



Unlocking the potential of innovative medicines

THIRD QUARTER REPORT

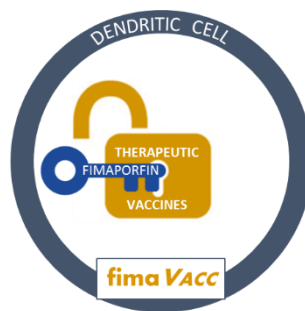
2018

LEVERAGING THE PCI TECHNOLOGY IN THREE DISTINCT AREAS

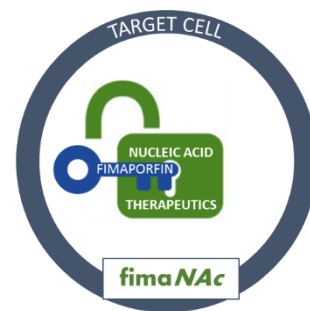
TRIGGERED ENDOSOMAL RELEASE



Enabling approved drugs to fulfil unmet local treatment need



Enhancing cellular immune responses important for therapeutic vaccines



Providing a delivery solution for nucleic acid therapeutics

ABOUT PCI BIOTECH

PCI Biotech is an oncology-focused biopharmaceutical company headquartered in Norway and listed on the Oslo Stock Exchange. The company develops novel therapies for the treatment of cancer through its proprietary photochemical internalisation (PCI) technology originating from the world-leading research at the Oslo University Hospital – the Norwegian Radium Hospital. The PCI technology works by inducing light-triggered endosomal release that is used to unlock the true potential of a wide array of therapeutic modalities, such as small molecules, vaccines and nucleic acids.

PCI Biotech's lead programme is fimaCHEM with the photosensitiser fimaporfin (Amphinex®). A first-in-man Phase I study of fimaporfin in cancer patients with encouraging early signs of tumour response has been published in the renowned medical journal the Lancet Oncology. This was followed by a Phase Ib study in bile duct cancer patients that delivered encouraging early signs of tumour response and survival, and the Company is about to start a pivotal study in this high unmet need orphan indication. The second programme fimaVACC is a vaccination technology in Phase I in healthy volunteers that applies a unique mode of action to enhance the essential cytotoxic effect of therapeutic vaccines. The third programme fimaNAC is a technology for intracellular delivery of nucleic acids that follows a collaborative development approach, with established collaborations with several key players in the field.

Highlights of the third quarter

- **fimaCHEM**
 - Continued positive early signs of efficacy from Phase I
 - Preparations for the pivotal study progressing towards initiation in the first half of 2019
 - Presented Phase I dose-escalation results at the 2018 ESMO congress (subsequent event)
- **fimaVACC**
 - Entered collaboration with a renowned international cancer immunology institute for analysis and characterisation of the clinical immune response
 - US patent granted for “band-aid-like“ device for skin illumination/injection (subsequent event)
- **fimaNAC**
 - Established new research collaboration with Bavarian Nordic, an immunotherapy-focused biotechnology company
- **Corporate**
 - Completed fully underwritten rights issue of NOK 360 million (subsequent event)
 - Further strengthened the clinical organisation (subsequent event)

Key figures

<i>(In NOK '000)</i>	2018 YTD	2017 YTD	2018 Q3	2017 Q3	2017 FY
Other income	6 613	7 183	2 238	2 350	10 250
Operating costs	36 854	34 690	10 624	12 806	53 681
Operating results	-30 241	-27 507	-8 386	-10 456	-43 431
Financial items	255	570	50	175	590
Comprehensive income	-29 986	-26 938	-8 336	-10 281	-42 841
Cash & cash equivalents	20 536	53 755	20 536	53 755	50 789
Net cash flow from operating activities	-30 296	-27 001	-7 869	-8 667	-29 943

Operational review

Summary

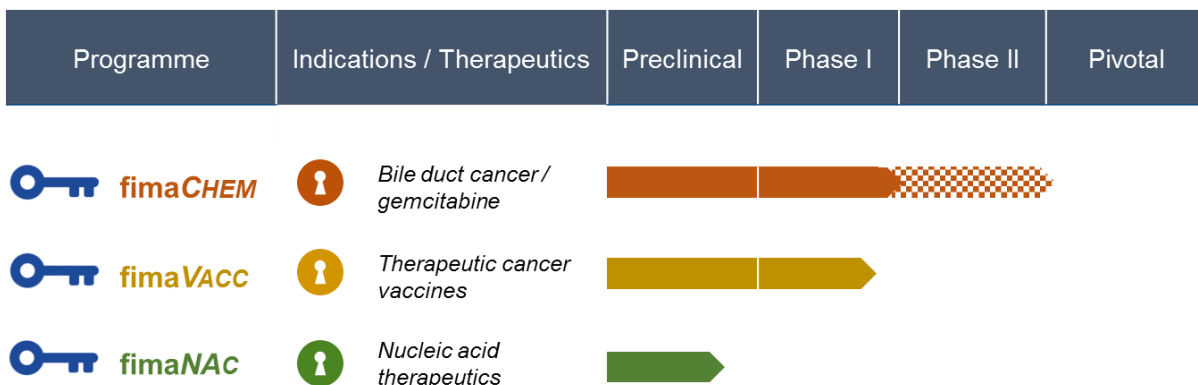
The fully underwritten rights issue of NOK 360 million completed in October 2018 provides PCI Biotech with the funds needed for the pivotal **fimaCHEM** study, beyond interim read-out of results for potential accelerated/conditional marketing approval.

The emerging data from the dose-escalation part of the Phase I study continues to deliver positive early signs of efficacy. Median overall survival for the dose selected for the pivotal study ended in October 2018 at 21.7 months, with two out of six patients in this cohort still being alive. Although the data sample is small, the results indicate a clear improvement over the best comparable published data. Our focus is now to bring **fimaCHEM** to the market for the treatment of inoperable bile duct cancer through successful performance of the pivotal study, which is expected to start in the first half of 2019.

The dose-finding part of the **fimaVACC** Phase I study identified a well-tolerated dosing regimen. PCI Biotech is collaborating with international immunotherapy experts for further in-depth analysis and characterisation of the immune responses.

Continued positive development in the **fimaNAC** programme, with one new research collaboration established in the third quarter of 2018.

Overview of PCI Biotech's development pipeline



Development programmes

fimaCHEM

The **fimaCHEM** programme aims to fulfil unmet medical needs by providing localised targeted enhancement of approved chemotherapies for the benefit of the many patients currently left without effective treatment options. The lead project in the programme is focused on localised enhancement of the chemotherapy gemcitabine in the rare disease inoperable extrahepatic bile duct cancer (cholangiocarcinoma), and is in clinical development with Amphinex, the intravenous formulation of fimaporfin. Currently, the lead project has a Phase I study ongoing and preparations underway for a pivotal study with the potential of accelerated/conditional marketing approval as a first-line treatment given the rare disease status and high unmet medical need.

Positive interim overall survival data in Phase I

The ongoing Phase I study including the dose-escalation and extension part with fimaCHEM for the treatment of inoperable extrahepatic bile duct cancer aims to demonstrate the candidate's safety and tolerability as well as finding the right dosing regimen for further clinical studies. Interim data per October 2018 continues to show encouraging initial results. The interim average overall survival from all dose cohorts in the dose-escalation part (16 patients in total) was 18.9 months per October 2018, with 19% of the patients still being alive. The median overall survival ended at 14.4 months.

The selected dose (Cohort IV; six patients) for the upcoming pivotal study, showed an interim average overall survival data of 19.8 months per October 2018, with two out of the six patients still being alive. Five patients had measurable tumours at baseline and tumour response was seen in three (60%) of these patients. The median overall survival for this group ended at 21.7 months. Although the data sample is small, the results suggest a clear improvement of survival over the best comparable published data (see information box on next page).

Professor Jörg Trojan, a key investigator of PCI Biotech's Phase I dose-escalation study, presented the study results in a poster session at the largest European oncology congress, ESMO, held in Munich, Germany, during October 2018.

Pivotal phase preparations underway for initiation in first half of 2019

The pivotal study is expected to start during the first half of 2019; the interim analysis of progression free survival (PFS) and objective response rate (ORR) for potential accelerated/conditional marketing approval is expected to be available approximately 36 months after study initiation, while the final analysis is expected at approximately 50 months from initiation. The pivotal study will be executed in clinical sites that first will open in Europe, followed by a roll-out in the U.S. The company's strategy for the Asian market is to assess different development alternatives, including partnering, and is an ongoing process.

Feasibility work to provide a solid foundation for clinical site selection

In preparation for the pivotal study, PCI Biotech has performed an extensive feasibility study initiated this summer, reaching out to hospitals across Europe and the U.S., to provide a solid foundation for selection of clinical sites for optimal patient recruitment. Based on this foundation, the clinical site selection and initiation work are ongoing in parallel with national regulatory approval processes.

Extension study to enable repeated fimaCHEM treatment

The promising early signs of efficacy in the Phase I study described above were based on a single fimaCHEM treatment in addition to the current standard of care (SoC) as background treatment. A Phase I extension study was initiated with the objective to determine safety and tolerability of repeated treatments with fimaCHEM, as this may well increase the encouraging signs of efficacy. In this study, the second fimaCHEM treatment is administered approximately three to four months after the initial

treatment. The extension study will include a minimum of six evaluable patients. In the press release for the proposed rights issue on the 24th August 2018, the company announced that four patients had completed the safety window without reports of adverse events that could limit repeated fimaCHEM treatment. Based on this positive safety data, the plan is now to initiate the pivotal study with up to two fimaCHEM treatments and include a seamless safety review by an Independent Data Monitoring Committee (IDMC) when eight patients have completed two treatments in the pivotal study. Completion of the extension part of Phase I is therefore not expected to be required before initiation of the pivotal study.

Pivotal study design completed in collaboration with regulators

The pivotal study design is based on the outcome of meetings with the two leading regulatory authorities European Medicines Agency (EMA) and the U.S. Food and Drug Administration (FDA). The pivotal study programme consists of a single open randomised two-arm study with 186 patients (93 patients per arm), having a control arm with the SoC combination treatment of up to eight cycles of chemotherapies gemcitabine and cisplatin, and an experimental arm with up to two fimaCHEM treatments in addition to SoC. The study's primary endpoint is PFS, with overall survival (OS) as a key secondary endpoint. The study includes an interim analysis of PFS followed by analysis of ORR, with the potential of accelerated/conditional marketing approval. In addition, the study contains several other secondary endpoints that provide the opportunity to generate robust comparative data of importance for market acceptance of fimaCHEM as a first-line treatment for inoperable bile duct cancer.

Regular communication milestones

The planned communication milestones for the pivotal study will be the initiation of the study, meaning first patient treated, and thereafter quarterly updates on the number of countries and clinical sites open for recruitment. Other milestones will be communicated as appropriate, including outcome of the IDMC reviews, as well as further details regarding timing and plan for interim analysis. In addition, the company will continue with quarterly updates on survival data and results from the dose-escalation part of the Phase I study. Regarding the extension part of the Phase I study, the full safety outcome will be reported when the study is completed and thereafter quarterly updates as for the dose-escalation part.

Bile duct cancer and the fimaCHEM technology

Bile duct cancer originates in the ducts that drain bile from the liver into the small intestine. It is a rare disease where the annual incidence rate is 1-2 cases per 100,000 in the Western world, but higher in most Asian countries. Currently, there is no approved treatment specifically for bile duct cancer and the development pipeline for new potential treatments is limited. Additionally, bile duct cancer is characterised by a remarkable resistance to common chemotherapy, and the only possible curative treatment is surgery. As the majority of cases, however, present as inoperable, there is a high unmet need for new drug classes, improved treatment technologies, or alternative methods in order to increase overall survival and quality of life for these patients.

Today, the common treatment for inoperable patients is stenting to keep the bile duct open, followed by chemotherapy, where a combination of the chemotherapies gemcitabine and cisplatin has become the SoC treatment. Gemcitabine is the most studied and used chemotherapy in the treatment of bile duct cancer, and its effect has been significantly enhanced by the fimaCHEM technology in preclinical studies. Additionally, the bile duct is easily accessible for light application through routinely used endoscopic methods.

Comparator data for inoperable bile duct cancer

The median overall survival in the studies that established the chemotherapies gemcitabine in combination with cisplatin as SoC treatment in bile duct cancer was 11.7 and 11.2 months respectively (Valle *et al.* NEJM (2010) 362:1273-81 and Okusaka *et al.* BJC (2010) 103:469-74). In the latter study, gallbladder cancer patients had a poorer outcome and the median overall survival was 13 months when these patients were excluded. These results represent the best available published comparator data, but are not directly comparable to the data in the fimaCHEM Phase I study. The published studies include a wide range of different inoperable bile duct cancer patients, while the fimaCHEM Phase I study focuses on inoperable extrahepatic bile duct cancer.

fima VACC

The **fima VACC** programme aims to enhance the cellular immune responses that are important for the therapeutic effect of vaccines. This proprietary vaccination technology has entered clinical development after having demonstrated strong preclinical efficacy. The translation of this technology into humans by demonstrating improvement of immunogenicity of vaccines is a main priority for PCI Biotech to establish the company in the immunotherapy field.

Encouraging initial clinical Phase I results

The fima VACC technology is currently undergoing a Phase I study in healthy volunteers with the objective to determine safety, tolerability and immune responses for fima VACC. The aim is to see whether the strong immune response demonstrated in preclinical studies can be translated to man.

The interim clinical results on antigen-specific T-cell responses indicate that vaccination with well-tolerated doses of fima VACC enhance cellular immune responses that are important for the therapeutic effect of vaccines. The data also suggests that fima VACC triggers early T-cell responses and shows response in a high proportion of individuals, which are two highly sought-after attributes of vaccination platforms. The dose-finding part of the study is completed, with more than 90 subjects included.

Collaboration with international immunotherapy experts

Currently, the characterisation of the fima VACC immune response by in-depth analysis is ongoing. To finalise the work, PCI Biotech is collaborating with a renowned international institute, the laboratory of Experimental Cancer Immunology and Therapy of the department of Medical Oncology at Leiden University Medical Center in the Netherlands under the leadership of Professor Sjoerd van der Burg. Next steps for the Phase I study and the overall development strategy for fima VACC will be assessed following completion of these analyses.

New US patent granted

A patent application filed in 2013 for a “band-aid-like” illumination/injection device for fima VACC vaccination, as well as other potential skin applications, has been granted in the US in October 2018.

Research and development supported by a grant

The fima VACC programme is supported by a government grant from the Research Council of Norway (BIA-programme) of up to NOK 13.8 million distributed over the course of three and a half years, 2017-2020.

Immunotherapy with the fima VACC technology

The pharmaceutical industry has long recognised the potential of therapeutic cancer vaccination, i.e. vaccines that treat cancer by inducing or strengthening the body's own immune response. Whilst several companies have reported failed clinical studies in the past years, the potential of combining vaccination with immune checkpoint inhibitors has triggered a renewed interest in therapeutic cancer vaccines. Nevertheless, there are still key issues to solve of which improving the immunogenicity of vaccine candidates is a main priority within immunotherapy. PCI Biotech believes the fima VACC technology may play a key role in solving this key challenge.

In order to realise the huge potential of therapeutic cancer vaccines, effective induction of cytotoxic T-cells is critical. Unfortunately, today's vaccines often fail to generate such responses. Most likely, one of the main reasons behind this failure is insufficient delivery of vaccine antigens to the appropriate presentation pathway in the immune cells. The fima VACC technology may solve this challenge by effectively enhancing the vaccine presentation through this pathway.

fimaNAC

The **fimaNAC** programme provides a targeted intracellular delivery technology for nucleic acid therapeutics. It is a preclinical stage collaborative programme, currently subject to six active research collaborations.

Focus on preclinical research collaborations

During the third quarter of 2018 a research collaboration was signed with the Danish biotechnology company Bavarian Nordic A/S (OMX: BAVA, OTC: BVNRY), a key player in the emerging field of immunotherapy, with multiple clinical programmes within oncology and infectious diseases.

In September 2015, a collaboration was entered with an undisclosed top-10 pharma company, aiming to evaluate synergistic effects of fimaNAC with their nucleic acid therapeutics. This agreement has been extended several times, most recently until the end of 2018 with the possibility for further extension. In 2017, the collaboration was expanded to include evaluation of technological compatibility and synergy based on *in vivo* preclinical studies.

PCI Biotech employs a collaborative strategy for fimaNAC. Currently, the delivery technology is used in six preclinical research collaborations in the area of nucleic acid therapeutics. All the partners are working with the same purpose of exploring synergies between their proprietary nucleic acid technologies and the fimaNAC technology. Thereafter, if successful, the intention is to explore the potential for further partnerships.

The current collaboration partners span from an undisclosed big pharma company to five mid-/small-size biotechnology companies: Bavarian Nordic, BioNTech, eTheRNA immunotherapies, IMV and RXi Pharmaceuticals.

The fimaNAC technology and nucleic acid therapy

Several forms of nucleic acids are widely acknowledged to have significant therapeutic potential, and numerous clinical trials are underway. The therapeutic potential of such compounds is challenged by the obstacles to achieve adequate intracellular access, which the fimaNAC technology may resolve through enhancing the delivery of the majority of nucleic acid types.

Corporate

Strengthening organisation with clinical expertise

PCI Biotech is focused towards initiation of the pivotal study and has further strengthened the organisation by appointing Karin Staudacher, M.Sc. as Clinical Project Director. Staudacher will assume operational responsibility for PCI Biotech's pivotal study. Staudacher brings extensive project management experience from multinational clinical research projects including Algeta's Phase III trial for Xofigo, a product marketed by Bayer and reached the market in 2013. Most recently, Staudacher held the position as Director Clinical Development at the biotechnology company Targovax ASA.

Updates on the Scientific Advisory Committee

After three years of invaluable service Professor Christoph Huber unfortunately had to retire from PCI Biotech's Scientific Advisory Committee (SAC). Following Professor Huber's departure, SAC has been reinforced by the appointment of Professor Kjetil Taskén as a committee member. Professor Taskén has been a Board of Directors member of PCI Biotech since 2008, but had to step down when he took on the position as Head and Director of the Institute for Cancer Research (ICR) of Oslo University Hospital in Norway.

Financial review

Fully underwritten rights issue of NOK 360 million

The Company carried out a fully underwritten rights issue of NOK 360 million, resolved at an extraordinary general meeting held on the 14 September 2018 and completed on the 10th October 2018. The net proceeds, estimated to NOK 328 million, and the existing cash is expected to finance the Company well into 2022, which is beyond the anticipated interim read-out of the pivotal fimaCHEM study in inoperable bile duct cancer. Further, a minor part of the net proceeds will be used to finance the completion of the ongoing clinical Phase I trial of fimaVACC in healthy volunteers, selective preclinical and illumination device development for fimaVACC, continue collaborations with external partners for fimaNAC as well as general corporate purposes.

At the expiry of the subscription period for the rights issue, 3rd October 2018, the Company had received subscriptions for a total of 10,424,108 new shares. In total 12,000,000 new shares were offered, thus the rights issue was subscribed with approximately 87 per cent of the shares offered. On the 4th October 2018 the board of directors of PCI Biotech approved the final allocation of the shares offered in the rights issue based on the allocation criteria set out in the prospectus dated 17th September 2018. A total of 12,000,000 new shares were allocated and approximately 1.6 million new shares were allocated to the underwriters in accordance with the underwriting commitments of the respective underwriters to the extent the underwriters have not fulfilled such commitments by subscribing for offer shares in the subscription period. The underwriters received an underwriting fee equal to 3.5 per cent of their respective underwriting obligations and the corresponding underwriting fees have been settled in October 2018. Please see further details under the post-closing event section.

Income Statement

(Figures in brackets = same period 2017 unless stated otherwise).

The Group did not record revenues for Q3 or year to date (YTD, January to September) 2018. Grants received from various public sources such as the Norwegian Research Council and "SkatteFUNN" were recorded as other income. Other income for Q3 and YTD 2018 amounted to NOK 2.2 million (NOK 2.4 million) and 6.6 million (NOK 7.2 million) respectively.

Research and development (R&D) costs for Q3 and YTD 2018 totalled NOK 8.7 million (NOK 9.8 million) and 28.4 million (NOK 26.5 million) respectively. Operating costs for Q3 and YTD 2018 ended at NOK 10.6 million (NOK 12.8 million) and 36.9 million (NOK 34.7 million) respectively. Operating expenses are mainly driven by the R&D activity level and for 2018 there are two clinical phase I trials running, increasing the cost level compared to 2017.

Net loss for the quarter was NOK 8.3 million (NOK 10.3 million). Net loss for YTD 2018 was NOK 30.0 million (NOK 26.9 million).

Cash flow and balance sheet

The Group held cash and cash equivalents of NOK 20.5 million at the end of the quarter, compared to NOK 50.8 million at year-end 2017, reflecting net negative cash flow from operating activities. All cash and cash equivalents were placed as bank deposits at the end of the quarter.

Cash flow from operations is mainly dependent on R&D activities. Net cash flow from operating activities was NOK -7.9 million (NOK -8.7 million) in the quarter and NOK -30.3 million (NOK -27.0 million) YTD 2018.

Share capital

Following completion of the rights issue of NOK 360 million on the 10th October 2018 and a subsequent capital increase completed on the 24th October 2018 following employees exercise of share options the Company's share capital will be NOK 111,494,670 divided into 37,164,890 shares, each with a nominal value of NOK 3.00 and each giving one vote at the Company's general meeting. Please see post-closing events for further details.

Other

Risks and uncertainty factors for 2018

PCI Biotech is exposed to uncertainties and risk factors, which may influence some or all of the company's activities. As described in the Annual Report 2017, the most important risks the company is exposed to in 2018 are associated with progress and performance of R&D programmes, and the associated regulatory affairs and market risk. No circumstances have been identified that significantly change the uncertainties and risk factors described in the Annual Report 2017.

Related party transactions

PCI Biotech is relying on services provided by third parties, including related parties, as a result of its organisational set-up. PCI Biotech considers its business relationship with The Norwegian Radium Hospital Research Foundation as the only material ordinary related party transactions per 30 September 2018. In addition, The Norwegian Radium Hospital Research Foundation and other major shareholders had entered into the underwriting agreement for the fully underwritten rights issue of NOK 360 million completed in October 2018. Please see note 7 Related party transactions for further details. Please also see note 15 Subsequent events regarding Stocken Invest AS, a company wholly owned by Lars Viksmoen, a board member of PCI Biotech, had entered into the underwriting agreement for the NOK 360 million rights issue with a commitment of NOK 1.0 million.

Post-closing events

The Company carried out a fully underwritten rights issue of NOK 360 million, issuing 12,000,000 new shares at a subscription price of NOK 30 per share, with pre-emptive subscription rights for existing shareholders. The transaction was resolved at an extraordinary general meeting held on 14 September 2018 and completed on 10th October 2018. The transaction was made by a share capital increase of NOK 36,000,000 through an issue of 12,000,000 new shares, each with a nominal value of NOK 3.00 and each giving one vote at the Company's general meeting. The capital increase is estimated to result in net proceeds of NOK 328 million. Subsequent to the transaction the new share capital of PCI Biotech will be NOK 110,984,670 divided into 36,994,890 shares, each with a nominal value of NOK 3.00 and each giving one vote at the Company's general meeting.

The rights issue was fully underwritten, subject to customary terms and conditions, by an underwriting syndicate. The underwriters received an underwriting fee equal to 3.5 per cent of their respective underwriting obligations. At the expiry of the subscription period, 3rd October 2018, the Company had received subscriptions for a total of 10,424,108 new shares. In total 12,000,000 new shares were offered, thus the rights issue was subscribed with approximately 87 per cent of the shares offered. Approximately 77 per cent of the new shares on offer (approximately 9.2 million shares) were subscribed through the exercise of subscription rights. Approximately 10 per cent of the new shares on offer (approximately 1.2 million shares) were subscribed for through oversubscription and subscription without shares.

On the 4th October 2018 the board of directors of PCI Biotech approved the final allocation of the shares offered in the rights issue based on the allocation criteria set out in the prospectus dated 17 September 2018. A total of 12,000,000 new shares were allocated. Approximately 9.2 million new shares were

allocated to subscribers on the basis of exercised subscription rights. Approximately 0.9 million new shares were allocated to holders of subscription rights as a result of oversubscription. Approximately 0.3 million new shares were allocated to subscribers without subscription rights. Approximately 1.6 million new shares were allocated to the underwriters in accordance with the underwriting commitments of the respective underwriters to the extent the underwriters have not fulfilled such commitments by subscribing for offer shares in the subscription period.

Stocken Invest AS, a company wholly owned by Lars Viksmoen, a member of the board, had entered into the underwriting agreement with a commitment of NOK 1.0 million of the rights issue and the corresponding underwriting fee has been settled in October 2018. Stocken Invest AS was allocated 5,466 shares based on the underwriting commitment. These shares are part of the shareholding portfolio pursuant of completion of the rights issue on 10th October 2018.

The exercise price of the outstanding share options per 30 September 2018 are to be adjusted based upon standard terms for dilution effects for specific company transactions and the NOK 360 million rights issue is a transaction of this kind. The new exercise prices are subject to registration of the rights issue with the Norwegian Register of Business Enterprises, which was completed the 10th October 2018.

Participants of the Company's share option program for employees exercised a total number of 170,000 share options on 17th October 2018. Out of these share options 85,000 were exercised at a strike price of NOK 9.08, 60,000 share options were exercised at a strike price of NOK 3.26 and 25,000 share options were exercised at a strike price of NOK 7.84.

Out of the total number of exercised share options, 70,000 share options at a strike price of NOK 9.08 and 15,000 share options at a strike price of NOK 7.84 are exercised by the primary insider Gaël L'Hévéder (CBDO), who has sold 33,000 shares in the market at an average price of NOK 27.58 per share in order to finance the cash and tax impact of the share option exercise. After the transaction Mr. L'Hévéder hold 62,000 shares and 21,000 share options in the Company.

Following the exercise of share options the Company's board of directors, pursuant to an authorisation granted by the Company's Annual General Meeting on May 29th 2018, decided to increase the Company's share capital with NOK 510,000 by issuing 170,000 new shares each giving one vote at the Company's general meeting. The transaction was completed 24th October 2018 and subsequent to the transaction the Company's share capital will be NOK 111,494,670 divided into 37,164,890 shares, each with a nominal value of NOK 3.00 and each giving one vote at the Company's general meeting. The capital increase is estimated to result in net proceeds of NOK 1.1 million.

PCI Biotech is not aware of any other post-closing events, which could materially influence this interim financial statement.

Outlook

PCI Biotech believes that the proprietary PCI technology has the possibility to unlock the true potential of innovative medicines. Supported also by external collaboration partners opinion, the PCI technology has the opportunity of playing a significant role in the realisation of several new therapeutic modalities, including cancer immunotherapy (fimaVACC) and nucleic acid therapeutics (fimaNAC).

Although the company's focus is three-pronged, divided over the three programmes, most resources are currently spent on progressing the lead project of fimaCHEM, which is the clinical development programme of fimaporfin in combination with gemcitabine for the treatment of inoperable extrahepatic bile duct cancer; a rare disease with high unmet medical need. Based on the encouraging early signs of efficacy in Phase I, the company worked with the key regulators in Europe and the U.S. receiving important guidance which informs the design for a pivotal phase study. The final pivotal study design has thus been determined and funding expected to finance the study beyond interim read-out is now in place. During this next step, the company will maintain its full commitment of advancing the programme with the ambition of helping the patients currently left without effective treatment options achieve a good quality of life.

In parallel, the two other programmes, fimaVACC and fimaNAC, are proceeding according to plan. For the promising fimaVACC technology, the next step of clinical validation is essential for PCI Biotech's role within the immunotherapy space and the Phase I study in healthy volunteers will provide results on clinical translation of the technology into humans. The initial results are encouraging, and the study is expected to provide key data to support decisions of the programme's further development strategy. The fimaNAC programme continues to follow a collaborative approach, by pursuing out-licensing opportunities.

In short, the main priorities of PCI Biotech at this time are to:

- Effectively drive the fimaCHEM clinical development programme in inoperable extrahepatic bile duct cancer towards the market
- Progress and finalise the fimaVACC Phase I study in healthy volunteers
- Manage alliance and partnering activities across all commercially interesting areas for the PCI platform

The Board of Directors and CEO
PCI Biotech Holding ASA
Oslo, 12 November 2018

Hans Peter Bøhn
Chairman (sign)

Christina Herder
Director (sign)

Hilde H. Steineger
Director (sign)

Andrew Hughes
Director (sign)

Lars Viksmoen
Director (sign)

Per Walday
CEO (sign)

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

PROFIT AND LOSS

<i>(In NOK 1,000)</i>						
	Note	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 FY
Other income	5	2 238	2 350	6 613	7 183	10 250
Research and development	8	8 719	9 778	28 413	26 494	40 988
General and administrative		1 905	3 028	8 441	8 196	12 693
Operating costs		10 624	12 806	36 854	34 690	53 681
Operating results		-8 386	-10 456	-30 241	-27 507	-43 431
Financial income and costs						
Financial income		56	175	265	570	677
Financial expenses		6	0	10	0	87
Net financial result		50	175	255	570	590
Profit/loss before income tax		-8 336	-10 281	-29 986	-26 938	-42 841
Income tax	9	0	0	0	0	0
Net profit/loss	4	-8 336	-10 281	-29 986	-26 938	-42 841
Other comprehensive income		0	0	0	0	0
Comprehensive income		-8 336	-10 281	-29 986	-26 938	-42 841

BALANCE SHEET

<i>(In NOK 1,000)</i>				
	Note	2018 30.09	2017 30.09	2017 31.12
Fixed and intangible assets				
Operating assets		19	2	22
Total fixed and intangible assets		19	2	22
Current assets				
Short term receivables	7	10 587	11 987	7 625
Cash & cash equivalents	7	20 536	53 755	50 789
Total current assets		31 123	65 741	58 414
Total assets		31 142	65 743	58 436
Shareholders' equity and liabilities				
Shareholders' equity				
Paid in capital		234 345	232 133	232 109
Other reserves		-219 435	-176 195	-190 266
Total equity	10	14 910	55 937	41 842
Other long term liabilities	14	1 397	730	2 009
Total long term liabilities		1 397	730	2 009
Trade debtors		2 067	921	1 497
Other short term liabilities		12 768	8 156	13 088
Total short term liabilities		14 835	9 076	14 585
Total liabilities		16 232	9 806	16 594
Total shareholders' equity and liabilities		31 142	65 743	58 436

CHANGE IN SHAREHOLDERS EQUITY

<i>(In NOK '000)</i>	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 FY
Equity at beginning of period	22 429	62 983	41 842	13 086	13 086
Capital increase	-	1 721	44	66 754	66 729
Share option scheme	817	1 514	3 011	3 035	4 867
Comprehensive income in the period	-8 336	-10 281	-29 986	-26 938	-42 841
Equity at end of period	14 910	55 937	14 910	55 937	41 842

CASH FLOW

<i>(In NOK '000)</i>	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 FY
Ordinary profit before taxes	-8 336	-10 281	-29 986	-26 938	-42 841
Depreciation, amortisation and write off	1	1	4	2	6
Share options	818	1 514	3 011	3 035	4 867
Net financials	50	-175	-256	-569	-677
Changes in working capital	-352	99	-3 324	-3 100	8 025
Cash flow from operating activities	-7 819	-8 842	-30 551	-27 569	-30 620
Net financials	-50	175	256	569	677
Taxes paid	-	-	-	-	-
Net cash flow from operating activities	-7 869	-8 667	-30 296	-27 001	-29 943
Cash flow from financial activities					
Net proceeds from share issues	-	1 721	44	66 754	66 730
Net cash flow from financial activities	-	1 721	44	66 754	66 730
Net change in cash during the period	-7 869	-6 945	-30 253	39 753	36 787
Cash and cash equivalents at the beginning of the period	28 405	60 700	50 789	14 002	14 002
Cash and cash equivalents at the end of the period	20 536	53 755	20 536	53 755	50 789

SELECTED EXPLANATORY NOTES:

1. Nature of operation

PCI Biotech Holding ASA (PCI Biotech) was established in 2008, and comprises PCI Biotech Holding ASA, the fully owned subsidiary PCI Biotech AS and the dormant Icelandic Branch PCI Biotech Utibu. PCI Biotech AS was a subsidiary of Photocure ASA until June 2008. The PCI Biotech shares have been listed on the Oslo Axess since 18 June 2008 under the ticker PCIB. On 27 April 2018 the listing was transferred from Oslo Axess to Oslo Børs. The company is headquartered in Oslo, Norway.

PCI Biotech has developed a unique and patented photochemical intracellular drug delivery technology for use in cancer therapy and other diseases. The technology may also be used to enhance the immunological response of vaccines. The company collaborates closely with The Norwegian Radium Hospital in Oslo, Norway and receives substantial funding on several projects from the Research Council of Norway. The company has an extensive international collaboration network with recognised expert groups in both drug delivery and vaccination. Photochemical Internalisation (PCI) is a proprietary technology for light-directed intracellular drug delivery by triggered endosomal release.

The PCI technology has potential to improve the efficacy of both existing drugs and new classes of drugs, such as therapeutic vaccines, gene therapy and other therapies based on nanotechnology or on biotechnological principles. The company's objective is to prove the clinical usefulness of the technology with various drugs and subsequently license out the technology to partners for further development and marketing. Revenues will be generated at the time of partnering and onwards from up-front payments, milestone payments and royalties from sales. PCI Biotech works on the development of PCI products for enhanced delivery of existing cancer drugs (fimaCHEM), and as a platform that may both potentiate the effect of vaccines (fimaVACC) and delivery of nucleic acids (fimaNAC). PCI Biotech has two active clinical development programmes; one project in the fimaCHEM programme and the other in the fimaVACC programme. The fimaCHEM project is ready to enter pivotal clinical development with the lead candidate fimaporfin (Amphinex) in combination with the chemotherapeutic agent gemcitabine for treatment of inoperable extrahepatic bile duct cancer. The fimaVACC project is a Phase I study in healthy volunteers, for clinical proof of concept of fimaVACC's ability to enhance and direct the response of vaccines towards a stronger cellular immune response. The fimaNAC programme is in preclinical stage.

2. Basis of presentation

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. These condensed interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2017 (hereafter 'the Annual Financial Statements'), as they provide an update of previously reported information. The accounting policies used are consistent with those used in the Annual Financial Statements. The presentation of the condensed interim financial statements is consistent with the Annual Financial Statements. This interim report has not been subject to an audit. The going concern assumption has been applied when preparing this interim financial report. The board of directors approved the condensed interim financial information on 12 November 2018.

PCI Biotech has Norwegian kroner (NOK) as its functional currency and presentation currency. In the absence of any statement to the contrary, all financial information is reported in whole thousands. As a result of rounding adjustments, the figures in the condensed interim financial statements may not add up to the totals.

3. Summary of significant accounting policies

The accounting policies applied and the presentation of the interim condensed consolidated financial information is consistent with the consolidated financial statements for the year ended 31 December 2017.

The new standards and interpretations or amendments to published standards that were effective for the annual period beginning on January 1, 2018 or later and that could affect PCI Biotech are discussed in accounting principles, part 4, to the consolidated financial statements for 2017. In the 2017 financial statements, PCI Biotech made evaluations that at current stage *IFRS 9 Financial Instruments*, *IFRS 15 Revenue from contract with customers* and *IFRS 16 Leases* are not expected to have a significant impact on PCI Biotech's financial position, performance and/or disclosure.

4. Important accounting valuations, estimates and assumptions

Estimates and judgments are evaluated on an on-going basis and are based on historical experience and other factors, including expectations of future events that are considered to be relevant.

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 estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31st, 2017.

5. Earnings per share

Earnings per share

	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 FY
Result allocated to shareholders (NOK'000)	-8 336	-10 281	-29 986	-26 938	-42 841
Weighted average of outstanding shares ('000)	24 995	24 920	24 992	24 138	24 348
Earnings per share (NOK per share)	-0.33	-0.41	-1.20	-1.12	-1.76

Diluted earnings per share:

	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 FY
Result allocated to shareholders (NOK'000)	-8 336	-10 281	-29 986	-26 938	-42 841
Weighted average of outstanding shares ('000)	25 721	25 229	25 718	24 446	24 348
Earnings per share (NOK per share)	-0.33	-0.41	-1.20	-1.12	-1.76

Weighted average of outstanding diluted shares is weighted number of average number of shares adjusted with share options that are in the money. Earnings per share is not affected by the dilution if negative results in the period.

6. Segment information and Other income

The Company reports only one segment and had no revenues for the reporting period. Government grants are recognised at the value of the contribution at the transaction date. Grants are not recognised until it is probable that the conditions attached to the contribution will be achieved. The grants are recognised in the statement of profit and loss in the same period as the related costs, and are disclosed as other income. The Company has recognised Norwegian grants and tax incentive scheme (SkatteFUNN) in the period.

7. Related party transactions

PCI Biotech is relying on services provided by third parties, included related parties, as a result of its organisational set-up. PCI Biotech considers that its business relationship with The Norwegian Radium Hospital Research Foundation regarding research and overall PCI technology development represent related party transactions.

The following table shows the extent of such transactions in the reported periods (all figures in NOK '000):

Purchase of services	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 FY
The Norwegian Radium Hospital Research Foundation	457	473	1 383	1 842	2 600

At the end of the quarter PCI Biotech had NOK 0.3 million in short-term liability to The Norwegian Radium Hospital Research Foundation. In addition, The Norwegian Radium Hospital Research Foundation and other major shareholders had entered into the underwriting agreement for the fully underwritten rights issue of NOK 360 million completed in October 2018. Stocken Invest AS, a company wholly owned by Lars Viksmoen, a member of the board, had entered into the underwriting agreement with a commitment of NOK 1.0 million of the rights issue. The corresponding underwriting fee has been settled in October 2018. Please see Note 15 Subsequent events for further details.

8. Credit risk, foreign currency risk and interest risk

Credit risk

PCI Biotech has no sales for 2017 and 2018 and faces therefore no credit risk.

Maturity profile on short-term receivables at the end of the quarter (all figures in '000 NOK):

	Not due (prepaid expenses)	Less than 3 months	3 to 12 months	More than 12 months	Total
Trade receivables	-	-	-	-	-
Other receivables	384	407	6 046	3 750	10 587
Total receivables	384	407	6 046	3 750	10 587

A majority of the short-term receivables relates to accrued, not received grants (BIA) and tax incentive scheme (SkatteFUNN).

Foreign currency risk

PCI Biotech has transactional currency exposure arising from purchases in currencies other than the functional currency (NOK). PCI Biotech has not implemented any hedging strategy to reduce foreign currency risk.

Interest risk

PCI Biotech has no interest bearing debt.

9. Research and Development costs

All figures in '000 NOK

	2018 Q3	2017 Q3	2018 YTD	2017 YTD	2017 FY
Clinical studies	5 194	5 698	18 812	15 439	23 886
Pre-clinical studies	1 311	2 991	4 513	8 105	12 539
CMC and equipment	1 109	422	2 925	1 144	1 770
Patents	1 105	666	2 163	1 805	2 793
Other costs	0	0	0	0	0
Total	8 719	9 778	28 413	26 494	40 988

PCI Biotech has no development expenditure that qualifies for recognition of an asset under IAS 38 Intangible assets. Expenditure on research activities is recognised as an expense in the period in which it was incurred and all research expenses are recorded in the profit and loss statement, in line with previous years.

PCI Biotech reviewed in 2017 the internal allocation of operating expenses for disclosure of the sub categories in the statement of comprehensive income; research and development expenses versus general and administrative expenses. The review was made based on the current operational set-up of the organisation which has changed and developed over the years, from an early stage clinical company towards a pivotal stage ready company. The outcome of the review has led to reallocation of expenses, for the interim figures previously reported for 2017, between these two relevant P&L sub categories with no net change in the disclosed total operating expenses. In the statement of comprehensive income 2017 for the Company the new allocation routines are applied prospectively, as this reflects the underlying operations.

10. Deferred tax and deferred tax assets

At the end of the quarter, the group held NOK 85.4 million in non-capitalised deferred tax assets, which mainly relates to carry forward losses.

11. Share options

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Expiry date	Exercise price in	Number of shares	
	NOK per share	31.12.2017	30.09.2018
2019 - Q3	10.55	85 000	85 000
2019 - Q3	10.02	40 000	40 000
2020 - Q3	9.11	73 500	66 000
2020 - Q3	3.79	110 000	105 500
2022 - Q3	24.95	340 000	340 000
2022 - Q3	22.35	90 000	90 000
Total		738 500	726 500

The exercise price of the outstanding share options are to be adjusted based upon standard terms for dilution effects for specific company transactions and the NOK 360 million rights issue is a transaction

of this kind. The new exercise prices are subject to registration of the rights issue with the Norwegian Register of Business Enterprises, which was completed the 10th October 2018.

The lifetime of 125,000 share options originally expiring in Q3 2018, during the rights issue process, have been extended with one year in August 2018 and now expiring in Q3 2019. The total P&L effect of the change, based on calculation using the Black- Scholes valuation method, is NOK -0.1 million.

One participant in the Company's share option program exercised 12th April 2018 a total number of 5,000 share options at a strike price of NOK 9.11 and a total number of 3,000 share options at a strike price of NOK 3.79, corresponding to a total number of 8,000 shares. At the same time another 4,000 share options lapsed.

Overview options 2018, Senior executives	Total holdings 31.12 2017	Allocated	Lapsed	Exercised	Expired	Total holdings 30.09 2018
Per Walday, CEO	104 000	0	0	0	0	104 000
Ronny Skuggedal, CFO	116 000	0	0	0	0	116 000
Anders Høgset, CSO	66 000	0	0	0	0	66 000
Gaël L'Hévéder, CBDO	106 000	0	0	0	0	106 000
Kristin Eivindvik, PD	33 500	0	0	0	0	33 500
Hans Olivecrona, CMO	90 000	0	0	0	0	90 000
Sum	515 500	0	0	0	0	515 500

Gaël L'Hévéder, CBDO, exercised on the 17th October 2018 a total number of 85,000 share options and pursuant to the transaction Mr L'Hévéder holds a total portfolio of 21,000 share options. Please see Note 15 Subsequent events for further details.

12. Share capital

The Company's share capital is NOK 74,984,670 divided into 24,994,890 shares, each giving one vote at the Company's general meeting.

	No. of shares	Nominal value per share in NOK	Share capital in NOK
31.12.2017	24 986 890	3.00	74 960 670
Exercise of share options	8 000	3.00	24 000
30.09.2018	24 994 890	3.00	74 984 670

Following the exercise of share options on 12 April 2018, the Company's Board of Directors, pursuant to an authorisation granted by the Company's Annual General Meeting on 29 May 2017, decided to increase the Company's share capital with NOK 24,000 by issuing 8,000 new shares, each share of par value NOK 3.00. Subsequent to the transaction, the Company's share capital is NOK 74,984,670 divided into 24,994,890 shares after the subsequent event. The capital increase resulted in gross proceeds of NOK 56,920.

The Annual General Meeting held 29 May 2018 authorised the Board of Directors to execute share capital increases by issuing up to 1,865,000 shares with a nominal value of NOK 3 in connection with the company's employee incentive program. The authorisation is valid for one year.

The Annual General Meeting held 29 May 2018 authorised the Board of Directors to execute share capital increases with up to NOK 8,029,600 in connection with private placements. The authorisation shall not be used to increase the share capital by an amount in excess of 10% of the share capital, based on the share capital per 29 May 2018 and potential share capital increases in relation to the

employee incentive programme. The authorisation may be used for general corporate purposes. The authorisation is valid for one year.

The Company carried out a fully underwritten rights issue of NOK 360 million, resolved at an extraordinary general meeting held on 14 September 2018, by a share capital increase of NOK 36,000,000 through an issue of 12,000,000 new shares, each with a nominal value of NOK 3.00. The rights issue was completed on the 10th October 2018 and subsequent to the transaction the new share capital of PCI Biotech will be NOK 110,984,670 divided into 36,994,890 shares, each with a nominal value of NOK 3.00 and each giving one vote at the Company's general meeting. Please see Note 15 Subsequent events for further details.

Participants of the Company's share option program for employees exercised a total number of 170,000 share options on 17th October 2018. Following the exercise of share options the Company's board of directors, pursuant to an authorisation granted by the Company's Annual General Meeting on May 29th 2018, decided to increase the Company's share capital with NOK 510,000 by issuing 170,000 new shares. The transaction was completed 24th October 2018 and subsequent to the transaction the Company's share capital will be NOK 111,494,670 divided into 37,164,890 shares, each with a nominal value of NOK 3.00 and each giving one vote at the Company's general meeting. Please see Note 15 Subsequent events for further details.

The Company has more than 3,500 shareholders at the end of the quarter.

10 largest shareholders per 30 September 2018:

Name	No. of shares	Ownership
FONDSAVANSE AS	2 540 840	10,17 %
MP PENSJON PK	1 294 522	5,18 %
Myrlid AS	1 200 000	4,80 %
RADIUMHOSPITALET	1 154 415	4,62 %
NORDNET LIVSFORSIKRI	576 017	2,30 %
GRESSLIEN ODD ROAR	540 000	2,16 %
BERG-LARSEN ALEXANDER	491 635	1,97 %
NORDNET BANK AB	477 164	1,91 %
JANDERSEN KAPITAL AS	360 000	1,44 %
NETFONDS LIV	244 377	0,98 %
Total 10 largest shareholders	8 878 970	35,53 %
<i>Others</i>	<i>16 115 920</i>	<i>64,47 %</i>
<i>Total</i>	<i>24 994 890</i>	<i>100,00 %</i>

Shares owned, directly or indirectly, by members of the board, senior executives and their personally related parties per end of the quarter:

Name	Position	No. of shares		Subscription rights
		31.12.2017	30.09.2018	30.09.2018
Hans Peter Bøhn	Chairman	83 556	83 556	40 106
Christina Herder	Board member	8 355	8 355	1 645
Kjetil Taskén (Kjetil Taskén AS)	Board member*	4 000	NA	NA
Lars Viksmoen (Stocken Invest AS)	Board member	4 000	4 000	3 500
Hilde H. Steineger	Board member	0	0	0
Andrew Hughes	Board member**	NA	0	0
Per Walday	CEO	65 133	65 133	3 167
Anders Høgset	CSO	62 456	62 456	844
Ronny Skuggedal	CFO	25 066	25 066	3 234
Gaël L'Hévéder	CBDO	10 000	10 000	0
Kristin Eivindvik	PD	17 948	17 948	852
Total		280 514	276 514	53 348

* Kjetil Taskén, board member, ended his term at the annual general meeting in May 2018 and holdings are reported up to that date.

** Andrew Hughes was elected as board member in the annual general meeting in May 2018 and holdings are reported from that date.

During September 2018, the board of directors and management (primary insiders) made the following exercise of subscription rights in the fully underwritten rights issue of NOK 360 million completed in October 2018:

The chairman of the board, Hans Peter Bøhn, exercised all 40,106 subscription rights allocated in the rights issue. Stocken Invest AS, a company wholly owned by Lars Viksmoen, a member of the board, bought and exercised 1,580 subscription rights, in addition to all the 1,920 subscription rights allocated in the rights issue. The board member Christina Herder exercised 1,645 out of the 4,010 subscription rights allocated in the rights issue. The board members, Hilde H. Steineger and Andrew Hughes, held no shares in the Company and hence were not allocated any subscription rights in the rights issue.

Per Walday, CEO, exercised 3,167 out of the 31,263 subscription rights allocated in the rights issue. Ronny Skuggedal, CFO, exercised 3,234 out of the 12,031 subscription rights allocated in the rights issue. Gaël L'Hévéder, CBDO, exercised none of the 4,800 subscription rights allocated in the rights issue. Kristin Eivindvik, PD, exercised 852 out of the 8,615 subscription rights allocated in the rights issue. Anders Høgset, CSO, exercised 844 out of the 29,978 subscription rights allocated in the rights issue.

All 53,348 subscription rights held by primary insiders per 30 September 2018 were subscribed for and are part of their shareholding portfolio when the rights issue was completed on 10th October 2018.

Stocken Invest AS, a company wholly owned by Lars Viksmoen, a member of the board, had entered into the underwriting agreement with a commitment of NOK 1.0 million of the rights issue. The corresponding underwriting fee has been settled in October 2018. The rights issue was subscribed with approximately 87% of the shares offered and new shares were allocated to underwriters in accordance with the underwriting commitment to the extent the underwriters had not fulfilled such commitments by subscribing for offer shares in the subscription period. Stocken Invest AS was allocated 5,466 shares and these shares are part of the shareholding portfolio pursuant of completion of the rights issue on 10th October 2018. Please see Note 15 Subsequent events for further details.

13. Other short term liabilities

Other short term liabilities mainly consist of accrued R&D and salary related costs and public duties.

14. Other long term liabilities

Other long term liabilities relates to public duties payables due in 1-4 years for potential future exercise of share options in PCI Biotech's employee share option scheme.

15. Subsequent events

The Company carried out a fully underwritten rights issue of NOK 360 million, issuing 12,000,000 new shares at a subscription price of NOK 30 per share, with pre-emptive subscription rights for existing shareholders. The transaction was resolved at an extraordinary general meeting held on 14 September 2018 and completed on 10th October 2018. The transaction was made by a share capital increase of NOK 36,000,000 through an issue of 12,000,000 new shares, each with a nominal value of NOK 3.00 and each giving one vote at the Company's general meeting. The capital increase is estimated to result in net proceeds of NOK 328 million. Subsequent to the transaction the new share capital of PCI Biotech will be NOK 110,984,670 divided into 36,994,890 shares, each with a nominal value of NOK 3.00 and each giving one vote at the Company's general meeting.

The rights issue was fully underwritten, subject to customary terms and conditions, by an underwriting syndicate. The underwriters received an underwriting fee equal to 3.5 per cent of their respective underwriting obligations. At the expiry of the subscription period, 3rd October 2018, the Company had received subscriptions for a total of 10,424,108 new shares. In total 12,000,000 new shares were offered, thus the rights issue was subscribed with approximately 87 per cent of the shares offered. Approximately 77 per cent of the new shares on offer (approximately 9.2 million shares) were subscribed through the exercise of subscription rights. Approximately 10 per cent of the new shares on offer (approximately 1.2 million shares) were subscribed for through oversubscription and subscription without shares.

On the 4th October 2018 the board of directors of PCI Biotech approved the final allocation of the shares offered in the rights issue based on the allocation criteria set out in the prospectus dated 17 September 2018. A total of 12,000,000 new shares were allocated. Approximately 9.2 million new shares were allocated to subscribers on the basis of exercised subscription rights. Approximately 0.9 million new shares were allocated to holders of subscription rights as a result of oversubscription. Approximately 0.3 million new shares were allocated to subscribers without subscription rights. Approximately 1.6 million new shares were allocated to the underwriters in accordance with the underwriting commitments of the respective underwriters to the extent the underwriters have not fulfilled such commitments by subscribing for offer shares in the subscription period.

Stocken Invest AS, a company wholly owned by Lars Viksmoen, a member of the board, had entered into the underwriting agreement with a commitment of NOK 1.0 million of the rights issue and the corresponding underwriting fee has been settled in October 2018. Stocken Invest AS was allocated 5,466 shares based on the underwriting commitment. These shares are part of the shareholding portfolio pursuant of completion of the rights issue on 10th October 2018.

The exercise price of the outstanding share options per 30 September 2018 are to be adjusted based upon standard terms for dilution effects for specific company transactions and the NOK 360 million rights issue is a transaction of this kind. The new exercise prices are subject to registration of the rights issue with the Norwegian Register of Business Enterprises, which was completed the 10th October 2018.

Participants of the Company's share option program for employees exercised a total number of 170,000 share options on 17th October 2018. Out of these share options 85,000 were exercised at a strike price of NOK 9.08, 60,000 share options were exercised at a strike price of NOK 3.26 and 25,000 share options were exercised at a strike price of NOK 7.84.

Out of the total number of exercised share options, 70,000 share options at a strike price of NOK 9.08 and 15,000 share options at a strike price of NOK 7.84 are exercised by the primary insider Gaël L'Hévéder (CBDO), who has sold 33,000 shares in the market at an average price of NOK 27.58 per share in order to finance the cash and tax impact of the share option exercise. After the transaction Mr. L'Hévéder hold 62,000 shares and 21,000 share options in the Company.

Following the exercise of share options the Company's board of directors, pursuant to an authorisation granted by the Company's Annual General Meeting on May 29th 2018, decided to increase the Company's share capital with NOK 510,000 by issuing 170,000 new shares each giving one vote at the Company's general meeting. The transaction was completed 24th October 2018 and subsequent to the transaction the Company's share capital will be NOK 111,494,670 divided into 37,164,890 shares, each with a nominal value of NOK 3.00 and each giving one vote at the Company's general meeting. The capital increase is estimated to result in net proceeds of NOK 1.1 million.

PCI Biotech is not aware of any other post-closing events, which could materially influence this interim financial statement.

DEFINITIONS AND GLOSSARY

Amphinex:	Trade name of the clinical intravenous formulation of fimaporfin
EMA:	European Medicines Agency
FDA:	U.S. Food and Drug Administration
Fimaporfin:	Generic name of the photosensitiser active ingredient TPCS2a
IDMC:	Independent Data Monitoring Committee
IND	Investigational New Drug
<i>In vitro</i> :	Studies performed with cells or biological molecules studied outside their normal biological context; for example proteins are examined in solution, or cells in artificial culture medium.
<i>In vivo</i> :	Studies in which the effects of various biological entities are tested on whole, living organisms usually animals.
ODD:	Orphan Drug Designation
ORR:	Objective Response Rate
OS:	Overall Survival
PCI:	Photochemical internalisation
PFS:	Progression Free Survival
R&D:	Research and Development
SoC:	Standard of Care
NOK:	Norwegian kroner
FY:	Financial year (1 st January – 31 st December)
YTD	Year to date (1 st January – 30 th September)
Q3:	Third quarter (1 st July – 30 th September)

FINANCIAL CALENDAR

Q4 Report 2018	13 February	2019
Q1 Report 2019	08 May	2019
Q2 Report 2019	28 August	2019
Q3 Report 2019	13 November	2019

INVESTOR CONTACT

Contact person: Ronny Skuggedal, CFO, email: rs@pcibiotech.no, mob: +47 9400 5757

FORWARD LOOKING STATEMENTS

This Report contains certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, and are sometimes identified by the words “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, and similar expressions. The forward-looking statements contained in this Report, including assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that are expressed or implied by statements and information in the Report, including, among others, risks or uncertainties associated with the Company’s business, segments, development, growth management, financing, market acceptance and relations with customers, and, more generally, general economic and business conditions, changes in domestic and foreign laws and regulations, taxes, changes in competition and pricing environments, and fluctuations in currency exchange rates and interest rates. None of the Company or any of its subsidiaries or any such person’s directors, employees or advisors provide any assurance that the assumptions underlying forward-looking statements expressed in this Report are free from errors nor does any of them accept any responsibility for the future accuracy of such forward-looking statements.

PCI BIOTECH HOLDING ASA

Ullernchausséen 64
N-0379 Oslo
Norway

Phone: +47 67 11 54 00
email: post@pcibiotech.com
web: www.pcibiotech.com

PCI BIOTECH AS, subsidiary

Ullernchausséen 64
N-0379 Oslo
Norway