		78	529	469	1,295	2,143
Finance costs		(353)	(318)	(625)	(772)	(1,416)
Net financial items		(276)	211	(156)	523	728
<b>Loss before tax</b>		<b>(19,049)</b>	<b>(24,007)</b>	<b>(70,887)</b>	<b>(65,522)</b>	<b>(96,726)</b>
Income tax expense		-	-	-	-	-
Loss after tax		(19,049)	(24,007)	(70,887)	(65,522)	(96,726)
<b>Net loss</b>	5	<b>(19,049)</b>	<b>(24,007)</b>	<b>(70,887)</b>	<b>(65,522)</b>	<b>(96,726)</b>
<b>Other comprehensive income</b>						
Items that may be reclassified subsequently to profit or loss						
Exchange differences arising on translation of foreign operations		29	145	(20)	198	(51)
<b>Total comprehensive income for the period</b>		<b>(19,020)</b>	<b>(23,861)</b>	<b>(70,907)</b>	<b>(65,324)</b>	<b>(96,777)</b>
Earnings (loss) per share (NOK) basic and diluted		(0,04)	(0,10)	(0,39)	(0,26)	(0,39)

FY 2015 financial statements are audited. All other financial statements are unaudited.

Due to rounding differences certain summations might not add up.

The notes are an integral part of these consolidated financial statements.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(BIONOR PHARMA GROUP)

Amounts in NOK thousands	Note	30.09.2016	30.09.2015	31.12.2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		8,715	8,715	8,715
Intangible assets		39,812	50,588	47,894
Property, plant and equipment		1,660	2,015	3,634
Other long term receivables		2,527	3,701	3,880
<b>Total non-current assets</b>		<b>52,713</b>	<b>65,019</b>	<b>64,122</b>
<b>Current assets</b>				
<b>Receivables</b>				
Accounts receivables		31	57	18
Other short term receivables		12,175	19,618	22,710
Cash and cash equivalents		40,422	35,741	10,571
<b>Total current assets</b>		<b>52,628</b>	<b>55,417</b>	<b>33,300</b>
<b>Total Assets</b>		<b>105,341</b>	<b>120,436</b>	<b>97,422</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	6	86,067	62,328	62,328
Share premium		342,635	266,350	266,350
Share-based options	3	6,274	4,889	5,539
Retained earnings and reserves		(338,915)	(236,556)	(268,008)
<b>Total equity</b>		<b>96,061</b>	<b>97,011</b>	<b>66,209</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payables		967	7,984	4,921
Public duties payable		652	725	12,477
Other current liabilities		7,258	13,962	12,259
Provisions		402	755	1,557
<b>Total liabilities</b>		<b>9,279</b>	<b>23,425</b>	<b>31,213</b>
<b>Total Equity and Liabilities</b>		<b>105,341</b>	<b>120,436</b>	<b>97,422</b>

31.12.2015 financial statements are audited. All other financial statements are unaudited.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(BIONOR PHARMA GROUP)

Amounts in NOK thousands	Share capital	Share premium	Share-based options	Retained earnings	Total equity
<b>Equity at 1 January 2016</b>	<b>62,328</b>	<b>266,350</b>	<b>5,539</b>	<b>(268,009)</b>	<b>66,208</b>
Change of par value	(50,350)	50,350	-	-	-
Share-based payment	-	-	735	-	735
Net loss for the period	-	-	-	(70,887)	(70,887)
Other comprehensive income for the period	-	-	-	(20)	(20)
Issue of share capital	74,090	39,604	-	-	113,694
Transaction cost issue of share capital	-	(13,671)	-	-	(13,671)
Exercise of options and warrants	-	-	-	-	-
<b>Equity at 30 September 2016</b>	<b>86,067</b>	<b>342,635</b>	<b>6,274</b>	<b>(338,915)</b>	<b>96,061</b>
<b>Equity at 1 January 2015</b>	<b>62,082</b>	<b>265,183</b>	<b>4,408</b>	<b>(171,233)</b>	<b>160,441</b>
Share-based payment	-	-	481	-	481
Net loss for the period	-	-	-	(65,522)	(65,522)
Other comprehensive income for the period	-	-	-	198	198
Issue of share capital	79	-	-	-	79
Transaction cost issue of share capital	-	-	-	-	-
Exercise of options and warrants	167	1,167	-	-	1,333
<b>Equity at 30 September 2015</b>	<b>62,328</b>	<b>266,350</b>	<b>4,889</b>	<b>(236,557)</b>	<b>97,011</b>

1 January 2016 and 1 January 2015 financial statements are audited. All other financial statements are unaudited.

Due to rounding differences certain summations might not add up.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
(BIONOR PHARMA GROUP)

Amounts in NOK thousands	Q3 2016	Q3 2015	9M 2016	9M 2015	FY 2015
<b>OPERATING ACTIVITIES</b>					
Profit (loss) before tax	(19,049)	(45,311)	(70,887)	(65,522)	(96,726)
Depreciation and amortisation	3,724	5,585	9,438	8,378	11,287
Share-based payments	956	642	735	313	964
Change in accounts receivables	7	(57)	(13)	1,326	1,364
Change in accounts payables	(6,689)	(1,181)	(3,954)	2,529	1,290
Change in other assets and liabilities	4,156	(620)	(5,774)	(5,792)	(248)
<b>Net cash from operating activities</b>	<b>(16,896)</b>	<b>(40,940)</b>	<b>(70,455)</b>	<b>(58,767)</b>	<b>82,068</b>
<b>INVESTING ACTIVITIES</b>					
Payments of property, plant and equipment	283	-	283	-	(1,869)
<b>Net cash flows (used in)/from investing activities</b>	<b>283</b>	<b>-</b>	<b>283</b>	<b>-</b>	<b>(1,869)</b>
<b>FINANCING ACTIVITIES</b>					
Proceeds from issue of share capital	44,586	79	100,023	79	79
Proceeds from exercise of options	-	-	-	1,333	1,333
<b>Net cash flows (used in)/from financing activities</b>	<b>44,586</b>	<b>79</b>	<b>100,023</b>	<b>1,413</b>	<b>1,413</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>12,449</b>	<b>55,535</b>	<b>10,571</b>	<b>93,096</b>	<b>93,096</b>
Net increase/(decrease) in cash and cash equivalents	27,973	(19,794)	29,851	(57,355)	(82,525)
Effect of currency translation of cash and cash equivalents	-	-	-	-	-
<b>Cash and cash equivalents at period end</b>	<b>40,422</b>	<b>35,741</b>	<b>40,422</b>	<b>35,741</b>	<b>10,571</b>

FY 2015 financial statements are audited. All other financial statements are unaudited.

Due to rounding differences certain summations might not add up.

The notes are an integral part of these consolidated financial statements.



## SELECTED NOTES TO THE ACCOUNTS (BIONOR PHARMA GROUP)

### NOTE 1 BASIS FOR PREPARATION

The financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by EU. All significant accounting principles applied in the consolidated financial statements are described in the Annual Report 2015. No new standards have been applied in the first nine months of 2016 and the Interim Financial Report

1 January - 30 September 2016 is based on the accounting principles described in the Annual Report 2015.

### NOTE 2 SEGMENT

The main focus of the Bionor Pharma Group is development of vaccines for viral diseases. This is reflected in the Group's organization and management reports, and is as such the Group's only reporting segment.

### NOTE 3 SHARE-BASED PAYMENT

The Company has had a share option program, which is equity based, to ensure the focus and align the Company's long term performance with shareholder values and interest. In connection with entering into the Subscription and Guarantee Agreement all employees forfeited all options received, both vested and unvested. Currently none of the Company's employees hold any options. Certain former employees and consultants have retained valid options.

The Share Option Program currently approved and in force is summarized as follows:

Share options granted prior to 2015 vested over a 3 year period and usually vested according to the following plan: 33% of the options vest on the first anniversary of the grant date, 33% at year 2 and the remaining 33% of the options vest at year 3. Options expire 7 years after the grant date. Certain older options may not follow these principles. In the case of termination of employment, the employee will not vest further share options beyond notice of termination. The exercise price is set at the market price of the shares at the time of grant of the options.

Share options granted from 2015 and onwards vest over a 4 year period as follows: ¼ of the options vest on the first anniversary of the date of grant, and thereafter 1/48 of the options will vest on a monthly basis over the following 3 years. The exercise price for these options is set at the market price of the shares at the time of grant of the options. Options expire 7 years after the date of grant. In the case of termination of employment, the employee will not vest further share options beyond notice of termination except where the employment is terminated by the Company without cause, in which case certain provisions regarding accelerated vesting apply. In case of takeovers and statutory mergers, the option-holders are obliged to accept a substitute option program on certain terms or cash replacement of the options. Unless such replacements are given, accelerated vesting will apply to all unvested options in case of a trade sale or statutory merger.

The Board of Directors seeks a yearly authorization from shareholders at the annual general meeting to issue a maximum number of share options in total for all grants. The cap is approximately 5% of outstanding Shares and options (fully diluted).

The total share based cost through the P & L has been influenced by cancelled and forfeited options (NOK - 0.8 mill) reducing the cost of share based option cost to net NOK 0.7 mill for 9M 2016.

As per 30 September 2016 there are 1,647,916 options granted to previous members of the management and to consultants. All options are fully vested. Each option entitles the holder to subscribe for 1 Share. The average exercise price for the options is NOK 2.36.

	No of options	Average Price
<b>Options fully vested</b>	<b>1,647,916</b>	<b>2.36</b>
<b>Options not vested</b>	<b>-</b>	<b>0.00</b>
<b>Total number of outstanding options</b>	<b>1,647,916</b>	<b>2.36</b>

Exercise price	No of options
2.00	666,667
2.37	781,249
3.50	200,000
<b>Total no of options</b>	<b>1,647,916</b>

	9M 2016		9M 2015	
	No of options	Average Price	No of options	Average Price
<b>Outstanding options 1 January</b>	<b>8,473,333</b>	<b>2.19</b>	<b>5,810,000</b>	<b>2.23</b>
Granted options in period	-	-	4,850,000	2.05
Cancelled options in period	(3,940,000)	2.09	-	-
Forfeited options in period	(2,218,751)	2.30	(1,520,000)	2.23
Expired options in period	(666,666)	2.00	-	-
Exercised options in period	-	-	(666,667)	2.00
<b>Outstanding options 30 September</b>	<b>1,647,916</b>	<b>2.36</b>	<b>8,473,333</b>	<b>2.18</b>

#### NOTE 4 EXTERNAL R&D EXPENSES

Below table shows specification of external R&D expenses.

Government grants have in Q3 been reduced with reversal of grants set-off in 2015.

Amounts in NOK millions	Q3 2016	Q3 2015	9M 2016	9M 2015	FY 2015
Laboratory and preclinical R&D	(29)	(587)	(1,784)	(2,056)	(2,018)
Production cost	(119)	(142)	(242)	(342)	(812)
Clinical development expenses	(1,635)	(10,951)	(17,775)	(26,434)	(34,590)
Regulatory and quality assurance	-	(9)	-	(51)	(51)
Government grants	(734)	4,415	5,791	10,144	14,328
<b>External R&amp;D expenses</b>	<b>(2,517)</b>	<b>(7,274)</b>	<b>(14,011)</b>	<b>(18,739)</b>	<b>(23,143)</b>



#### NOTE 5 TAX

Bionor Pharma ASA has tax losses carried forward in Norway, which can be offset by future tax profit in the company. The right to carry forward loss is unlimited. The deferred tax asset is not recognized as an asset in the statement of financial position. Total loss carried forward was NOK 632 million as per 31 December 2015.

#### NOTE 6 SHARES AND SHARE CAPITAL

In NOK thousands	Q3 2016	Q3 2015	9M 2016	9M 2015	FY 2015
Share capital at period start	83,917	62,249	62,328	62,082	62,082
Change of par value	(50,350)	-	(50,350)	-	-
Share capital increase private placement	52,500	79	68,345	79	79
Share capital increase exercise of options	-	-	-	167	167
Share capital increase subsequent offering	-	-	5,745	-	-
<b>Share capital at end of quarter</b>	<b>86,067</b>	<b>62,328</b>	<b>86,067</b>	<b>62,328</b>	<b>62,328</b>

Amounts of shares thousands	Q3 2016	Q3 2015	9M 2016	9M 2015	FY 2015
Outstanding number of shares at period start	335,669	248,993	249,310	248,326	248,326
Share issuance private placement	525,000	317	588,380	317	317
Share capital increase exercise of options	-	-	-	667	667
Share issuance Subsequent Offering	-	-	22,979	-	-
<b>Outstanding number of shares end of quarter</b>	<b>860,669</b>	<b>249,310</b>	<b>860,669</b>	<b>249,310</b>	<b>249,310</b>

The par value per share is NOK 0.10. Change in share capital in 2016 reflects an increase by the equity issue through a private placement 9 September 2016 and a change in the nominal value of the shares from 0.25 NOK to 0.10 NOK causing a decrease in the share capital.

#### NOTE 7 OFF-BALANCE SHEET OBLIGATIONS

The Group has contractual obligations, such as rental and operational lease obligations. As of 30 September 2016 the Group's contractual obligations, excluding employee obligations, amounted to NOK 5.296 thousand. Of these, the contractual obligations for R&D related activities, such as external CRO-costs and other consultants together with Insurance of clinical trials, accounted for NOK 1.212 thousand. The table below shows the maturity structure of the Group's contractual obligations (off balance sheet) as of 30 September 2016.

Amounts in NOK thousands	Matures within 6 months	Matures within 6 - 12 months	Matures in 1 year	Matures after 5 years	Total
External R&D expenses	1,096	29	87	-	<b>1,212</b>
Housing	495	102	51	-	<b>648</b>
Other	2,770	586	80	-	<b>3,436</b>
<b>Total</b>	<b>4,361</b>	<b>717</b>	<b>218</b>	<b>-</b>	<b>5,296</b>

#### NOTE 8 GOING CONCERN

Due to the private placement approved on 9 September 2016 and the subsequent Rights offering the company is fully funded under the current strategy for the next 12 months.

The Group's working capital is based on the above and considered sufficient for Bionor to continue as a going concern for the next 12-months period.

#### NOTE 9 EVENTS AFTER THE BALANCE SHEET DATE

The Allocation of 525,000,000 new shares in the Rights Issue was approved by the Board of Directors on 4 October 2016. The Rights Issue raised gross proceeds of NOK 52.5 million.

The share capital increase pertaining to the Rights Issue has on 11 October 2016 been registered in the Norwegian Register of Business Enterprises.

Cash and cash equivalent as per 16 November 2016 is NOK 87.3 million.

On 14 October 2016 there was called for an extraordinary general meeting to be held on 7 November 2016. The proposed authorization to the board to increase the share capital with up to NOK 68,083,400 was approved subsequently on the extraordinary general meeting on 7 November 2016.

