ISOFOL

INVITATION TO ACQUIRE SHARES IN ISOFOL MEDICAL AB (PUBL)

Global Coordinator and Sole Bookrunner

Pareto Securities

IMPORTANT INFORMATION

In this prospectus (the "**Prospectus**") "**Isofol**" or the "**Company**", as the context may require, refers to Isofol Medical AB or the group in which Isofol Medical AB is parent company to Isofol Medical (Incentive) AB. The "**Group**" refers to the group in which Isofol Medical AB is the parent company.

This Prospectus has been prepared in connection with the offering to the public in Sweden and to institutional investors of newly issued shares in the Company and the listing of trading of shares on Nasdaq First North Premier (the "**Offering**").

The Prospectus is issued in accordance with the Financial Instrument Trading Act (1991:980) (Sw. lagen (1991:980) om handel med finansiella instrument), and Commission Regulation (EC) 809/2004 by the 29 April 2004, and Directive 2003/71/EC of the European Parliament and the Council. The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) in accordance with the provisions of chapter 2, section 25 and 26 of the Financial Instrument Trading Act. The approval and registration do not imply that the Swedish Financial Supervisory Authority guarantees that statements of facts in the Prospectus are accurate or complete.

The Prospectus and the Offering are governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Prospectus, Offering or other related issue.

The Prospectus has been prepared in both a Swedish language version and in an English language version. In the event of any discrepancy between the two language versions, the Swedish version shall prevail.

The Company has not taken and will not take any action to permit a public offering in any jurisdiction other than Sweden. No subscription rights, interim shares or new shares ("**Securities**") may be offered, subscribed, sold or transferred, directly or indirectly, in or to the United States except for in accordance with the applicable exemptions set forth in the registrations requirements in the United States Securities Act 1993 (the "**Securities Act**"). The Offering is not directed to shareholders in the United States, Australia, Canada, New Zeeland, Hong Kong, Japan, or South Africa, or other countries where participation would require additional prospectus, registration or measures other than those pursuant to Swedish law. The Prospectus may consequently not be distributed in or to countries where distribution of the Prospectus, or the Offering in accordance with the Prospectus would require such measures or would conflict with regulation in such country. Subscription or purchase of Securities in violation with the above may be illegal. Recipients of this Prospectus are required to inform themselves about, and comply with, such restrictions. Any failure to comply with the restrictions may result in violation of applicable securities regulations. The Company reserves the right, at its discretion, to reject or revoke any exercise of subscription rights, interim shares or new shares in the Company which the Company or its advisors deem may involve a breach or violation of any legislation, rules or regulations.

An investment in Securities is associated with risks, see chapter "Risk Factors". When an investor makes an investment decision they must rely on their own evaluation of the Company pursuant to this Prospectus, including the merits and risks. Prior to making an investment decision, potential investors should engage its own professional advisors and carefully evaluate and consider the investment decision. The investor may only rely on information in this Prospectus and any supplements to this Prospectus. No person has been authorized to give any information or to make any statements then those set forth in this Prospectus, if nevertheless this is made, such information or statements shall not be considered to have been approved by the Company or Pareto Securities AB ("**Pareto Securities**"), and Pareto Securities and the Company are not responsible for any such information or statements. Neither the publication of this Prospectus or any transactions carried out as a consequence thereof shall, under any circumstances, imply that the information contained in this Prospectus are correct and accurate at any date other than the date of the publication of this Prospectus or that there has been no change in the Groups' activities following this date.

Manager and financial advisor to the Company regarding the Offering is Pareto Securities who, against agreed remuneration upon completed transaction, has assisted the Company in designing the overall transaction structure, guarantee consortium as well as the preparation of this Prospectus. Pareto Securities has relied on information provided by the Company, and since all information in this Prospectus originates from the Company or a third party, Pareto Securities does not accept any liability in relation to the shareholders of the Company and other direct or indirect economic consequences resulting from investment decisions or other decisions wholly or partially based on information in the Prospectus. Pareto Securities represent the Company and no one else in connection with the Offer. Pareto Securities is not responsible to anyone else than the Company for providing advice in connection with the Offering or any other matter which is referred to in this Prospectus.

FORWARD-LOOKING STATEMENTS AND MARKET DATA

The Prospectus contains some forward-looking statements that reflect the Company's current views of future events as well as financial and operative development. The words "intends", "anticipate", "may", "plan", "estimate" or similar expressions entailing indications or predictions of future developments or trends, not based on historical facts, constitutes forward-looking statements. Forward-looking statements are inherently associated with both known and unknown risks and uncertainties as it dependends on future events and circumstances. Forward-looking statements are not a guarantee of future results or development and actual outcomes may differ materially from the statement set forward in this Prospectus.

Factors that may result in any difference in the Company's and the Groups future result and development from those set forth in the forward-looking statements include, but are not limited to, those described under the section "Risk factors". Forward-looking statements in this Prospectus apply only as per the date of this Prospectus. The Company does not undertake to announce any update or change in the forward-looking statements, future events or similar circumstances other than as required by applicable laws and regulation.

The Prospectus contains some market and industry information from third parties. Even though such information have been accurately reproduced and the Company relies on the sources, the Company has not independently verified this information, so its accuracy and completeness may not be guaranteed. As far as the Company is aware and may be ascertain of through comparison with other information published of these sources, no information has been omitted which would render that the reproduced information is inaccurate or misleading.

PRESENTATION OF FINANCIAL INFORMATION

Certain financial information presented in the Prospectus has been rounded in order to make the information more accessible for the reader. Consequently, in certain columns the number do not exactly correspond to the stated total amount. Other than as expressly stated herein, no financial information in the Prospectus has been audited or reviewed by the Company's auditor.

IMPORTANT INFORMATION ABOUT NASDAQ FIRST NORTH

Nasdaq First North Premier is an alternative marketplace operated by the different exchanges within Nasdaq. It does not have the same legal status as a regulated market. Companies on Nasdaq First North Premier are regulated by Nasdaq First North Premier's rules and not by the legal requirements that applies for admission to trading on regulated markets. An investment in a company traded on Nasdaq First North Premier is more risky than an investment in a company on a regulated market. All companies whose shares are admitted to trading on Nasdaq First North Premier have a Certified Advisor. Isofol has appointed FNCA Sweden to be its Certified Advisor. It is Nasdaq Stockholm AB that approves the admission to trading on Nasdaq First North Premier.

TABLE OF CONTENTS

THE OFFERING IN BRIEF

The Offering

This Prospectus has been prepared in connection with the Offering of shares in Isofol Medical AB (publ) to the public in Sweden and to institutional investors and the admission to trading of shares on Nasdaq First North Premier in Stockholm.

Number of shares being offered

The Offering comprises 14,828,000 newly issued shares. To cover a possible over-allotment or short positions in connection with the Offering the Company has, upon request from Pareto Securities, committed to issue a maximum of 1,482,800 additional newly issued shares (the "**Over-allotment Option**").

Offering price

The price at which shares are being offered in the Offering is SEK 29 per share (the "**Offering Price**"). It has been determined by Isofol's Board of Directors (the "**Board**") in consultation with Pareto Securities and is the same for both institutional investors and the general public.

Other

Short name (ticker):	ISOFOL
ISIN-kod:	SE0009581051

Preliminary time table

Application period for the general public:	March 21, 2017– March 31, 2017
Application period for institutional investors:	March,21 2017– April 3, 2017
Notification of allotment:	April 4,2017
First day of trading on Nasdaq First North:	April 4, 2017
Settlement day:	April 6, 2017

Financial calendar

Interim report January 1– March 31,2017:	May 16, 2017
Annual General Meeting 2017:	May 16, 2017
Interim report April 1– June 30, 2017:	August 19, 2017

SUMMARY

The summary is made up of disclosure requirements known as 'Elements'. The Elements are numbered in Sections A–E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted into the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

SECTION A – INTRODUCTION AND WARNINGS

A.1	*Introduction and warnings*	This summary should be read as an introduction to the Prospectus. Any decision to invest in securities should be based on an assessment of the Prospectus in its entirety by the investor. Where a claim relating to information in a Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the Prospectus before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the securities that are offered.
A.2	*Consent for use of the Prospectus by financial intermediaries*	Not applicable; there are no financial intermediaries.

SECTION B – ISSUER AND ANY GUARANTORS

B.1	*Company and trading name*	The Company's legal and commercial name is Isofol Medical AB (publ), corp. reg. no. 556759-8064.
B.2	*Issuer's registered office and corporate form*	Isofol is a Swedish public limited company with operations conducted under Swedish law. The Board of Directors has its registered office in Gothenburg Municipality. The Company's legal form is regulated by the Swedish Companies Act (2005:551).
B.3	*Description of the issuer's operations*	Isofol is a pharmaceutical company with the drug candidate Modufolin® in clinical development. Isofol intends to attain market approval based on documented advantages over the current standard treatment of primarily mCRC. Isofol will then sell or license the product to a larger company in order to reach a wider market. Modufolin® is primarily designed to enhance the effect of the current chemotherapy treatment for patients treated for colorectal cancer. The ultimate goal is for Modufolin® to replace the existing widely used folates, leucovorin and levoleucovorin, which are used together with the cytotoxic agent 5-fluorouracil (5-FU). Modufolin® also has potential for use in treating other forms of cancer and with other chemotherapy. Isofol Medical was founded in 2008 based in part on the research collaboration between Professor Bengt Gustavsson and Merck & Cie, a leading manufacturer of folate-based drugs. The company currently has six full-time employees and employ about four consultants.
B.4a	*Trends*	Isofol's expenses have increased over the past few fiscal years in line with increased clinical activity, which is expected to continue when Isofol implements the clinical development plan for Modufolin®. Other than what is stated in the Prospectus, as far as the Board of Directors is aware, there are no known trends uncertainties, potential claims or demands, commitments or events that can be expected to have a material impact on the Company's future prospects. Nor is Isofol aware of any public, financial, fiscal, monetary or other political measures that, directly or indirectly, materially affected or could materially affect the Company's business. However, the Company's operations are associated with risks.
B.5	*Description of the Group and the issuer's position within the group*	The Company is currently the parent company of the wholly-owned subsidiary Isofol Medical (Incentive) AB, corporate registration number 556894-0133.
B.6	*Major shareholders, control över the Group and notifiable individuals, large shareholders and control*	Isofol had approximately 100 shareholder as of December 31, 2016. Shareholders of the Company whose holdings exceeded 5.0 percent of capital and votes in the Company on December 31, 2016 can be seen in the table below.

Shareholder	Number of shares	Percent of number of shares and votes
Biofol AB[1)]	3,172,500	19.71
Yield Life Science AB[2)]	2,466,500	15.33

1) Since December 31, 2016 Biofol has entered an agreement to acquire an additional 214,139 shares with Pro Value AB and the two board members Anders Vedin and Lars Lind and/or companies owned by them. According to the agreement Biofol will gain possession of the shares on March 24, 2017. In addition, Biofol has received 15,732 shares due to share distribution from Yield.
2) At the Extraordinary General Meeting of Shareholders on March 15, 2017, Yield approved a dividend of 60 percent of Yield's holdings in Isofol to Yield's approximately 2,400 shareholders.

B.7 *Financial information in summary*

The tables below present selected financial information obtained from Isofol's audited consolidated financial statements for the fiscal years 2015 and 2016, as well as the unaudited comparative figures for fiscal year 2015, taken from the 2016 Annual Report to improve the comparability of the historical financial information. Unless stated otherwise, no financial information in the Prospectus has been audited or reviewed by the Company's auditor.

The annual report for fiscal year 2016, including comparative figures for fiscal year 2015, was prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). The annual report for fiscal year 2015 was prepared in accordance with the Swedish Annual Accounts Act and the general guidelines of the Swedish Accounting Standards Board, BFNAR 2008:1 Annual Report for small companies.

The figures presented in the Prospectus have been rounded in certain cases, and consequently the tables do not necessarily add up.

Consolidated income statement in brief

TSEK	2015	2015	2016
Audited	*Audited*	*Unaudited*	*Audited*
Accounting standard	*BFNAR*	*IFRS*	*IFRS*
REVENUES			
Other income	187	187	508
Total revenues	*187*	*187*	*508*
OPERATING COSTS			
Other external costs	–34,889	–34,898	–57,084
Personnel expenses	–5,855	–5,855	–7,113
Depreciation, amortisation and write-downs	–110	–110	–132
Other operating costs	–12	–12	–196
Total operating costs	*–40,866*	*–40,875*	*–64,525*
Operating profit	**–40,679**	**–40,688**	**–64,017**
FINANCIAL ITEMS			
Other interest income	0	–	1
Interest expenses	–1	–1	–2
Net financial items	*–1*	*–1*	*–1*
Profit after financial items	**–40,680**	**–40,689**	**–64,018**
APPROPRIATIONS			
Paid group contributions	–9	–	–
Total appropriations	*–9*	–	–
Profit before tax	**–40,688**	**–40,689**	**–64,018**
Income taxes	–	–	–
Net profit	**–40,688**	**–40,689**	**–64,018**

B.7 *Financial information in summary, cont.*

Consolidated balance sheet in brief

SEK Thousands	2015-12-31	2015-12-31	2016-12-31
Audited	*Audited*	*Unaudited*	*Audited*
Accounting standard	*BFNAR*	*IFRS*	*IFRS*
ASSETS			
Non-current assets			
Concessions, patents, licenses, trademarks	491	491	392
Equipment, tools, fixture and fittings	130	130	171
Interest in group companies	50	n.a.	n.a.
Total non-current assets	*671*	*621*	*563*
Current assets			
Accounts receivable	27	27	17
Receivables from group companies	378	n.a.	n.a.
Other current receivables	1,217	1,218	2,088
Prepaid expenses and accrued income	617	617	1,108
Cash and cash equivalents	7,244	7,294	19,114
Total current assets	*9,482*	*9,156*	*22,327*
Total assets	**10,153**	**9,777**	**22,890**
EQUITY			
Share capital	273	273	322
Ongoing new issue	n.a.	–	10,136
Other contributed capital	132,933	132,556	191,166
Retained earnings	–90,814	–90,819	–131,507
Net profit for the period	–40,688	–40,688	–64,018
Total equity	*1,704*	*1,322*	*6,099*
LIABILITIES			
Accounts payable	5,408	5,408	12,406
Other liabilities	1,177	1,178	611
Accrued expenses and deferred income	1,864	1,869	3,774
Total liabilities	*8,450*	*8,455*	*16,791*
Total equity and liabilities	**10,153**	**9,777**	**22,890**

B.7 *Financial information in summary, cont.*

Consolidated cash flow statement in brief

SEK Thousands	2015-12-31	2015-12-31	2016-12-31
Audited	*n.a.*	*Unaudited*	*Audited*
Accounting standard	*BFNAR*	*IFRS*	*IFRS*
OPERATING ACTIVITIES			
Profit after financial items	*n.a.*	–40,688	–64,018
Adjustments for non-cash items	*n.a.*	110	131
Tax paid	*n.a.*	–	–
Cash flow from operating activities before changes in working capital	*n.a.*	*–40,578*	*–63,887*
Change in working capital			
Increase (–)/Decrease (+) in current receivables	*n.a.*	–617	–1,351
Increase (+)/Decrease (–) in current liabilities	*n.a.*	4,428	8,335
Cash flow from changes in working capital	*n.a.*	*3,811*	*6,984*
Cash flow from operating activities	*n.a.*	**–36,767**	**–56,902**
INVESTING ACTIVITIES			
Investments in tangible fixed assets	*n.a.*	–137	–73
Cash flow from investing activities	*n.a.*	**–137**	**–73**
FINANCING ACTIVITIES			
New issue	*n.a.*	37,876	61,324
Costs related to new issue	*n.a.*	–	–2,643
Ongoing new issue	*n.a.*	–	10,136
Redemption of options	*n.a.*	–	–22
Dividend paid	*n.a.*	–	–
Cash flow from financing activities	*n.a.*	**37,876**	**68,795**
Cash flow for the period	*n.a.*	**972**	**11,820**
Cash and cash equivalents at the beginning of the period	*n.a.*	6,322	7,294
Cash and cash equivalents at end of the period	*n.a.*	**7,294**	**19,114**

Key performance indicators

*The Prospectus contains certain alternative indicators that are not defined or specified under IFRS or BFNAR ("**Alternative Key Performance Indicators**"). Isofol believes that some investors, securities analysts and other stakeholders use the Alternative Key Performance Indicators as a supplementary measure of earnings performance and financial position. Unless otherwise stated, the Alternative Key Performance Indicators have not been audited and should not be considered individually or as an alternative to key performance indicators prepared in accordance with IFRS or BFNAR. In addition, the Key Performance Indicators, as defined by Isofol, should not be compared with other key performance indicators with similar names that are used by other companies because the Alternative Key Performance Indicators are not always defined the same way and other companies may have calculated them differently than Isofol.*

SEK Thousands	2015	2015	2016
Accounting standard	*BFNAR*	*IFRS*	*IFRS*
PERFORMANCE MEASURES DEFINED BY IFRS OR BFNAR			
Number of employees	6	6	6
Number of shares	27,332	27,332	16,093,500[1)]
ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS OR BFNAR			
Equity ratio (%)	16.8	13.5	26.6

1) Number of shares is presented after the split, which was decided at the General Meeting on December 21, 2016, to improve comparability with the new issue being conducted as part of the Offering. The split of the Company's shares was registered with the Swedish Companies Registration Office in January 2017, and was conducted under the terms 500:1. As of December 31, 2016, the Company had 32,187 shares outstanding (before split).

B.7 *Financial information in summary, cont.*

Definitions of key performance indicators

Number of shares: Number of outstanding shares at the end of the period.

Number of employees: Average number of full-time employees during the period.

Equity ratio: Equity divided by total assets at end of period. The equity ratio is presented because the Company believes it is commonly used by some investors, securities analysts and other stakeholders as a measure of companies' financial position. The Company believes that the equity ratio helps investors understand the Company's financial position at the end of the period.

Significant events during fiscal year 2015 and 2016

- In fiscal year 2015, the Company raised approximately SEK 38 million in equity as a result of two share issues and redemption of outstanding warrants.
- In May 2015 Isofol's patent no. 12/805.287 was approved by the United States Patent and Trademark Office. The patent covers the use and chemical composition of Modufolin® ([6R]-5,10-methylenetetrahydrofolate, MTHF) in the reduction of toxicity arising in connection with chemotherapy treatment.
- In fiscal year 2016, the Company raised approximately SEK 61 million as a result of three share issues in February, March and November.
- In April 2016 Isofol met with both the US Food and Drug Administration (FDA) and the European Medicines Administration (EMA). The authorities were postitive to the setup of Isofol's planned study on the effects of Modufolin® on colorectal cancer and concluded, under the condition of a positive outcome, that the study could become a registration study. This would result in a several-year time gain, a large cost saving and an opportunity for Isofol to obtain market approval for Modufolin®.
- In 2016 Isofol entered a supplementary agreement to the exit agreement entered in 2014. This agreement resulted in a one time compensation to Jan-Eric Österlund, Anders Vedin and Lars Lind, amounting to circa SEK 19 million, to be paid through a new issue of shares, whereof SEK 10 million is registered as a libility in the Company's balance sheet.

B.7	*Financial information in summary, cont.*	**Significant events since December 31, 2016** • In January 2017 Isofol announced that the US Food and Drug Administration had completed its review of the Company's application for start of clinical trials in the US (*Investigational New Drug*, IND) and announced that the first proposed clinical study with Modufolin® as IND could begin. • In January 2017 there was a 500:1 stock split of the Company's shares. • The remaining portion (SEK 10 miljoner) of the one time compensation, as part of the agreement with Jan-Eric Österlund, Anders Vedin and Lars Lind, was paid through a new issue of shares.
B.8	*Pro forma accounting*	Not applicable; The prospectus does not contain any pro forma accounting.
B.9	*Profit/loss forecast*	Not applicable; The prospectus does not contain any profit or loss forecasts.
B.10	*Audit remarks*	Not applicable; the audit reports on the historical financial information included in the prospectus do not have any remarks.
B.11	*Unsufficient net working capital*	The Board of Directors believes that the existing working capital, prior to completion of the Offering, is not sufficient for the Company's current needs for the next twelve months, given the current business, research and development plan. The Company's working capital requirement for the coming twelve month period amounts to circa SEK 60 million. The existing working capital is expected to last until the end of May 2017. The working capital requirement for the period through completion of the pivotal study for Modufolin® (ISO-CC-007) amounts to approximately SEK 410 million and the Company expects to meet this need through the new issue of shares that is part of the Offering and through the Company's cash balance, which is expected amount to circa SEK 6 million before the Offering. The share issue is expected to raise SEK 402–445 million after transaction costs depending on the extent to which the Over-allotment Option is exercised. With regard to the Company's working capital requirement, the Board has decided to condition the completion of the Offering and listing on Nasdaq First North Premier to the Offering raising a minimum of SEK 275 million after transaction costs. If the interest in the Offering is not sufficient to meet this minimum requirement, the Offering will be withdrawn and the Company's share will not listed on Nasdaq First North Premier. In the event that the Offering is completed, but the Offering is not fully subscribed, the Company may adjust the pace or scope of the research and development plan. The company might choose to divide the pivotal registration study into two parts and postpone certain studies that are not required by the authorities for market registration of Modufolin®. In the event that the Offering is not completed, the Company may be forced to seek alternative funding sources in the form of, for example, a rights issue, a private placement or long-term debt financing from existing or new investors. The Board believes that any of these solutions would be feasible.

SECTION C – SECURITIES

C.1	*Securities offered*	Shares in Isofol Medical (ISIN code SE0009581051)
C.2	*Denomination*	The Shares are denominated in SEK.
C.3	*Total number of shares in the company*	As of the date of this Prospectus, the Company's share capital is SEK 513,660 and the number of shares is 16,776,500. Each share has a par value of SEK 0.03.
C.4	*Rights associated with the securities*	The shares in Isofol have been issued in accordance with the Swedish Companies Act (2005:551), and the rights associated with shares issued by the Company, including those pursuant to the Articles of Association, may only be amended in accordance with the procedures set out in this Act. Each Share carries one (1) vote at the Company's General Meeting. Each shareholder entitled to vote may vote at the General Meeting for all shares held and represented by him or her. Each share carries equal rights to the Company's assets and profits. In the event of liquidation of the Company, shareholders are entitled to a share of the surplus in proportion to the number of shares held by the shareholder. No restrictions exist regarding the transfer of shares.

C.4	*Rights associated with the securities, cont.*	Shareholders usually have preferential rights to subscribe for new shares, warrants and convertible bonds in accordance with the Companies Act unless the General Meeting or the Board of Directors, pursuant to authorization by the General Meeting, decide on deviation from shareholders' preferential rights.
C.5	*Restrictions in free transferability*	There are no restrictions on the free transferability of shares in the Company.
C.6	*Admission to trading on a regulated market*	Not applicable; the Board of Directors of Isofol has applied for listing of the Company's shares on Nasdaq First North Premier, a multilateral trading facility that does not have the same legal status as a regulated market. Provided that Nasdaq First North Premier approves the Company's application, the first day of trading is expected to take place on April 4, 2017. A condition for approval is that the distribution requirement for the Company's shares must be met by the date of commencement of trading. The Company's shares will be traded on Nasdaq First North Premier under the ticker ISOFOL.
C.7	*Dividend policy*	Isofol is a growth company and no dividend is planned over the next few years. In the future, when the Company's earnings and financial position so permit, share dividends may arise.

SECTION D – RISKS

D.1	*Main risks related to the issuer or the industry*	Isofol's operations are associated with risks that may have a material adverse effect on the Company's business, financial condition and results of operations, which could cause the value of the Company's shares to decline and shareholders could lose all or part of their invested capital. Below is a summary of Isofol's main risks: • **Research and development and dependence on drug candidates:** As of the date of this Prospectus, the Company has not yet launched any pharmaceutical product on the market. Consequently drug sales have not commenced, for which reason Isofol's operations have not yet generated any revenue from sales. Modufolin® is the Company's only drug candidate at this time. The development of Modufolin® is subject to risks inherent in any development of drugs, such as the risk of failure and/or that the results require further research and development before a final result can be obtained. If the Company or its partners experience significant delays in completing Modufolin®, obtain unfavorable or only marginally favorable results from current or future studies, or fail to obtain relevant approvals or a positive reception in the market, Isofol's short-term ability to generate revenue, its reputation and its ability to raise additional capital could weaken, which would have a material adverse effect on the Company's business, financial condition and results of operations. • **Completion of preclinical and clinical studies:** There is a risk that the planned studies will not indicate sufficient safety and efficacy to obtain the necessary regulatory approvals or for the Company to be able to out-license, establish partnerships or sell any product. There is also a risk that negative or inconclusive clinical trial results regarding Isofol's product candidate could, in either the early or late stage of drug development, result in failure to obtain approvals, require Isofol and/or its partners to conduct additional clinical trials, which could result in increased costs, significantly delay registration with regulatory authorities, result in the registration of a more limited indication, or cause Isofol and/or its partners to decide not to commercialize the product candidate. These risks could have a material adverse effect on the Company's business, financial condition and results of operations. • **Registrations and approvals:** In the event that Isofol does not receive the required product approvals, or if any future approvals are revoked or restricted, this could have material adverse effects on Isofol's business, financial condition and results of operations. • **Licensing of Modufolin® from Merck:** Merck owns substantial rights and patents to Modufolin®. Isofol has been granted an exclusive worldwide license to use, develop and commercialize Modufolin® for the treatment of cancer. In the event that Isofol does not fulfill its commitments under the agreement with Merck, there is a risk that Merck will terminate the agreement and the license, which could have a material adverse effect on the Company's business and its ability to develop and commercialize its drug.

D.1	*Main risks related to the issuer or the industry, cont.*	• **Protection of intellectual property rights:** Isofol's potential success also depends on Merck maintaining its patent protection for the technology to produce Modufolin®, as well as the Company's ability to obtain and maintain the best possible protection for its future products, areas of application and production methods, including through various patents and by otherwise protecting trade secrets and know-how. There is a risk that Merck could fail to maintain its patent protection or to defend the patent in a claim of infringement of a patent belonging to a third party, in which case the Company's exclusive license to use Modufolin® would no longer apply and the Company would be forced to cease operations. Failure to maintain its own, and/or infringement on the intellectual property rights of others could have a material adverse effect on Isofol's business, financial condition and results of operations. • **Dependence on key personnel and external consultants:** Isofol is dependent on a number of key personnel for the continued development of the Company's business and its preclinical and clinical projects. However, there is a risk that one or more of the Company's employees could terminate their employment at the Company or that recruitment of new individuals and consultants with relevant knowledge and expertise could fail, which could delay the Company's development and commercialization of its drug candidate, which could have a negative impact on the Company's business, financial condition and results of operations.
D.3	*Main risks related to the securities*	The primary risks related to the Company's share and the Offering include: • **Share price and liquidity:** An investment in shares can fall in value and there is a risk that investors who invest in the Offering will not get back the invested capital. The Company's share price could fall after completion of the Offering due to the increased number of shares in the Company. The share price could also be adversely affected by market volatility, by the possibility that shares may be sold on the market, by expectations that such sales could occur, or otherwise as a consequence of or in relation to the Offer. • **Future dividends:** The Company is in the development phase, and any surplus is planned to be reinvested in the Company's development and sales. As long as no dividends are paid, any return for investors will depend solely on the future development of the share price. • **Trading on an unregulated market:** Shares in Isofol are traded on Nasdaq First North Premier, which is not a regulated market, but a "trading platform." Since a trading platform is not subject to the same strict regulations as a regulated market, an investment in shares on a trading platform is typically associated with higher risks than an investment in a regulated market. • **Participation in future rights issues:** If Isofol issues new shares, as a rule shareholders have the preferential right to subscribe for new shares in proportion to the number of shares held prior to the issuance. However, shareholders in countries other than Sweden may be subject to restrictions that prevent them from participating in such rights issues and/or restrict and impede their participation in other ways. The potential restrictions that prevent shareholders in countries outside Sweden from participating in rights issues could mean that their holdings would be diluted and decrease in value. • **Listing of shares is conditional upon meeting the distribution requirements of Nasdaq First North Premier:** Isofol has applied for listing of the Company's shares on Nasdaq First North Premier, a multilateral trading facility that does not have the same legal status as a regulated market. Nasdaq First North Premier has a rulebook that includes provisions requiring sufficient supply and demand for an issuer's shares in order to achieve a functional price mechanism. According to the rules, the Exchange will consider this requirement to be satisfied if a sufficient proportion of the issuer's shares is held by the general public and if the issuer has a sufficient number of shareholders with holdings in excess of a certain amount, known as the "distribution requirement." Failure to meet the distribution requirements may result in rejection of the application for listing of shares. Isofol's shares could be delisted in the event that the Company does not live up to the distribution requirements in the future.

SECTION E – OFFERING

E.1	*Issue proceeds and issue costs*	The new issue which is performed as a part of the Offering is expected to provide Isofol with proceeds before transaction costs of approximately SEK 430–473 million, before transaction costs, depending on the extent to which the Over-allotment Option is exercised. The total value of the Offering will therefore not exceed amounts to a maximum of approximately SEK 473 million, including the Over-allotment Option. The transaction costs accrued by the Company in connection with the Offering are expected to amount to SEK 28.5 million, including fees to Pareto Securities and other advisors.
E.2a	*Motive and use of proceeds*	Isofol has planned to complete a number of studies during the coming three to four years. The main purpose of the Offering is to finance these studies. The total cost for these studies, including all operating costs for the Company's daily operations and other supporting activities, amount to approximately SEK 410 million. The cost of the registration study will be approximately SEK 270 million. The price estimate is based on calculations using 450 patients in total of which 325 in Europe and 125 in the US. The cost for additional supporting studies amount to around SEK 45 million. The cost for other supporting activities will amount to around SEK 30 million and includes the research collaboration with Sahlgrenska University Hospital (Östra Sjukhuset) as well as further gene expression studies, strengthening of the patent portfolio as well as supporting activities relating to manufacturing at Merck och Recipharm. The cost for ongoing operational costs will amount to around SEK 65 million. The Board of Directors believes that the existing working capital, prior to completion of the Offering, is not sufficient for the Company's current needs for the next twelve months, given the current business, research and development plan. The Company's working capital requirement for the coming twelve month period amounts to circa SEK 60 million. The existing working capital is expected to last until the end of May 2017. The working capital requirement for the period through completion of the pivotal study for Modufolin® (ISO-CC-007) amounts to approximately SEK 410 million and the Company expects to meet this need through the new issue of shares that is part of the Offering and through the Company´s cash balance, which is expected to amount to circa SEK 6 million before the Offering. The share issue is expected to raise SEK 402–445 million after transaction costs, depending on the extent to which the Over-allotment Option is exercised. In the event that the Offering is not completed, the Company may be forced to seek alternative funding sources in the form of, for example, a rights issue, a private placement or long-term debt financing from existing or new investors. The Board believes that any of these solutions would be feasible.
E.3	*Offering terms and conditions*	**General:** The Offering includes 14,828,000 newly issued shares offered by the Company. The new shares in the Offering are issued by the Company with deviation from shareholders' preferential rights. The Offering is divided into two parts: (1) The Offering to the public in Sweden[1]; and (2) The Offering to institutional investors in Sweden and abroad[2]. **Offering Price:** The Offering Price has been set at SEK 29 per Share **Over-allotment Option:** To cover a possible over-allotment in connection with the Offer, upon request from Pareto Securities, the Board of Directors has with the support of authorization granted by the Extraordinary General Meeting on February 22, 2017, undertaken to issue a maximum of 1 482 800 additional new shares, corresponding to approximately 10 percent of the total number of shares that are offered in the Offer. The Over-allotment Option may be fully or partly exercised during 30 days from the first day of trading of the Company's shares on Nasdaq First North Premier. The price for shares in the Over-allotment Option will be the same as the price in the Offering.

1) The Offering to the general public refers to the Offering of shares to private individuals and legal entities subscribing for up to 35,000 shares.
2) The Offering to the institutional investors refers to the Offering of shares to private individuals and legal entities subscribing for 35,000 shares or more.

E.3	*Offering terms and conditions, cont.*	**Application period:** The general public may apply for acquisition of shares during the period March 21, 2017–March 31, 2017. The application period for institutional investors in Sweden and abroad is March 21, 2017–April 3, 2017. **Application:** Application for the general public in Sweden shall be for a minimum of 350 shares and up to 35,000 shares[1)], in even blocks of 10 shares. Applications may be submitted either to Pareto Securities, Avanza or Nordnet. Institutional investors in Sweden and abroad shall apply to Pareto Securities according to specific instructions. **Allotment:** Decision on allotment of shares is made by the Board of Directors after consultation with Pareto Securities, whereby the goal will be to achieve a good institutional ownership base and a broad distribution of the shares among the general public, in order to facilitate a regular and liquid trading in the Company's shares on Nasdaq First North. The final outcome of the Offering will be announced through a press release which also will be available on the Company's website, www.isofol.se, on or around April 4, 2017. **First day of trading:** The planned first day of trading is April 4, 2017. **Settlement date:** The planned settlement date is April 6, 2017. **Conditions for completion of the Offering:** The Offering is conditional upon (i) that the Company and Pareto Securities enter into an agreement regarding the placement of shares (the "**Placement Agreement**") in the Company around the 3 April 2017, (ii) that some of the conditions in the Placement Agreement are met, (iii) that the Placement Agreement is not terminated, (iv) that Pareto Securities deems the interest in the Offering to be sufficient for a satisfactory trading in the share the interest in the Offering, (v) that Nasdaq approves the Board of Directors' application for listing of the Company's share on Nasdaq First North Premier and (vi) that no events occur which have such a materially negative effect on the Company that it would be inappropriate to complete the Offering, and the Offering raising a minimum of SEK 275 million after transaction costs. If these conditions are not met, the Offering will be withdrawn and the Company's share will not listed on Nasdaq First North Premier.
E.4	*Interests and conflict of interests*	A number of investors have provided subscription commitments in connection with the Offer. No remuneration will be paid for subscription commitments. In addition to the interests of these parties that the Offering should be successfully carried out, there are no financial or other interests in the Offering. Pareto Securities is the Company's financial advisor and also acts as the issuing agent in connection with the Offering. Advokatfirman Vinge KB is Isofol's legal counsel in connection with the Offering. Pareto Securities receives an agreed fee for services rendered in connection with the Offering and Advokatfirman Vinge KB receives payment on account for services rendered. Neither Pareto Securities nor Advokatfirman Vinge KB have any other financial or other interests in the Offering. No conflicts of interest are expected between the parties who in accordance with the above have financial or other interests in the Offering.
E.5	*Principal Owner/ Lock-up agreements*	Shareholders who together own in total, approximately 14 million shares in the Company have entered into an agreement with Pareto Securities and undertaken not to directly or indirectly sell shares in the Company within a period of 360 days from the first day of trading on Nasdaq First North Premier without in each case obtaining written approval from Pareto Securities. Exceptions to lock-up may be permitted under the terms of (and as an acceptance of) a public takeover offer under the Stock Market (Takeover Bids) Act (SFS 2006:451). In all, approximately 14 million shares are covered by the lock-up, corresponding to approximately 84 percent of all shares prior to the Offering and approximately 42 percent of shares after the Offer assuming full acceptance of the Offering and if the Over-allotment Option is exercised in full.
E.6	*Dilution effect*	The issue of new shares carried out in the Offering may, provided that the Over-allotment Option is not exercised, cause the number of shares in the Company to increase from 16,776,500 shares to 31,604,500 shares, corresponding to a dilution of approximately 46.9 percent. Provided that the Over-allotment Option is exercised in its entirety, the issue of new shares carried out in the Offering may cause the number of shares in the Company to increase from 16,776,500 shares to 33,087,300 shares, corresponding to a dilution of approximately 49.3 percent.
E.7	*Costs imposed on investors by the issuer or offerer*	Not applicable; No commission will be charged.

1) Institutional investors who apply for the acquisition of 35,000 shares or more must contact Pareto Securities.

RISK FACTORS

Investing in shares is inherently associated with risk. Investments can go both up and down in value. The various operations of limited liability companies are constantly exposed to the effects of factors from within the company itself, as well as factors that are beyond the control of the individual company, but which may nevertheless affect the operations and their conditions. An investor should carefully consider the risk factors described below before deciding to invest in the Offer. Each of these risk factors may adversely affect the Company's business, financial condition and results of operations and may thus reduce the value of the Company's shares. Isofol's operations are subject to a number of risk factors that are wholly or partially beyond the Company's control and which affect or may affect the value of the shares. The factors described below are expected to have major significance to the future development of Isofol. The description of risk factors below does not claim to be exhaustive and is provided in no particular order of priority. Additional risks and uncertainties that Isofol is unaware of may also have a negative impact on Isofol's business, financial condition and results of operations. In addition to the risk factors described below, investors should also consider all other information in the Prospectus.

RISKS RELATED TO THE COMPANY AND ITS OPERATIONS

RESEARCH AND DEVELOPMENT AND DEPENDENCE ON DRUG CANDIDATES

Isofol engages in research and development of a treatment for cancer, mainly colorectal cancer. As of the date of this Prospectus, the Company has not yet launched any pharmaceutical product on the market. Consequently drug sales have not commenced, for which reason Isofol's operations have not yet generated any revenue from sales. Clinical studies of the Company's drug candidate Modufolin® will continue in 2017. Modufolin® is the Company's only drug candidate at this time. The development of Modufolin® is subject to risks inherent in any development of drugs, such as the risk of failure and/or that the results require further research and development before a final result can be obtained. This includes the risk that Modufolin® may prove to be ineffective, dangerous, toxic or in any other way fail to meet applicable requirements from regulatory bodies, or receive the necessary approvals or permits from regulatory bodies, or prove to be difficult to develop into a commercially viable product that generates revenue for the Company. If the Company, for one reason or another, fails to succeed in developing, obtaining approval for, and successfully out-licensing or commercializing its product candidates, this could prevent Isofol from generating sufficient revenues to achieve long-term profitability. If the Company or its partners experience significant delays in completing Modufolin®, obtain unfavorable or only marginally favorable results from current or future studies, or fail to obtain relevant approvals or a positive reception in the market, Isofol's short-term ability to generate revenue, its reputation and its ability to raise additional capital could weaken, which would have a material adverse effect on the Company's business, financial condition and results of operations.

ADDITIONAL INDICATIONS

In addition to colorectal cancer, Isofol intends to continue to engage in research and development and investigate, i.a. the use of Modufolin® in connection with high doses of methotrexate used in the treatment of osteosarcoma. By continuing to pursue this further development, the Company's organizational resources may need to be expanded, which could cause the Company to incur additional expenses. There is no guarantee that the clinical studies will produce positive results. Thus there is a risk that the Company's work with additional indications could have a negative impact on the Company's business, financial condition and results of operations.

COMPLETION OF PRECLINICAL AND CLINICAL STUDIES

Before a drug can be launched on the market, extensive preclinical and clinical studies must be carried out to ensure its safety and efficacy in humans. Such studies are associated with great uncertainty and risks regarding, among other things, timetables, results and outcomes. Results from early clinical studies are not always consistent with results from more extensive clinical studies. There is a risk that the planned studies will not indicate sufficient safety and efficacy to obtain the necessary regulatory approvals or for the Company to be able to out-license, establish partnerships or sell any product. As a result of the findings of preclinical and clinical studies Isofol could also be forced to conduct expanded studies. Such expanded studies could result in increased costs, significantly delay registration with regulatory authorities, result in the registration of a more limited indication, or cause Isofol to decide not to commercialize its product candidate.

There is also a risk that negative or inconclusive clinical trial results in either the early or late stage of drug development of Isofol's product candidate could result in failure to obtain approvals, require Isofol and/or its partners to conduct additional clinical trials, which could result in increased costs, significantly delay registration with regulatory authorities, result in the registration of a more limited indication, or cause Isofol and/or its partners to decide not to commercialize the product candidate. Furthermore, Isofol, its current and potential future partners, institutional review boards and/or regulatory bodies could also, at any time, discontinue clinical trials if it is believed that the subjects or patients involved in these studies are exposed to unacceptable health risks. For example, patients participating in the studies could suffer from adverse effects that could delay or halt continued product development. The risk that a product demonstrates adverse effects persists even after a potential market approval. An already approved product could thus be withdrawn from the market if, for example, it is found to be deficient from a safety standpoint. These risks could have a material adverse effect on the Company's business, financial condition and results of operations.

REGISTRATIONS AND APPROVALS

In order to obtain approval to conduct preclinical and clinical studies and/or to obtain the right to market and sell a drug, all medicinal products under development must undergo an extensive registration process and be approved by the relevant authority in an individual market, such as the US Food and Drug Administration (FDA) or the European Medicines Agency (EMA). The registration procedure includes, for example, where applicable, requirements for development, testing, registration, approval, labeling, manufacturing and distribution of new medicinal products. If such requirements, which are currently in effect or that may be implemented in the future, are not met, this may result, for example, in product recalls, import bans, failure to obtain registration, previously approved applications could be denied or legal action may ensue. Should a medicinal product developed by Isofol be registered for commercialization, there is a risk that Isofol would be unable to fulfil new regulations, or maintain the registration or obtain corresponding permits for any additional medicinal products.

Moreover, there is a risk that the rules that currently apply for registration, or interpretations of these rules could be changed in a way that would be unfavorable for Isofol. Authorities are not bound by the advice provided during the development process, but may change their assessments, which could lead to delays because of necessary changes in the research and development program. In addition, authorities might not make the same assessments as Isofol, such as with respect to interpretation of data from studies or the quality of the data. In the event that Isofol does not receive the required product approvals, or if any future approvals are revoked or restricted, this could have material adverse effects on Isofol's business, financial condition and results of operations.

LEGISLATION AND REGULATIONS

The pharmaceutical industry is highly regulated by laws and other regulations, which cover development, the approval process, quality control, documentation requirements and pricing systems. Isofol holds the opinion that the Company complies with these laws and regulations. However, there is a risk that new legislation could be adopted which, in an attempt to reduce public health costs, could significantly change the regulatory framework that governs preclinical and clinical studies, regulatory approval, production and marketing of regulated products, as well as their pricing. Such changes, revisions and/or reinterpretations could result in, for example, requirements for further preclinical and clinical studies, changes in production methods and increased documentation requirements. Changes in laws and regulations for pharmaceuticals, in both the US and the EU, as well as in other major markets for drugs, could result in increased costs and also have a material adverse effect on Isofol's business, financial condition and results of operations.

LICENSING OF MODUFOLIN® FROM MERCK

Merck & Cie ("**Merck**") owns substantial rights and patents to Modufolin®. Isofol has been granted an exclusive worldwide license to use, develop and commercialize Modufolin® for the treatment of cancer. Merck has undertaken to collaborate with Isofol on the commercialization of Modufolin®, as well as to deliver

Modufolin® for preclinical and clinical studies, as well as for future commercialization. In the event that Isofol does not fulfill its commitments under the agreement with Merck, there is a risk that Merck will terminate the agreement and the license, which could have a material adverse effect on the Company's business and its ability to develop and commercialize its drug.

PRODUCTION AGREEMENT WITH RECIPHARM

Isofol and Recipharm have signed an agreement under which Isofol engages Recipharm to produce and deliver the drug for the pivotal study and once it has been approved for commercialization. In the event that the agreement with Recipharm should be terminated, there is a risk that the Company would be unable to sign a contract with new suitable partners on short notice, which could have a material adverse effect on the Company's business, financial condition and results of operations.

If Recipharm fails to meet its obligations or to stay within the expected time frames or to obtain enough of the material needed for production of the drug, there is a risk that this will have a material adverse effect on the Company's operations and its ability to commercialize its product.

Furthermore, and in the event that development of Modufolin® progresses successfully, Isofol will also be dependent on external parties for marketing and sales. If the Company is not successful in its efforts to enter into future or maintain current cooperation agreements regarding Modufolin®, Isofol's business, financial condition and results of operations could be adversely affected to a significant extent.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

Isofol's potential success depends on Merck maintaining its patent protection for the technology to produce Modufolin®. There is a risk that Merck could fail to maintain its patent protection or to defend the patent in a claim of infringement of a patent belonging to a third party, in which case the Company's exclusive license to use Modufolin® would no longer apply and the Company would be forced to cease operations.

Isofol's potential success also depends on the Company's ability to obtain and maintain the best possible protection for its future products, areas of application and production methods, including through various patents and by otherwise protecting trade secrets and know-how. There is a risk that medicinal products and production methods developed by Isofol cannot be patented, that Isofol will be unable to register and complete all necessary or desirable patent applications at a reasonable cost, or that a future patent portfolio and other intellectual property rights held by the Company will not provide adequate commercial protection. There is also a risk that a patent will not provide a competitive advantage for the Company's medicinal products and/or methods, or that competitors will successfully bypass the Company's patents. If Isofol is forced to defend its patent rights against a competitor, considerable costs will be involved, especially in disputes with competitors whose resources are significantly greater than Isofol's and who are better positioned to cope with the costs of complex patent litigation. In addition, the Company's existing and future cooperation agreements may provide that some or all of the patents granted may only be exercised by the Company's partners and thus will not be under the Company's direct control. Furthermore, the Company's employees, consultants, advisors, partners or others could violate confidentiality undertakings with regard to the Company's research secrets and know-how. Competing companies could also independently develop similar research results or know-how.

If Isofol in its own business uses or allegedly uses products or methods that are patented or will be patented by another party, the holder of these patents may accuse Isofol of patent infringement. Consequently there is also a risk that Isofol could be drawn into litigation or other proceedings for alleged patent or intellectual property infringement. The outcome of such disputes is difficult to predict due to the uncertainty associated with patent protection. In the event of an unfavorable outcome for the Company in such disputes, Isofol could be liable to pay damages, forbidden from continuing the infringing activity and/or forced to obtain a license to continue to manufacture or market the products and/or methods covered.

Failure to maintain its own, and/or infringement on the intellectual property rights of others could have a material adverse effect on Isofol's business, financial condition and results of operations.

DEPENDENCE ON KEY PERSONNEL AND EXTERNAL CONSULTANTS

Isofol is dependent on a number of key personnel for the continued development of the Company' business and its preclinical and clinical projects. Isofol's ability to recruit and retain qualified employees and to procure and contract with external consultants with specialist skills is of great importance for ensuring the level of expertise within the Company. However, there is a risk that one or more of the Company's employees could terminate their employment at the Company or that the Company could be unsuccessful in its efforts to recruit new individuals and consultants with relevant knowledge and expertise, which could delay the Company's development and commercialization of its drug candidate. Should the Company lose some of its employees, at least in the short term, it could have a negative impact on the Company's business, financial condition and results of operations.

RELATIONSHIP WITH UNIONS

There is a risk that problems could arise in the future in the relationship with employees and their union representatives, especially in the event that the Company should for some reason be forced to lay off staff due to downsizing of operations. If such problems should result in strikes, lock-outs or other industrial action, this could cause interruptions in the Company's operations and could negatively impact the Company's financial condition and results of operations.

FINANCING AND CAPITAL REQUIREMENTS

Isofol has reported a negative operating income since its inception and cash flow is expected to essentially remain negative until Isofol succeeds in generating income from a launched product, or from selling or out-licensing rights. The Company's preclinical and clinical studies are associated with high costs and the Company's development of its product candidate could be more time-consuming and costly than planned. Isofol will continue to need substantial capital for research and development in order to conduct preclinical and clinical studies with Modufolin®. A number of factors influence access to and the conditions of additional financing, such as the ability to enter into cooperation agreements and the general availability of credit, as well as Isofol's creditworthiness and credit capacity. Should Isofol, totally or partially, fail to acquire sufficient capital, or succeed in doing so only on unfavorable terms, this could have substantially negative impact on the Company's business, financial condition and results of operations.

ISOFOL IS DEPENDENT ON SUCCESSFUL COMMERCIALIZATION

Isofol currently lacks marketing and sales resources, nor does it have any intention of developing such resources. To commercialize any products that gain market approval, and for which Isofol has retained the right to market in one or more markets, the Company must therefore rely on partnerships with external parties. Such partnerships could be associated with high costs and uncertainties regarding the success and stability of the partnership. There is a risk that the marketing efforts will not lead to successful commercialization of the product. In the event that the Company fails to achieve commercial success, it could have material adverse effects on the Company's business, financial condition and results of operations.

CHANGES IN THE ECONOMIC CONDITIONS AND PRICING OF MEDICINAL PRODUCTS

Pricing and demand for medicinal products could be negatively affected by a general global economic downturn for medicinal products. An economic downturn could affect healthcare payers, such as government authorities, insurance companies and hospitals, and result in reduced willingness to pay for medicinal products. This, along with other changes, such as changes in the budgets of such health payers, could result in lower compensation for pharmaceutical companies, including for Isofol in the event that Isofol in the future receives relevant approvals for its products. In some countries, drug pricing is determined at the government level, which means that when a drug is launched drug pricing will be regulated by the authorities in several countries. Consequently, as a result of a worsening of general economic conditions and/or regulatory decisions, pricing of the drug projects could be lower than what Isofol estimates, which could have a material adverse effect on the Company's business, financial condition and results of operations.

LOSS CARRYFORWARDS

Given that Isofol's operations have generated substantial losses, the Company has accumulated significant tax loss carryforwards. Changes in ownership that result in a change in controlling influence over the Company could entail restrictions (fully or partially) on the ability to use such loss carryforwards in the future. The opportunity to use loss carryforwards in the future could also be adversely affected by changes in applicable legislation. Such restrictions on the right to use the Company's accumulated tax loss-carryforwards could have adverse effects on Isofol's financial condition and results of operations.

COMPETITION

There are many companies, universities and research institutions that engage in research and development of pharmaceuticals. Consequently, there is fierce competition in the pharmaceutical industry. New and unanticipated findings are typical in medical research and drug development, and could have a significant and sudden negative impact on the Company. The Company's competitors may include multinational companies with substantial financial resources and better capacity regarding, for example, research and development and relationships with regulatory authorities than Isofol. If a competitor succeeds in developing and launching an effective cancer drug, this could reduce the potential for revenue for the Company.

In addition, technology controlled by third parties, which could be beneficial to the Company's business, could be acquired or licensed by Isofol's competitors, and thereby prevent Isofol from obtaining such technology on commercially acceptable terms, or at all. Competitors with greater resources could also successfully market similar or even less effective drugs, and receive broader recognition in health care in general for such drugs, which could have a negative impact on the Company's business, financial condition and results of operations.

PRODUCT LIABILITY

Isofol's operations are subject to various liability risks that are commonly found among companies engage in research and development of pharmaceuticals. This includes the risk of product liability that may arise in connection with production and clinical studies in which participating patients may experience adverse effects or become ill during treatment. There is a risk that claims relating to product liability could have a material adverse effect on Isofol's business, financial condition and results of operations.

INSURANCE COVERAGE

There is a risk that Isofol's insurance may prove to be insufficient to cover claims that may arise in relation to product liability and other damage. In addition, it is not certain that the Company can maintain insurance coverage on favorable terms, or at all. Consequently there is a risk that insufficient or too expensive insurance coverage could have a material adverse effect on the Company's business, financial condition and results of operations.

DISPUTES

Isofol may from time to time be involved in disputes related to the Company's operating activities. Such disputes could relate to, among other things, alleged infringement of intellectual property rights, the validity of certain patents and other commercial disputes. Disputes and claims can be time-consuming, disrupt operations, involve considerable sums or principally important issues and entail significant costs, and adversely affect the Company's business, financial condition and results of operations.

ENVIRONMENTAL RISKS

Because of the chemical constituents of medicinal products and production procedures, the pharmaceutical industry is subject to environmental regulations that entail a risk of incurring damages or liability for remediation costs or monitoring of environmental problems. Should the Company fail to comply with applicable environmental legislation and regulations, such as the use or discharge, or removal of hazardous materials, the Company could be subject to criminal sanctions and extensive damages or be required to discontinue or change its activities, which could have a negative impact on the Company's financial condition and results of operations.

EXCHANGE RATE RISK

Assets, liabilities, revenue and expenses in foreign currency give rise to currency exposure. A weakening of the SEK against other currencies increases Isofol's reported assets, liabilities, revenue and earnings, while a strengthening of the SEK against other currencies reduces these items. The Company is exposed to such changes since part of the Company's costs are paid in EUR and other international currencies, and a substantial portion of the Company's future sales revenue may be received in international currencies. A significant change in such exchange rates could have a negative impact on the Company's accounts, which in turn could have adverse effects on Isofol's financial condition and results of operations.

LIQUIDITY AND INTEREST RATE RISK

Liquidity risk refers to the risk that Isofol is unable to meet its financial obligations or has reduced ability to run the business effectively due to a lack of cash and cash equivalents. There is a risk that the Company could have a shortage of cash and cash equivalents, which in turn could have a material adverse effect on the Company's business, financial condition and results of operations.

Interest rate risk relates to the risk that Isofol's exposure to changes in market interest rates could have a negative impact on the Company's net income. The fixed interest period on the Company's financial assets and liabilities is the most significant factor affecting interest rate risk. Changes in market interest rates could have a negative impact on the Company's business, financial condition and results of operations.

RISKS RELATED TO ISOFOL'S SHARE AND THE OFFERING

SHARE PRICE AND LIQUIDITY

An investment in shares can fall in value and there is a risk that investors who invest in the Offering will not get back the invested capital. Share price performance depends on a number of factors, some of which are company-specific, while others are linked to the stock market as a whole. The market price of securities issued by pharmaceutical, biotechnology and other life science companies can be extremely volatile. Isofol's share price could be adversely affected if medicinal products, which were developed by the Company or other companies, do not succeed in clinical trials or fail to obtain regulatory approvals, regardless of whether such failures are directly or indirectly related to the Company's product candidates.

The share price could also be adversely affected by market volatility (see above), by the possibility that shares may be sold on the market, by expectations that such sales could occur, or otherwise as a consequence of or in relation to the Offer. Sales of shares could also make it difficult for the Company to raise capital in the future through the issue of shares or other securities. Moreover, limited liquidity in the Isofol share could lead to increased share price fluctuations. Limited liquidity in the Company's shares could also cause problems for individual shareholders to sell large blocks of shares. There is a risk that shares in Isofol will not be sold at a price that is acceptable to the holder at any point in time.

TRADING ON AN UNREGULATED MARKET

Shares in Isofol are traded on Nasdaq First North Premier, which is not a regulated market, but a "trading platform." Since a trading platform is not subject to the same strict regulations as a regulated market, an investment in shares on a trading platform is typically associated with higher risks than an investment in a regulated market.

DIVIDEND

In light of Isofol's financial position and negative operating income to date, the Company has not paid any dividend to its shareholders. Moreover, the Board of Directors of the Company does not intend to propose that any dividend be paid over the next few years. Since the Company is currently in a research and development phase, the Company plans instead to invest any surpluses in its development. The amount of any future dividends from Isofol will depend on a number of factors, such as the Company's future profit, financial position, cash flow, working capital needs, investments and other factors.

There is a risk that the Company may not have sufficient distributable funds to pay dividends at all or to the extent that shareholders will expect in the future. There is also a risk that the Company and/or its major shareholders prevent or limit future dividends for various reasons. In the event that no dividend is paid, any return for investors will depend on the future development of the share price.

SUBSCRIPTION COMMITMENTS

The Company has received subscription commitments in the Offering from Handelsbanken Fonder and AFA Försäkring ("**Cornerstone Investors**") as well as from a number of Swedish and international institutional investors and a number of existing shareholders in the Company. These subscription agreements together comprise shares corresponding to circa SEK 235 million or 55 percent of the Offering excluding the Over-allotment Option. However, the commitments are not secured by bank guarantee, blocked funds, pledge of collateral or similar arrangements, for which reason there is a risk that these commitments, in whole or in part, will not be met. This could have a material adverse effect on the implementation of the Offering.

The commitments are further subject to certain conditions, such as fulfilling the distribution requirement of the Company's shares in connection with the Offering or that a certain size of the Offering is reached. Should any of these conditions not be met, there is a risk that the commitments are not carried out, which could have a significant adverse impact on the completion of the Offering.

SHAREHOLDERS WITH SIGNIFICANT INFLUENCE

Isofol has a number of larger shareholders. These shareholders have the opportunity to jointly exercise a significant influence over the issues referred to the Company's shareholders for approval, including the election of directors and future acquisitions or sales of parts of the business. This may benefit the Company, but could also be to the detriment of other shareholders who may have interests other than those of the larger shareholders. In addition to the application of the safeguards provided by law, such as the minority protection rules set forth in the Companies Act, Isofol does not have any ability to take steps to ensure that the influence jointly held by the larger shareholders is not abused.

1) See section "*Legal considerations and supplementary information – Subscription commitments*".

DILUTION

The Company may issue new shares and equity-related instruments to raise capital in the future. All such issuances could reduce the proportionate ownership and voting share as well as earnings per share for holders of shares in the Company. Moreover, any share issues could have a negative impact on the market price of the shares.

PARTICIPATION IN FUTURE RIGHTS ISSUES

If Isofol issues new shares in the future, as a rule shareholders have the preferential right to subscribe for new shares in proportion to the number of shares held prior to the issuance. However, shareholders in countries other than Sweden may be subject to restrictions that prevent them from participating in such rights issues and/or restrict and impede their participation in other ways. For example, the Offering is not aimed at shareholders or other investors domiciled in the US, Australia, Japan or Canada, or to any person in any jurisdiction where it would not be allowed to make the Offering or in which the Offering would require any additional prospectus, registration or measures other than under Swedish law.

Shareholders in the US may in a future issue be prevented from exercising their preferential rights to subscribe for new shares or warrants that are not registered under the Securities Act, unless an exemption from the registration requirements is applicable. Shareholders in other jurisdictions outside Sweden may be similarly affected if the subscription rights or new shares are not registered by the regulatory authorities in these jurisdictions. Isofol has no obligation to investigate whether there are registration requirements under the Securities Act or similar laws in jurisdictions other than Sweden, and the Company has no obligation to apply for registration of the Company's shares or the sale of the Company's shares in accordance with such legislation outside Sweden. The potential restrictions that prevent shareholders in countries outside Sweden from participating in rights issues could mean that their holdings would be diluted and decrease in value.

LISTING OF SHARES IS CONDITIONAL UPON MEETING THE DISTRIBUTION REQUIREMENTS OF NASDAQ FIRST NORTH PREMIER

Isofol has applied for listing of its shares on Nasdaq First North Premier and received approval provided that the distribution requirements are met. Nasdaq First North Premier has a rulebook that includes provisions requiring sufficient supply and demand for an issuer's shares in order to achieve a functional price mechanism. According to the rules, the Exchange will consider this requirement to be satisfied if a sufficient proportion of the issuer's shares is held by the general public and if the issuer has a sufficient number of shareholders with holdings in excess of a certain amount, known as the "distribution requirement." Failure to meet the distribution requirements may result in rejection of the application for listing of shares. Isofol's shares could be delisted in the event that the Company does not live up to the distribution requirements in the future.

INVITATION TO ACQUIRE SHARES IN ISOFOL

The Board of Directors of Isofol has resolved to diversify the Company's ownership base and raise new capital through an Offering to acquire shares in the Company. The Board has therefore applied for admission to trading of Isofol's shares on Nasdaq First North Premier. Investors are hereby invited, in accordance with the terms of the Prospectus, to subscribe for shares in Isofol.

The Offering comprises 14,828,000 newly issued shares, corresponding to circa 46.9 percent of the total number of shares and votes in the Company after the Offering. In order to cover any over-allotment in connection with the Offering the Company has, at the request of Pareto Securities, undertaken to issue a maximum of 1,482,800 additional newly issued shares, corresponding to a maximum of 10 percent of the number of shares in the Offering. The Over-allotment Option can be fully or partly exercised within 30 calendar days from the first day of trading of the Company's shares. If the Offering is fully subscribed and the Over-allotment Option is exercised in full, the Offering will comprise 16,310,800 shares, corresponding to circa 49.3 percent of the total number of shares and votes in the Company after the Offering.

The Offering Price has been determined by the Board of Directors in consultation with Pareto Securities to SEK 29 per share and is the same for both institutional investors and the general public. The price of the shares in the Offering is based on a negotiation between the Cornerstone Investors, other institutional investors who have provided subscription commitments and the Company, where the value of the Company at the time of the latest share issue in November 2016 was used as starting-point[1)]. Based on a price of SEK 29 per share the total value of the Company before the Offering is circa SEK 487 million and circa SEK 917–960 million after the Offering, depending on the extent to which the Over-allotment Option is excercised. The price of the shares in the Over-allotment Option will be the same as the price in the Offering.

The new issue which is performed as a part of the Offering is expected to provide Isofol with proceeds before transaction costs of approximately SEK 430–473 million, depending on the extent to which the Over-allotment Option is exercised. The total value of the Offering will therefore not exceed SEK 473 million, including the Over-allotment Option.

The new shares in the Offering are issued by the Company with derogation from the shareholders' preferential rights, with support from the Extraordinary General Meeting held on February 22, 2017. The right to subscribe for new shares shall reside with the general public in Sweden and with institutional investors in Sweden and internationally. The Board of Directors of Isofol intends to increase the share capital with a maximum amount of SEK 499,401 through a new issue of a maximum of 16,310,800 shares. The new issue conducted as part of the Offering may, under the condition that the Over-allotment Option is not exercised, increase the number of shares in Company from 16,776,500 shares to 31,604,500 shares, corresponding to a dilution of circa 46.9 percent. Under the condition that the Over-allotment Option is excercised in full, the new issue conducted in the Offering may increase the number of shares in the Company from 16,775,500 shares to 33,087,300 shares, corresponding to a dilution of circa 49.3 percent.

In the Offering, a number of Swedish and international institutions have committed to, under certain conditions and at the same price as other investors, subscribe for a total of circa SEK 215 million or 50 percent of the Offering excluding the Over-allotment Option. These subscription commitments consist of, among others, the Cornerstone Investors: Handelsbanken Fonder (SEK 50 million) and AFA Försäkring (SEK 20 million). In addition, a number of existing shareholders have subscribed for shares in the Offering corresponding to circa SEK 20 million. In total, the Company has received subscription commitments of 235 or 55 percent of the Offering excluding the Over-allotment Option.[2)]

Gothenburg, March 20, 2017
Isofol Medical AB (publ)
The Board

1) See section "*Company description – Funding to date*".
2) See section "*Legal considerations supplementary information – Subscription commitments*".

BACKGROUND AND RATIONALE

Isofol Medical was founded in 2008 based on the research collaboration between Professor Bengt Gustavsson and Merck & Cie, a leading manufacturer of folate-based drugs. Isofol is working toward having Modufolin® serve as the future replacement for the currently used folate drugs, leucovorin and levoleucovorin (both referred to herein as leucovorin), which are currently the standard treatment for colorectal cancer in combination with the cytotoxin 5-FU, among other drugs.

The largest market potential for Modufolin® is expected to be treatment for colorectal cancer (CRC) – one of the most common forms of cancers worldwide. Today more than 350,000 patients annually[1)] receive treatment with leucovorin in the US, the EU5[2)] and Japan. Less than half of these patients respond to standard treatment with 5-FU plus the addition of another chemotherapeutic agent (oxaliplatin or irinotecan). Modufolin® is being developed to increase the response rate and reduce the side effects of such chemotherapy treatment.

Modufolin® is the drug formulation of a specific folate with the chemical name [6R]-5,10-methylenetetrahydrofolate (referred to herein as MTHF), which is also the final active metabolite to which all folates, including leucovorin, are converted in body tissues. To become active, leucovorin must undergo a number of chemical reactions and convert to the active metabolite MTHF, which in turn interacts with and enhances the effects of the chemotherapeutic agent fluorouracil (5-FU). This metabolic process of conversion is governed by enzymes, which in turn are regulated by genetics that vary among individuals. Different patients are therefore more or less able to benefit from the effects of the leucovorin. Isofol therefore believes that it is likely that Modufolin®, as a replacement for leucovorin, serves the same function but without the need for conversion. If so, thanks to Modufolin®, all patients should be able to benefit from MTHF regardless of ability to convert the precursor, leucovorin.

In January 2017, the US Food and Drug Administration (FDA) approved Isofol's *Investigational New Drug* (IND) application, thereby granting Isofol permission to initiate clinical studies using patients in the US. The first study to be carried out under IND is a study on healthy research subjects to fulfill the documentation requirements of absence of adverse cardiac events. Isofol is planning to initiate, in late 2017, a pivotal study[3)] using Modufolin® and comparing it with leucovorin in patients with metastasized colorectal cancer. The aim is to use these results as the basis for market registration of Modufolin®. While it is being carried out, the study will be monitored by a Data Safety Monitoring Board (DSMB), an independent body that in 2019 will determine whether or not the study may continue. The entire study is expected to be completed in 2020. A positive outcome will open significant commercial opportunities for Modufolin®.

In addition to the pivotal main study the authorities will require a few additional studies, including the aforementioned first clinical study under IND, as well as a three-month nonclinical toxicity study in rats and dogs. Isofol does not expect any contentious findings in these studies, which are expected to be completed in 2017.

The total cost for these studies, including all operating costs for the Company's daily operations and other supporting activities during the period 2017 to 2021, are expected to amount to approximately SEK 410 million, which corresponds to the Company's working capital requirements for that period.[4)]

The Board of Directors believes that the existing working capital, prior to completion of the Offering, is not sufficient for the Company's current needs for the next twelve months, given the current business, research and development plan. The Company's existing working capital is expected to last until the end of May 2017. The Company expects to meet its working capital requirement through the new issue of shares that is part of Offering and through the Company´s cash balance, which is expected to amount to circa SEK 6 million before the Offering. The share issue is expected to raise approximately SEK 402–445 million after transaction costs depending on the extent to which the Over-allotment Option is exercised.

In addition to the above, the Offering will expand Isofol's shareholder base and improve the Company's access to Swedish and international capital markets, which is in turn expected to support the Company's continued development. The Board of Directors and management of Isofol believe that the Offering is a logical and important step in the Company's development and will further increase awareness among current and potential partners, customers and key opinion leader within the pharmaceutical industry. For these reasons, the Board has applied to list the Company's shares on Nasdaq First North Premier.

In other respects, reference is made to the full particulars of the Prospectus, which has been prepared by the Board of Directors of Isofol in connection with the application for listing of Isofol's shares on Nasdaq First North and the Offering made in connection with the listing.

The Board of Directors of Isofol is responsible for the contents of this Prospectus. It is hereby assured that all reasonable precautionary measures have been taken to ensure that the information contained in the Prospectus, as far as the Board of Directors is aware, corresponds to the facts and that nothing has been omitted that would affect its meaning.

Gothenburg, March 20, 2017
Isofol Medical AB (publ)
The Board

1) Datamonitor CRC Treatment Tree Summary (2014), Monocl Strategy Services Analysis (2016), Globocan 2012, Ferlay et al. 2013, SEER data 2016
2) France, Germany, Italy, Spain and the UK.
3) A pivotal study is usually a phase III study (final) aimed at market registration (approval from regulatory authorities) of the drug; see the section "*Introduction to folates, cancer, cancer treatment and drug development – Drug development*" for more information.
4) See the section "*Company description – The road to market approval of Modufolin® – Capital requirements until market registration*" for more information.

TERMS AND CONDITIONS

THE OFFERING

The Offering comprises 14,828,000 newly issued shares offered by the Company. The newly issued shares included in the Offering will be issued by the Company with deviation of the shareholders preferential rights.

The Offering is divided into two parts:

(1) the Offering directed to the general public in Sweden[1]; and

(2) the Offering to institutional investors in Sweden and internationally[2].

The outcome of the Offering will be published through a press release on or about April 4, 2017.

OVER-ALLOTMENT OPTION

To cover a possible over-allotment in connection with the Offering, upon request from Pareto Securities, the Board of Directors has with the support of authorization granted by the Extraordinary General Meeting on February 22, 2017, committed to issue a maximum of 1,482,800 additional new shares, corresponding to approximately 10 percent of the total number of shares that are offered in the Offering. The Over-allotment Option may be fully or partly exercised during 30 days from the first day of trading of the Company's shares on Nasdaq First North Premier. The price for shares in the Over-allotment Option will be the same as the price in the Offering.

ALLOTMENT OF SHARES

The allotment of shares between each part of the Offering will be based on demand. The allotment will be determined by the Company's Board of Directors in consultation with Pareto Securities.

OFFERING PRICE

The Offering Price is SEK 29 per share. It has been determined by the Board in consultation with Pareto Securities and is based on a negotiation between the Cornerstone Investors, other institutional investors (who have provided subscription commitments and the Company[3], where the value of the Company at the time of the latest share issue in November 2016 was used as starting-point[4]. The price for shares in the Over-allotment Option will be the same as in the Offering. The Offering Price is the same for both institutional investors and the general public. No brokerage commission will be charged.

THE OFFERING TO THE GENERAL PUBLIC IN SWEDEN

APPLICATION

Applications for acquisition of shares are to be made during the period March 21, 2017–March 31, 2017.

Applications for the acquisition of shares should relate to a minimum of 350 shares and a maximum of 35,000 shares[5], in even lots of 10 shares. The application is binding.

Applications to acquire shares shall be made either (1) via a special application form to be submitted to Pareto Securities, (2) via Avanza's internet service for those who hold securities depository account with Avanza, (3) via Nordnet's internet service for those who hold securities depository account with Nordnet. Applications must have been received by Pareto Securities, Avanza or Nordnet by March 31, 2017 by 5:00 p.m.

Late, incomplete or incorrectly completed application forms may be disregarded.

No amendments or additions may be made to pre-printed text. Only one application per investor may be made. In case more than one application is made, Pareto Securities has the right to only consider the first received application.

Investors who have an account with specific rules for securities transactions, such as an IPS-deposit, ISK-deposit (Sw. *Investeringssparkonto*) or deposit within an endowment insurance, should confer with their nominee if and how they can apply for acquisition of shares in the Offering.

The Company, in conjunction with Pareto Securities, has the right to extend the application period. Such an extension will be communicated through a press release before the expiration of the application period.

APPLICATION VIA PARETO SECURITIES

Applicants applying to acquire shares with Pareto Securities must have a securities account, service account or a securities depository account with a securities institution of their choice or an investment savings account with Pareto Securities. Application shall be made using a special application form which is available on Isofol's website (www.isofol.se) and Pareto Securities' website (www.paretosec.com/corp/isofolmedical). The application form is also available at Pareto Securities' and Isofol's respective offices.

1) The Offering to the general public refers to the Offering of shares to private individuals and legal entities subscribing for up to 35,000 shares and are not classified as professional investors.
2) The institutional offer refers to the offer of shares to private individuals and legal entities subscribing for 35,000 shares or more and are classified as professional investors.
3) See section "*Legal considerations and supplementary information – Subscription commitments*".
4) See section "*Company description – Funding to date*".
5) Professional investors who wish to subscribe for 35,000 shares or more should contact Pareto Securities in accordance with what is stated below in the section "*Terms and instructions – The institutional Offering*".

Applications must have been received by Pareto Securities no later than March 31, 2017 by 5:00 p.m. Applications shall be sent to, or handed in at:

Pareto Securities AB
Issuer Service/Isofol
Box 7415
103 91 Stockholm
Visiting address: Berzelii Park 9, Stockholm
Tel: +46 8 402 51 40
Fax: +46 8 402 51 41
E-mail: issueservice.se@paretosec.com (scanned-in application form)

APPLICATION VIA AVANZA

For holders of securities depository account with Avanza, application to subscribe for shares may be made via Avanza's online service as from March 21, 2017 to, and including, March 31, 2017 11:59 p.m. In order not to risk losing the right to possible allotment, sufficient must be available on the Avanza account as from March 31, 2017 by 11:59 p.m., until the settlement day expected to be on April 6, 2017. Additional information is available at www.avanza.se.

APPLICATION VIA NORDNET

For holders of securities depository account with Nordnet, application to subscribe for shares may be made via Nordnet's online service as from March 21, 2017 to, and including, March 31, 2017 11:59 p.m. In order not to risk losing the right to possible allotment, sufficient funds must be available on the Nordnet account as from March 31, 2017 by 11:59 p.m., until the settlement day expected to be on April 6, 2017. Additional information is available at www.nordnet.se.

ALLOTMENT

Decision on allotment of shares is made by the Board of Directors after consultation with Pareto Securities, whereby the goal will be to achieve a good institutional ownership base and a broad distribution of the shares among the general public, in order to facilitate a regular and liquid trading in the Company's shares on Nasdaq First North Premier. The allotment does not depend on when the application is submitted during the application period. In the event of oversubscription, allotment may take place with a lower number of shares than the application concerns, at which allotment wholly or partly may take place by random selection. Employees, business partners, existing shareholders and certain related parties to Isofol as well as certain customers of Pareto Securities may be considered separately during allotment. Allotment may also be made to employees of Pareto Securities, Avanza and Nordnet however, without priority. In such cases, the allotment takes place in accordance with the rules of the Swedish Securities Dealers Association and the Swedish Financial Supervisory Authority's regulations.

In addition to the above, existing shareholders that subscribe for shares in the Offering may be prioritized in the allotment of shares. Cornerstone Investors are guaranted allotment in accordance with their respective commitments.

INFORMATION REGARDING ALLOTMENT AND SETTLEMENT

Via Pareto Securities

Notice of allotment for those who have applied via the application form with Pareto Securities is expected to take place on or about April 4, 2017. Shortly thereafter, a contract note will be sent to those who received allotment in the Offering. Those persons who have not been allotted shares will not be notified.

Via Avanza

Those who have applied via Avanza's online service will receive notice of allotment through a subscription of shares against a simoultaneous charge of funds from the specified account, which is expected to occur on or about April 4, 2017.

Via Nordnet

Those who have applied via Nordnet's online service will receive notice of allotment through a subscription of shares against a simoultaneous charge of funds from the specified account, which is expected to occur on or about April 4, 2017.

PAYMENT

Via Pareto Securities

Payment for allotted shares shall be made in cash in accordance with the instructions on the contract note received, although by April 6, 2017 at the latest. Note that if sufficient payment is not made in due time, allotted shares may be transferred and sold to another party. The party who initially received allotment of shares in the Offering may bear the difference, should the selling price in the event of such a transfer be less than the price in the Offering.

Via Avanza

For customers with securities depository account with Avanza allotted shares will be booked against a charge of funds from the specified account around April 4 when notice of allotment is given, however at latest on the settlement day on or about of April 6, 2017. Note that cash for the registered number of shares shall be available at the account from last day of applying on March 31, 2017 to, and including, the settlement day of April 6, 2017.

Via Nordnet

For customers with securities depository account with Nordnet allotted shares will be booked against a charge of funds from the specified account around April 4 when notice of allotment is given, however at latest on the

settlement day of April 6, 2017. Note that cash for the registered number of shares shall be available at the account from last day of applying on March 31, 2017 to, and including, the settlement day of April 6, 2017.

Insufficient or incorrect payment

If sufficient funds are not available on the bank account, securities depository account or Investment Savings Account on the settlement day or if full payment is not made in due time, allotted shares may be transferred and sold to another party. The party who initially received allotment of shares in the Offering may bear the difference, should the selling price in the event of such a transfer be less than the price in the Offering.

THE INSTITUTIONAL OFFERING

APPLICATION

The application period for institutional investors in Sweden and internationally is lasting March 21, 2017–April 3, 2017. Applications shall be made to Pareto Securities in accordance with certain instructions.

Isofol reserves the right to shorten or extend the application period in the institutional offering. Any such shortening or extension of the application period will be made public by the Company in a press release prior to the end of the application period.

ALLOTMENT

Decision on allotment of shares is made by the Board of Directors after consultation with Pareto Securities, whereby the goal will be to achieve a good institutional ownership base and a broad distribution of the shares among the general public, in order to facilitate a regular and liquid trading in the Company's shares on Nasdaq First North Premier. Allotment among institutions that have submitted expressions of interest will be made on a wholly discretionary basis and no guarantees of allotment will be made. The institutional investors who have provided subscription commitments to Pareto or the Company[1] may be prioritized in the allotment. However, The Cornerstone Investors are guaranteed allotment in accordance with their respective subscription undertaking.

INFORMATION REGARDING ALLOTMENT AND SETTLEMENT

Institutional investors are expected to receive notification of allotment in particular order on or around April 4, 2017, after which a contract note is sent out.

PAYMENT

Full payment for allotted shares shall be paid in cash in accordance with the contract note against the delivery of shares no later than April 6, 2017.

Insufficient or incorrect payment

Note that if sufficient payment is not made in due time, allotted shares may be transferred and sold to another party. The party who initially received allotment of shares in the Offering may bear the difference, should the selling price in the event of such a transfer be less than the price in the Offering.

REGISTRATION OF ALLOTTED AND PAID-UP SHARES

Registration with Euroclear Sweden of allotted and paid-up shares is expected to take place on or about April 6, 2017 for both institutional investors as well as the general public, after which Euroclear Sweden will distribute a notice stating the number of shares in Isofol that have been registered in the recipient's securities account. Shareholders whose holdings are nominee-registered will be notified in accordance with the procedures of the respective nominee.

Note that those who have subscribed for shares in the Offering ("**Acquirers**") belonging to the Swedish public who pay allotted shares according to the instructions on a contract note to a specified bank account, i.e. have not specified a securities depository account with Pareto Securities, will not have the acquired shares delivered to the designated securities account or securities depository account until Pareto Securities has received full payment. Depending on where, how and at what time of day the payment is made, this could take up to two to three bank days from the time of payment, which could affect the ability to trade.

LISTING OF THE SHARES ON NASDAQ FIRST NORTH PREMIER

The Board of Directors of Isofol has applied for a listing of the Company's shares on Nasdaq First North Premier, a multilateral trading facility which does not have the same legal status as a regulated market. Expected first day of trading of Isofol's shares is April 4, 2017, under the condition that the listing application is approved. A condition of approval is that the distribution requirements for the Company's shares are met by the first day of trading. The Company's shares will be traded on Nasdaq First North Premier under the ticker ISOFOL.

STABILISATION

In connection with the Offering, Pareto Securities may execute transactions aimed at supporting the market price of the shares or in other ways affect the market price of the shares for up to 30 calendar days after the commencement of trading in the shares on Nasdaq First North Premier (stabilisation actions). Pareto Securities is not obligated to undertake such stabilisation actions and such stabilisation actions could, if undertaken, be ceased at any point in time without being communicated. See section *"Legal considerations and supplementary information – Stabilisation"* for more information.

1) See section "*Legal considerations and supplementary information – Subscription commitments*".

ANNOUNCEMENT OF THE OUTCOME OF THE OFFERING

The final outcome of the Offering will be announced through a press release which also will be available on the Company's website, www.isofol.se, on or around April 4, 2017.

ENTITLEMENT TO DIVIDENDS

The offered shares carry the right to dividend from the first dividend record date following the admission to trading of the Company's shares. Dividends, if any, are paid following a resolution by the shareholders' general meeting. The payment is handled by Euroclear Sweden, ("**Euroclear Sweden**"), or in the case of nominee-registered holdings in accordance with the procedures of the respective nominee. For additional information, see section "*Share Capital and Ownership Structure – Dividend policy*".

IMPORTANT INFORMATION ABOUT THE POSSIBILITY TO SELL ALLOTTED SHARES

Notifications about allotment to the public in Sweden will be made through distribution of contract notes, which is expected to occur on or around April 4, 2017. Following processing of payments for the allocated shares by Pareto Securities, duly paid shares will be transferred to the securities depository account or the securities account specified by the Acquirer. The time required to transfer payments and transfer duly paid shares to the Acquirers of shares in Isofol may entail that these acquirers will not have shares available in the specified securities depository account or the securities account until, at the earliest, April 6, 2017. Trading in Isofol's shares on Nasdaq First North Premier is expected to commence on or around April 4, 2017. Please note that the circumstance that shares may not be available in an Acquirer's securities account or securities depository account until, at the earliest, April 6, 2017 can mean that the Acquirer may not be able to sell these shares on the stock exchange as from the time trading in the shares commences, but first when the shares are available in the securities account or the securities depository account.

TERMS AND CONDITIONS FOR COMPLETION OF THE OFFERING

The Company, in consultation with Pareto Securities, intends to resolve on allotment of shares in the Offering on or about April 4, 2017 and contract notes will be sent to investors who received allotment around the same day. Trading in Isofol's on Nasdaq First North Premier is expected to commence on or around April 4, 2017.

The Offering is conditioned on that that (i) the Company and Pareto Securities enter into an agreement regarding the placement of shares (the Placement Agreement) in the Company around the 3 April 2017, (ii) some of the conditions in the Placement Agreement are met, (iii) the Placement Agreement is not terminated, (iv) that Pareto Securities deems the interest in the Offering to be sufficient for a satisfactory trading in the share, (v) that Nasdaq approves the Board of Directors' application for listing of the Company's share on Nasdaq First North Premier and (vi) that no events occur which have such a materially negative effect on the Company that it would be inappropriate to complete the Offering ("**Material negative events**"). Such Material negative events may, for example, be of economic, financial or political nature and may relate to Material negative events in Sweden as well as abroad. When determining if the interest in the Offering is sufficient for a satisfactory trading in the share, factors such as the number of received applications and the aggregate amount applied for will be taken into consideration. This assessment is made by Pareto Securities. If the above stated conditions are not met the Offering may be cancelled. In that case neither delivery of nor payment for shares will be completed in conjunction with the Offering. If the Offering is cancelled it will be announced through a press release no later than April 6, 2017 and received applications will be disregarded. For more information, please refer to the section "*Legal considerations and supplementary information – Agreement of placement of shares*".

The Offering is also conditional upon the Offering raising a minimum of SEK 275 million after transaction costs. If the interest in the Offering is not sufficient to meet this minimum requirement, the Offering will be withdrawn and the Company's share will not listed on Nasdaq First North Premier.

INFORMATION ABOUT HANDLING OF PERSONAL INFORMATION

Anyone acquiring shares in the Offering will submit certain information to Pareto Securities. Personal information submitted to Pareto Securities will be processed in data systems to the extent required to provide services and manage customer arrangements. Personal information obtained from sources other than the acquirer may also be processed. The personal information may also be processed in the data systems of companies or organisations with which Pareto Securities cooperates.

OTHER INFORMATION

The fact that Pareto Securities acts as issuing agent does not imply that Pareto Securities regards any party that applies for shares in the Offering as a client of Pareto Securities in connection with the Offering.

The fact that Pareto Securities is receiving and handling application forms does not imply that Pareto Securities regards any party that applies for shares in the Offering as a client of Pareto Securities in connection with the Offering. For the Offering, the Acquirer is only regarded as a client of Pareto Securities if Pareto Securities has advised the Acquirer about the Offering or has otherwise contacted the Acquirer individually about the Offering. The consequence of Pareto Securities not regarding the Acquirer as a client for the placement is that the rules for protecting investors under the securities market laws will not apply. Among other things, this means that neither "client classification" nor "suitability assessment" will be applied to the placement. As a result, acquirers are themselves responsible for having adequate experience and knowledge to understand the risks associated with participation in the Offering.

MESSAGE FROM THE CEO

Over the past seven years I have had the honor of leading a great team at Isofol Medical with our development of the cancer drug Modufolin®, which is now entering late phase clinical trials. The pharmaceutical Modufolin® contains a reduced folate (MTHF) which is also the active end product of one of the world's best-selling cancer drugs, leucovorin or levoleucovorin (jointly referred to as leucovorin), which is given to patients to increase the effect of the chemotherapeutical drug 5-fluorouracil (5-FU).

Each year about 1.4 million people worldwide are diagnosed with colorectal cancer (CRC), the third most common cancer, and many more live with the disease. Many patients are successfully treated with surgery alone, but a large number of patients also receive a standard treatment involving among others the cytotoxic agent 5-FU in combination with leucovorin. The US, the five largest countries in Europe and Japan account for approximately 365,000 patient treatments with 5-FU and leucovorin annually. The most severely ill patients, who have metastatic cancer (mCRC), also receive add-on treatment with other cancer drugs. The total market for cancer drugs for the treatment of colorectal cancer amounts to more than USD 9 billion.

Isofol's drug candidate Modufolin® has the potential to significantly improve the standard treatment of colorectal cancer. Our primary goal is to conduct a registration study with the purpose of reaching market approval with Modufolin® for the treatment of metastatic colorectal cancer, and eventually replace leucovorin. We will also conduct a Phase 2 study of Modufolin® as rescue therapy following high doses of the cytotoxic agent methotrexate (HDMTX) in patients with osteosarcoma, a form of bone cancer that primarily affects children and adolescents.

Since its inception in 2008, Isofol has received tremendous support from our shareholders, who with investments approaching SEK 200 million have made it possible for us to develop the drug candidate Modufolin®. I would therefore like to take this opportunity to extend a warm thank you to all of our shareholders, employees, partners, and especially, the medical personnel and patients, who have all supported Isofol during our journey so far.

Now it is time to take a new step in the Company's development as we prepare Isofol for listing on Nasdaq First North Premier. In connection with the listing, we are raising funds for our clinical development program with a registration study aimed at attaining market approval for Modufolin®. My hope is that Isofol's attractive investment offer will inspire you to invest in the Company while helping to improve the lives of hundreds of thousands of cancer patients.

Only 25 percent of patients treated for mCRC respond to treatment with the combination 5-FU and leucovorin. In such cases, the tumor stops growing or shrinks in size, while patients feel better, the disease is kept in check and the patients live longer. With the addition of other drugs, up to 45% of patients respond to treatment, but the majority still fail to respond. Thus there is a great medical need and a potential to further improve treatment, which we believe we can achieve with Modufolin®.

Leucovorin needs to convert into MTHF in multiple steps, primarily in the tumour tissue, to become active and thereby enhance the effect of 5-FU. Isofol has shown in several studies that treatment outcome for 5-FU and leucovorin is much worse among patients with low expression levels of the relevant genes for folate conversion than among those patients who have high gene expression levels. Isofol's research suggests that nearly 70 percent of the studied patients with metastatic colorectal cancer have a lower genetic ability to benefit from the treatment with leucovorin and thus a significantly worse survival prognosis. With Modufolin® (MHTF), which does not need to be activated to achieve clinical efficacy, we want to give all patients the best chance to respond to folate treatment, regardless of genetic predisposition.

Isofol's founder, Professor Bengt Gustavsson, is a pioneer in clinical research and the development of reduced folates and for over 40 years he has dedicated his life to treating patients with colorectal cancer with surgery or treatment with chemotherapy and folates. The foundation of Isofol's business and success hitherto rests upon Bengt's research, which is conducted at the hospital Östra Sjukhuset in Gothenburg, as well as on our close collaboration with Merck & Cie in Switzerland. Isofol has played a world-leading role in the study and documentation of the mechanism of action of folates in cancer treatment and the Company is a pioneer in research on the importance of genes in cancer chemotherapy and folates.

Drug development is often associated with high risks and it can be difficult to complete the journey to a commercialized product. Modufolin® has demonstrated a favorable safety profile both in animal studies and in clinical trials. Isofol has conducted a total of four clinical studies with Modufolin®, and several hospitals in Scandinavia and Europe have participated in the studies. We have closely followed about 80 patients over the years who have been treated with Modufolin®. Isofol has also conducted a number of retrospective studies, in which we investigated and analyzed treatment outcomes for over 600 patients treated with chemotherapy in combination with folates. Together with our partners, Merck & Cie and Recipharm (contract manufacturer of pharmaceuticals), Isofol has established methods for large-scale production of Modufolin®. We expect to have a GMP (*Good Manufacturing Practice*) batch with 50,000 injection packs (vials) of Modufolin® in place during the spring.

In addition to access to what we consider to be a strong patent for the active substance in Modufolin® (MHTF), valid until 2034, our development efforts have also resulted in new patent applications regarding the actual treatment. These are based on the results of our ongoing research and clinical studies, which suggest a significant increase in the antitumor effect of 5-FU after treatment with Modufolin® compared with leucovorin.

Regulatory authorities in Europe and the US have expressed their support for our plan of a clinical study aimed at attaining market registration of Modufolin® for treatment of patients with metastatic colorectal cancer. In addition, Isofol recently received *Investigational New Drug* (IND) approval from the US Food & Drug Administration (FDA) to initiate clinical trials with Modufolin® for colorectal cancer in the US. This approval was an important milestone for Isofol, since the US is a strategic target market. Together with the strong support Isofol has built up among key opinion leaders (KOLs) for continued clinical development of Modufolin®, this indicates strong interest in the potential benefits of treatment with Modufolin®.

We are now putting together the final pieces of the puzzle for the registration study with Modufolin®, ISO-CC-007. This study, which will include approximately 450 patients who will undergo first-line treatment for metastatic colorectal cancer, is planned to be initiated in 2017. Patients will be recruited from about 60 treatment centers in Europe and the US, and the main results of the study are expected to be available in 2020. Our goal for the study is to show that Modufolin®, compared with Leucovorin, significantly increases clinical benefit for patients with metastatic colorectal cancer, and with a retained safety profile.

All things considered, Isofol's development of Modufolin® stands on a stable foundation. This creates better conditions to reach the market compared with projects in earlier phases of development. The pivotal clinical trial in patients with metastatic colorectal cancer remains to be carried out. With a successful pivotal study in place, the prospects are good for eventually reaching widespread approval in colorectal cancer.

My ambition now is to help make Isofol a successful listed company and above all, to make Modufolin® available to patients. I am surrounded by an experienced team of motivated employees, along with a strong Board of Directors and many astute advisors and consultants. In addition, Isofol is supported by a group of leading clinical specialists who also are recognized key opinion leaders. With support from our existing shareholders and the new ones who join us as a result of the IPO, we will continue to run Isofol in an inspired and professional spirit. My conviction regarding the success of our endeavor has been further strengthened by the well-established Swedish and international investors who have entrusted us with their investments.

Anders Rabbe

Chief Executive Officer

INTRODUCTION TO FOLATES, CANCER, CANCER TREATMENT AND DRUG DEVELOPMENT

FOLATES

Folates are essential for life and are found in a variety of foods, most often, in leafy green vegetables, dried beans and peas. They are critical for cell growth inside the human body. Reduced folates, such as leucovorin, have historically been used therapeutically in cancer treatment. Chemotherapy in the form of 5-FU in combination with leucovorin is one of the most commonly used cancer treatments in use today.[1)]

There are two main uses for leucovorin in the field of cancer treatment:

- As a biochemical modulator, enhancing the cytotoxic activity (effectiveness) of 5-FU, which is commonly used in cancer treatment, especially within treatment of colorectal cancer (CRC) and;
- As an antidote administered in conjunction with High Dose Methotrexate[2)] therapy (HDMTX) to counteract the toxic effect in healthy tissue. This use has been applied to the treatment of certain types of cancers, such as osteosarcoma (the most common form of bone cancer).

All folates used in cancer treatment are based on prodrugs that need multiple activation steps in the body to convert into an active metabolite, methylenetetrahydrofolate (MTHF), in order to exert their actions. Isofol, and researchers working closely with the Company, have shown that a patient's ability to metabolise these prodrugs is determined by certain genes. Patients with low gene expression levels are less able to metabolise and therefore receive less benefit from the treatment.[3)] This is shown through a strong correlation between gene expression levels and the probability of survival for patients undergoing cancer treatment with 5-FU and leucovorin.[4)]

Based on this evidence, Isofol has hypothesized that patients with low gene expression levels would obtain better treatment results through direct treatment with the active metabolite (MTHF). Merck, together with Isofol, have managed to produce a stable salt of MTHF, which is the active substance in Modufolin®.

Against this background, Isofol believes that Modufolin® holds the potential to replace all folate-based drugs used in cancer treatment today.

Isofol is initially aiming to replace folates used in CRC chemotherapy treatment with Modufolin®, with planned expansion into other indications in the future such as rescue therapy within osteosarcoma treatment.

TUMOUR DISEASES CURRENTLY OF RELEVANCE FOR ISOFOL

COLORECTAL CANCER

Colorectal cancer is a cancer that stems from uncontrolled cell growth in the colon, rectum or in the appendix. Most cases develop slowly for several years and begin as a growth of tissue, known as a polyp, which starts in the lining and grows into the lumen of the colon. Polyps may be cancerogenic, i.e. they may develop into cancer if they are not removed. Eventually, the cancer may break through the wall of the colon and also spread to other organs, so called, metastatic colorectal cancer (mCRC).

Colorectal cancer is the third most common cancer to affect both men and women, and the fourth-leading cause of cancer-related death.[5)] The incidence (number of new patients diagnosed with the disease each year) is around 1.35 million people worldwide per year.[6)]

Colorectal cancer is attributable to environmental as well as genetic factors, but in many cases the cause of the disease is uncertain. Despite improved prognosis of CRC patients in the last decade following advances in treatment options, the prognosis is still worse than it is for patients suffering from breast and prostate cancer.

1) Folates as adjuvants to anticancer agents: Chemical rationale and mechanism of action:2016 Peter V. Danenberg, Bengt Gustavsson, Patrick Johnston, Per Lindberg, Rudolf Moser, Elisabeth Odin, Godefridus J. Petersf, Nicholas Petrelli
2) Methotrexate is a cytotoxic drug used in chemotherapy treatment as an immune system suppressant; commonly used in treatment for breast cancer, leukemia, lung cancer, lymphoma and osteosarcoma.
3) Odin et al., 2015; Wettergren et al., A, to be published; Wettergren et al., B, to be published.
4) CRC treatment using 5-FU and leucovorin as treatment regimen. See section "*Clinical description – The role of genetics in folate treatment*" for further information on the results from the gene expression studies.
5) World Health Organisation, World Cancer Report 2014.
6) Globocan 2012, Ferlay et al., 2013.

Mortality

Mortality rates for CRC patients are high, with late stage patients where the cancer has spread to other organs having significantly higher mortality rates than than those diagnosed at an early stage. The mortality rates of patients treated with leucovorin and 5-FU are also correlated with the expression levels of certain genes which determine the metabolisation of leucovorin into the active metabolite MTHF and the transportation of MTHF to the relevant tissues and cell parts. After 18 months treatment, the probability for survival is 20 percentage points higher for patients with high gene expression levels than for patients with low gene expression levels. See section "*Clinical description – The role of genetics in folate treatment*" for further information.

These results support the need for a more effective treatment, and the rationale to reliably increase the intracellular levels of MTHF in all patients, regardless of genetics. Isofol intends to show that all patients , through the treatment with Modufolin®, have the potential to reach at least the same survival rates as the patients with naturally high gene expression levels.

Stages of colorectal cancer

Colorectal cancer is divided into five stages, 0 to IV, based on how much it has spread locally and if it has spread to other organs (see table below).

A large number (approximately 80 percent) of newly diagnosed patients with colorectal cancer have localized disease that is amenable to surgery (stages 0, I, II and III).[1)] Once a tumour reaches stage III it has spread to regional lymph nodes but not further. Stage III is initially treated surgically, followed by add-on treatment with chemotheraphy (so called adjuvant treatment). The most severe form of colorectal cancer is metastatic colorectal cancer (mCRC) which is classified as stage IV. Metastatic cancer has spread into distant organs and therefore pose a much greater fatality risk. Approximately 20 percent of newly diagnosed patients have mCRC. Stage IV is usually not treated surgically, but regularly with chemotheraphy.

A significant proportion of patients previously treated in stage I, II or III (adjuvant treatment) show disease recurrence or develop metastases, typically in liver or lungs.[2)] Approximately 30 percent of newly diagnosed patients with stage I, II or III will develop mCRC. Approximately 60 percent of previously treated mCRC patients show disease recurrence and need follow-up treatment (second, third or fourth line etc.).[3)]

The table below describes the different stages within CRC, the relative distribution, chemotherapy usage and leucovorin (LV) usage.

Stages	Location and spread of cancer cells	Share (%)[1)]	Share of patients treated with chemotherapy (%)[2)]	Share thereof treated with LV (%)[2)]
0	Inner layer of cells (mucous membrane). No treatment after surgery.	n.a.	n.a.	n.a.
I	Multiple layers of cells but has not entirely broken through the colon wall. No treatment after surgery.	28	n.a.	n.a.
II	Tumour has grown through the entire colon wall but not spread to local lymph nodes. Chemotherapy in certain cases after surgery.	30	37	74
III	Spread to local lymph nodes but not to other organs. Chemotherapy in addition to surgery (adjuvant treatment).	25	92	74
IV (mCRC)	Spread to other organs, e.g. liver and lungs. Chemotherapy treatment (palliative), only surgery in certain cases.	17	88	86[3)]

1) Average across US, France, Germany, Italy, Spain, United Kingdom and Japan. Relative distribution for the initial cancer diagnosis varies between regions.
2) Estimate for the US.
3) First-line treatment (~68% LV usage in 2nd line, ~34 % in 3rd and 4th line of treatment in the US).

Source: Globocan 2012, Ferlay et al. 2013, SEER data 2016, estimates made by Isofol based an analysis from Monocl Strategy Services (2016) with data collected from Datamonitor CRC Treatment Tree Summary (2014).

1) L. Lombardi, et al., Adjuvant colon cancer chemotherapy: where we are and where we'll go, Cancer Treatment Reviews, Elsevier Ltd., 2010.
2) S. Gill, et al., Colorectal Cancer, Mayo Clin Proc., 2007.
3) Datamonitor CRC Treatment Tree Summary 2014, Monocl Strategy Services analysis 2016.

Treatment of colorectal cancer

Surgery, chemotherapy and radiation are the usual types of tumor therapy.

Surgery is often the first treatment offered to a patient with localized disease. Radical surgery with removal of the entire tumor can usually be performed and the patient is cured. At stage 0 through II, treatment is purely surgical and additional chemotherapy is not common.

New drugs are frequently introduced, but they are administered in addition to existing chemotherapy, rather than replacing it. These added therapies are included in new combinations that are intended to enhance the treatment effect. This also applies to the immunotherapeutic methods that have garnered considerable attention in recent times. For the time being they are mainly applicable within small well-defined groups of cancer patients. Immunotherapy uses the patient's own immune system to inhibit cancer. This can be done either by stimulating the immune system, or by administering immune components. Many types of immunotherapies are currently under evaluation. However, the complexity of colorectal cancer, which consists of a variety of subtypes that are not addressed here, complicates development of immunotherapies.

Isofol and the Company's international clinical experts share the opinion that for the foreseeable future, 5-FU in combination with folates will continue to be the standard treatment for the large groups of CRC patients. This underlines the need to improve the effect of folates, which leads to considerable potential uses for Modufolin® if the development goes as planned.

For patients with stage III CRC, chemotherapy is added following surgery (adjuvant therapy). The average treatment duration is six months and its purpose to prevent relapse. In stage IV, surgery is now avoided because it does not have a favorable effect on the patient's prognosis. Surgery is only undertaken in exceptional cases, such as when the tumor mechanically blocks the intestinal passage. Chemotherapy is the main treatment (palliative therapy) in stage IV disease and aims to extend patient survival.

Sometimes other therapies are also used. Radiation therapy, which plays a prominent role in the treatment of many tumor types, is mainly used in CRC for rectal tumors.

To increase the effect of 5-FU in CRC, leucovorin is administered simultaneously and to further enhance the effect, other cytotoxic drugs (such as oxaliplatin[1)] and irinotecan) are added as well. These combinations are the foundation of all chemotherapy in CRC. These and similar combinations are also used to treat other cancers, such as cancer in the pancreas and stomach.

Many combinations of drugs are used in CRC, and over 70 percent of them include 5-FU and leucovorin[2)]. These drug combinations are often given names based on the constituent drugs in abbreviated form[3)]: FOLFOX, FOLFIRI, FOLFIRINOX and FOLFIRI-BEVACIZUMAB, to name a few. They all include 5-FU and leucovorin. Some hospitals use preparations similar to 5-FU in tablet form, which cannot be combined with folates.

In light of the above, Isofol believes that Modufolin® should be able to replace leucovorin in a significant number of different treatment regimens. Although newly developed drugs are introduced to complement existing combinations and improve treatment outcome, 5-FU and leucovorin are still expected to remain the foundation of all chemotherapy for treatment of CRC. Despite all newly introduced additional treatment options, the combination of 5-FU plus folates has by far made the largest contribution to increased survival.

Treatment outcomes have improved, however there is still room for improvement in the treatment response rate,[4)] especially for treatment that can be used as first-line therapy. This is where Isofol is working to document the effect of Modufolin®. Chemotherapy as first-line therapy for mCRC is administered for an average of about eight months. The treatment duration in each subsequent line of therapy is on average much shorter. This has been taken into account in Isofol's estimate of an average treatment duration of four months for all CRC patients in each subsequent treatment line. The total treatment duration for CRC patients may be more than 20 months. The combination of 5-FU and leucovorin, when used in first line treatment, is then often used in second-, third- and fourth-line treatment, etc.

OSTEOSARCOMA

Osteosarcoma is a rare disease but also the most common form of primary bone cancer. It is most prevalent in children and adolecents. Bone tumors

1) Oxaliplatin is a platinum-based antineoplastic agent used in cancer chemotherapy.
2) Datamonitor CRC Treatment Tree Summary 2014, Monocl Strategy Services analysis 2016.
3) FOL = Leucovorin calcium (folinic acid), F = Fluorouracil (5-FU), OX = Oxaliplatin; IRI = Irinotecan hydrochloride, Bevacizumab (branded Avastin®).
4) P. Danenberg, et al., Folates as adjuvants to anticancer agents: Chemical rationale and mechanism of action, Critical Reviws in Oncology/ Hermatology, 2016.

make up about three to five percent of childhood cancers and less than one percent of cancers in adults.[1] Among children and adolecents, osteosarcoma usually develops in areas where the bone is growing quickly, such as near the ends of long bones around the knee and in in the upper arm, near the sholder. However, it may occur elsewhere.

The annual incidence rate for osteosarcoma among patients in the US under 20 years of age is five per one million persons, with a slight variation between ethnicities. Osteosarcoma is slightly more common in males (5.4 per million) than in females (four per million).[1] The worldwide annual incidence rate is three per million.[2] The overall five year survival rate for osteosarcoma is 68 percent, age dependent and lower among older patients.[3]

TREATMENT OF OSTEOSARCOMA

High Dose Methotrexate (HDMTX) is a common chemotherapy regimen within osteosarcoma treatment. Methotrexate exerts its chemotherapeutic effect by competing with naturally occuring folates in rapidly dividing cancer cells, resulting in shortage of folates and causing cell death. A commonly used treatment for patients with osteosarcoma is a combination in which HDMTX is included, so called MAP treatment (Methotrexate, Adriamycin and cisPlatin). The treatment is given in repeated cycles. MAP is an effective treatment which, in conjunction with surgical removal of a localized tumour, gives a five year survival of 60 to 80 percent. However, the five year survival is significantly lower for patients with metastasized osteosarcoma (15 to 40 percent).[4,5),6),7),8)]

In the MAP treatment patients are given such high doses of MTX that without other actions they risk dying. Hence, within a fixed time frame after the administration of high doses of MTX, so called rescue therapy in the form of folates must be given according to a particular scheme. Hereby the function of vital organs is protected and preserved, while the tumour with its faster cell division is affected. As of today, leucovorin is used for this purpose. The resuce therapy starts 24 hours after the HDMTX treatment. If there are issues, for example, if the patient suffers from severe side effects from the MAP treatment, the next treatment cycle will be delayed. Such delay has been shown to impair the results of treatment as well as the patient's prognosis.

Since Modufolin® does not require metabolic activation, Isofol believes that Modufolin® may be able to benefit more patients with osteosarcoma who are treated with rescue theraphy after HDMTX.

In the clinical tolerability and dose defininig study ISO-MTX-003 with Modufolin®, which studies safety and dosing of Modufolin® as rescue therapy, the tolerability and dose has been established that will be used in coming studies.

DRUG DEVELOPMENT

NONCLINICAL DEVELOPMENT

New drug projects begin in laboratories with experiments in test tubes, cell preparations, and animal subjects of both normal animals and animals that have been modified and carry the disease that researchers intend to treat. This nonclinical phase also includes month-long studies of the new drug given in high doses to at least two species of animals to determine that it is safe enough to be administered to humans in the subsequent clinical phase. The clinical phase can begin after authorities and ethics committees make their assessment and grant permission.

For Isofol, all that remains is a three-month toxicity study in rats and dogs. A previously conducted one-month study did not show any remarkable findings and none are expected in this new study either.

Initiating clinical studies in the US requires a classification from the FDA indicating that the drug has sufficient documentation to allow human studies to begin. If the Food and Drug Administration (FDA) approves the application for such a classification, the drug is then referred to as an *Investigational New Drug* (IND). Modufolin® received this approval in January 2017, which is considered a seal of quality for the work done so far.

Approval was granted following the FDA's thorough review of all documentation, including toxicological studies, documentation on drug quality, controls used in the manufacture of the drug, available clinical data,

1) Monocl Cancer Indication Analysis Report 2013.
2) L. Mirabello, et al., International osteosarcoma incidence patterns in children and adolescents, middle ages, and elderly persons, NJC, 2009.
3) G. Ottaviani, N. Jaffe, The epidemiology of osteosarcoma, Cancer Treatment and Research, 2009.
4) National Comprehensive Cancer Network (NCCN). Practice Guidelines in Oncology: Bone Cancer. Version 1.2014.
5) Osteosarcoma, Union for International Cancer Control, 2014 Review of Cancer Medicines on the WHO List of Essential Medicines.
6) American Cancer Society©, What Are the Surival Rates for Osteosarcoma, Chemotherapy for Osteosarcoma.
7) Lewis DR, Ries LAG. Cancers of bone and joint. In: Ries LAG, Young JL, Keel GE, Eisner MP, Lin YD, Horner M-J, eds. SEER Survival Monograph: Cancer Survival Among Adults: U.S. SEER Program, 1988-2001, Patient and Tumor Characteristics. National Cancer Institute, SEER Program, NIH Pub. No. 07-6215, Bethesda, MD, 2007.
8) Ries LAG, Smith MA, Gurney JG, Linet M, Tamra T, Young JL, Bunin GR (eds). Cancer Incidence and Survival among Children and Adolescents: United States SEER Program 1975-1995, National Cancer Institute, SEER Program. NIH Pub. No. 99-4649. Bethesda, MD, 1999.

protocols for future studies and other information to further ensure the safety of future research patients.

CLINICAL DEVELOPMENT

Clinical development is traditionally divided into three phases, labeled by Roman numerals.

Phase I

In Phase I the drug is administered to humans for the first time. New drugs are usually first tried among healthy volunteers, but in cancer because of the toxicity of the substance, researchers use patient volunteers who must nevertheless undergo chemotherapy. Treatment trials begin with very low doses, which are then increased and the trial is conducted under close supervision. The purpose of the study is to determine tolerance and whether the drug metabolizes in humans as expected.

Phase II

Phase II usually entails administration of the drug to patients with the disease in question. For cancer drugs, patients have often already received the agent in Phase I. Phase II is often divided into IIa and IIb. Phase IIa is intended to demonstrate that the drug has sufficient efficacy to proceed to Phase IIb, which determines the quantitative relationship between drug dose and degree of efficacy. In this way Phase IIb also confirms with a higher number of patients the results from Phase IIa, which is carried out with fewer patients. Patient safety is also documented at the same time.

PHASE III

Phase III can only begin if the Phase II results are good enough to justify further clinical development. The purpose is both to further confirm the efficacy found in Phase II, as well as to ensure that the drug has an acceptable safety profile compared with placebo or standard treatment. To meet the overall requirements, Phase III studies include far more patients than Phase II studies. The studies are randomized and blinded (i.e. investigators cannot influence the choice of treatment for patients and the nature of treatment is kept hidden during the study even for the patients). The code for blinding is only broken at the conclusion of the evaluation to ensure a completely objective assessment of the results. The results are statistically analyzed to rule out false conclusions. If the new drug shows promising results, further studies may be needed to verify these results.

An application for market approval of the new drug is then submitted to the relevant authorities (such as the US Food and Drug Administration (FDA) and the European Medicines Agency (EMA)).

DEVELOPMENT OF MANUFACTURING METHODS

The manufacturing of drugs are carefully regulated in national and international regulations that are summarized in a set of rules, *Good Manufacturing Practice* (GMP). Finished medicinal products must meet the requirements set by regulatory authorities with specified limits for permissible deviations. MTHF is the active ingredient in Modufolin®. In regulatory contexts MTHF is referred to here as an Active Pharmaceutical Ingredient (API). Typically it is then provided to a manufacturer of the medicinal preparation.


GREEN LIFT

Lisa Skintemo (Clinical Trial Manager).

MARKET OVERVIEW

MARKET SIZE

Information and estimates presented in this section is based on, if not otherwise stated, information from third parties.[1] Isofol has strived to collect and use the latest available information from relevant sources. The information has been depicted exactly and, to the best of the Company´s knowledge by comparison with other information published by the relevant third party, no information has been left out in a way that would render the referred information inaccurate or misleading. Even though the Company considers these sources reliable, there has been no independent verification of the information, which is why no guarantee of the accuracy and completeness of the information can be made. Some information have been estimated by the Company using industry average or adjusted for regional specific differences based on the Company's judgement. Such information may include: number of treatments; average application rate of folates in treatment regimens; duration of treatment regimen, which can vary between the different treatment lines as well as across regions; time to progression (stage I, II, III progressed to stage IV/mCRC), which can vary between stages and across regions and treatment regimens.

PRIMARY MARKET

The primary market for Modufolin® is within palliative mCRC treatment, comprising circa 248 thousand patient treatments with leucovorin annually across the US, the EU5[2] and Japan. Approximately 128,000 of the total number of treatments are first line treatments and about 120,000 are treatments in second- to fourth-line.[3]

Modufolin® is expected to, given a successful pivotal study (ISO-CC-007), obtain market approval for mCRC. A widening of the use will thereafter require contact with registration authorities and potentially further clinical studies. Isofol has not, as of today, performed any estimations regarding the extent of any such studies.

A number of examples of such potential indications and markets are discussed briefly below.

OTHER POTENTIAL INDICATIONS AND MARKETS

Adjuvant treatment in CRC

Treatment of CRC, in stage II and III, so called adjuvant treatment (add-on treatment after surgery in order to prevent the spread of the cancer) is used in 117,000 patient treatments with leucovorin annually across the US, the EU5 and Japan.[3]

Rescue therapy in HDMTX

Another potential application is within High Dose Methotrexate (HDMTX) rescue therapy, generally associated with osteosarcoma, acute lymphoblastic leucemia, Burkitt's lymphoma and central nervous system lymphoma with patient treatments involving leucovorin amounting to circa 27,000 annually across the US, the EU5 and Japan.[4] Due to the limited market size of HDMTX rescue therapy relative to colorectal cancer treatment, it is not a focus market for Modufolin® at this time. However, Isofol is planning to conduct a smaller efficacy study for osteosarcoma treatment and may later on continue with a pivotal study within this indication as well.

Other indications

Other solid tumours, besides CRC, use chemo-therapy with 5-FU and leucovorin as part of their treatment regimen, for example those that occur in the pancreas and gastric system. The number of treatments with leucovorin in these two indications amount to circa 63 000[5] across the US, the EU5 and Japan.[5] The folates' mechanism of action is the same for these cancers as it is for colorectal cancer, and the potential benefits with using Modufolin® could be the same. These indications may require special studies in order to be accepted by the authorities, for which Isofol has not yet performed estimations of the related time and costs.

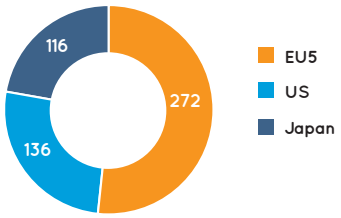
1) Datamonitor CRC Treatment Tree Summary 2014, Monocl Strategy Services Analysis 2016, Globocan 2012, Ferlay et al. 2013, SEER data 2016.
2) France, Germany, Italy, Spain, United Kingdom.
3) Calculations performed by Isofol based on an analysis conducted by Monocl Strategy Services (2016) with data collected from Datamonitor CRC Treatment Tree Summary (2014), and GfK US payer survey (2016), commissioned by Isofol.
4) Deallus Consulting December 2014; 33 thousand diagnoses of which 27 thousand are estimated by Isofol being treated with LV.
5) Datamonitor gastric cancer Treatment Tree Summary (2016), Monocl Strategy Services Analysis (2016)

INCIDENCE AND PATIENT TREATMENTS

CRC incidence

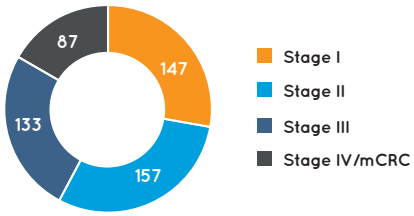
The total number of new colorectal cancer diagnoses (incidence) within stage I, II, III and IV/mCRC amounts to 1.35 million patients worldwide and around 524 thousand across the US, the EU5 and Japan. The prelavence of different stages of colorectal cancer is fairly equally divided between stage I, II and III while the occurrence of stage IV/mCRC is considerably less. The largest number of newly diagnosed CRC patients is found in the EU5 with circa 272 thousand, followed by the US (136 thousand) and Japan (116 thousand).[1)] Even though the EU5 shows twice the number of cases compared to the US, Isofol believes that a future roll-out of Modufolin® should start with the US market as it commands a price premium, described in section "*Market overview – Price and competition*".

CRC incidences by region (stage I, II, III, IV/mCRC)



Source: Globocan 2012 Ferlay et al. 2013, SEER data 2016.

CRC incidences by stage (EU5, US, Japan)



Source: Globocan 2012 Ferlay et al. 2013, SEER data 2016.

mCRC and follow-up treatment

For a part of the patients diagnosed with CRC stage I, II or III the cancer progrediates, i.e. the disease progresses to stage IV (mCRC). This means that the patient population with metastatic CRC increases with an additional circa 105 thousand patients yearly in the US, EU5 and Japan.[1)]

Also, some patients may, regardless of their CRC stage, need follow-up treatment. Thus, the market size is most accurately be described with the number of patient treatments per year as some patients may receive several treatments. A patient treatment refers to the total duration of a treatment, which in turn may consist of a number of treatment cycles over several months.

Number of treatments where leucovorin is included

All new and progressed cases of colorectal cancer are not treated with chemotheraphy, and of the ones treated with chemotheraphy not everyone is treated with leucovorin, other treatment regimens may be used. See section "*Introduction to folates, cancer, cancer treatment and drug development – Treatment of colorectal cancer*" for a description of the most common forms of treatment.

The total number of CRC treatments using leucovorin amounts to circa 365 thousand per year across the US, the EU5 and Japan.[2)]

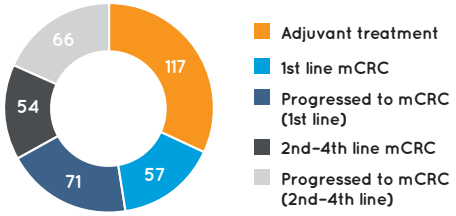
Of the total incidence rate of stage II and III CRC, circa 35 to 45 percent are treated with an adjuvant treatment including leucovorin, amounting to circa 117 thousand treatments. The most common treatment duration is six months for these patients.[3)]

The number of treatments within mCRC amounts to circa 248 thousand, substantially more than the number of annual incidence within this category. This is due to only circa 20 to 30 percent of these originate from newly diagnosed cases of mCRC. The rest are either second-, third- or fourth-line treatment or patients with colorectal cancer that has progressed into mCRC from earlier stages.[3)]

Isofol estimates the duration of the first-line treatment to be circa eight months, while the duration within subsequent treatment lines average four months. A certain variation may exist between second-, third- and fourth-line treatment as well as between different countries.

1) Globocan 2012, Ferlay et al. 2013, SEER data 2016.
2) Estimated by Isofol, based on an analysis performed by Monocl Strategy Services (2016) with data from collected from Datamonitor CRC Treatment Tree Summary (2014).

CRC treatments with LV by treatment type (EU5, US, Japan)



Source: Datamonitor CRC Treatment Tree Summary (2014), Monocl Strategy Services analysis (2016).

A detailed representation of the potential patient population within each geography and treatment type/line can be found in the table in the following section.

Factors affecting market size

The prevailance of colorectal cancer increases with age. Factors such as life style, eating habits and medical coditions such as inflammatory bowel disease are also linked to increased risk.[1)]

In the US there has been a decrease in yearly CRC incidence during the first decade of the 21th century.[2)] In Europe, a greater variation exists between countries, CRC incidence and trends. During the first decade of the 21th century the average change was zero percent (EU28+3). Japan, which typically has a high CRC incidence has shown a slightly decreasing trend since the middle of the 1990s. This trend seems to have flattend out in recent years as there has been no change in CRC incidence. There has been no significant changes affecting the trend of global incidence rates during 2017.[3),4)]

ESTIMATED MARKET POTENTIAL

The following estimates made by Isofol are based on the estimated number of patients that are currently treated with LV, the standard clinical practice for treatment duration and dosage estimate (circa one gram Modufolin® per patient and treatment month) and the estimated pricing for Modufolin® (see section "Market overview – Price and competition"). Isofol has not performed an estimate of the potential market share of Modufolin®. The Company has therefore chosen to present the market opportunity in its entirety.

The total market opportunity for Modufolin® within mCRC treatment can be estimated to circa USD 6.8bn, whereof circa USD 4.6bn in first-line treatment and circa USD 2.1bn in second to fourth-line treatment. The total market potential within adjuvant treatment is estimated to circa USD 3.2bn.

The largest potential market opportunity is the US, amounting to circa USD 2.6bn within mCRC treatment and circa USD 1.2bn within adjuvant treatment, due to the high price level in combination with a sizeable patient population. The EU5 is the second largest market amounting to circa USD 2.3bn within mCRC treatment and circa USD 1.0bn within adjuvant treatment. Japan is the smallest amongst these three amounting to circa USD 1.9bn within mCRC treatment and circa USD 900m within adjuvant treatment.

In addition to the market within CRC treatment (in the table on the next page), the Company belives there is a potential market within HDMTX rescue as well as within other indications such as cancers in the pancreas, stomach, breast, head, neck and throat.

Furthermore, the table above only describes the US, the EU5 and Japan. There is a substantial market opportunity in other EU countries; the population of the other 23 EU countries are altogether around 60 percent of the population of the EU5 and probably have a similar cancer incidence rate. There is also a large population outside these regions, for example in India and China, with substantial cancer incidence rate.

1) The Cancer Market Outlook to 2016, Business Insights, 2011.
2) Centers for disease control and Prevention (CDC), http://www.cdc.gov/cancer/colorectal/statistics/trends.htm.
3) Globocan Fact sheets, http://globocan.iarc.fr/Pages/fact_sheets_cancer.aspx.
4) Ferlay J, Soerjomataram I, Ervik M, Dikshit R, Eser S, Mathers C, Rebelo M, Parkin DM, Forman D, Bray, F. GLOBOCAN 2012 v1.0, Cancer Incidence and Mortality Worldwide: IARC CancerBase No. 11. Lyon, France: International Agency for Research on Cancer; 2013. http://globocan.iarc.fr.

Incidence and treatments ('000)	Total	US	EU5	Japan	Treatment duration (months)
INCIDENCE					
Stage I	147	37	75	35	
Stage II	157	41	88	28	
Stage III	133	33	70	30	
Stage IV/mCRC	87	25	39	23	
Incidence (total stage I-IV)	**524**	**136**	**272**	**116**	
PROGRESSED mCRC PATIENTS (from stage I–III					
Total number of progressed mCRC patients	105	27	59	19	
Number of treatments using leucovorin					
Adjuvant treatment (stage II–III)	117	34	58	25	6
mCRC treatment	248	69	126	53	–
of which 1st line treatment	57	19	24	14	8
of which 1st line treatment (progressed)	71	20	39	12	8
of which 2nd–4th line treatment	54	15	24	15	4
of which 2nd–4th line treatment (progressed)	66	15	39	12	4
Total number of treatments using leucovorin	**365**	**103**	**184**	**78**	

Value of the market (USDm)					
Estimated price per treatment month (USD)[1)]	–	6,000	3,000	6,000	
Adjuvant treatment (stage II–III)	3,168	1,224	1,044	900	
mCRC treatment	6,756	2,592	2,268	1,896	
of which 1st line treatment	2,160	912	576	672	
of which 1st line treatment (progressed)	2,472	960	936	576	
of which 2nd–4th line treatment	1,008	360	288	360	
of which 2nd–4th line treatment (progressed)	1,116	360	468	288	

1) See section "*Market overview – Price and competition*".

Source: Calculations performed by Isofol, based on Globocan 2012, Ferlay et al. 2013, SEER data 2016, GfK US payer survey (2016), commissioned by Isofol, an analysis by Monocl Strategy Services (2016) with data collected from Datamonitor CRC Treatment Tree Summary (2014), and the industry expertise that exists within the Company.

PRICE AND COMPETITION

CURRENT FOLATE BASED TREATMENTS

Leucovorin

Leucovorin was first approved in 1952 and has since been used broadly across geographies and applications. Leucovorin became generic decades ago and the generic price is less than 50 cents per milligram, equivalent to circa USD 500 per patient and treatment month (assuming circa one gram per patient and month).

Today, there is a vast number of companies producing leucovorin, e.g. Mylan Inc. (also a producer of generic levoleucovorin; acquired MEDA AB that sold leucovorin in Sweden), Teva Pharmaceutical Industries, Allergan Inc. and Taiho Pharmaceuticals. One of the largest producers of leucovorin is Merck KGaA.

Levoleucovorin

Leucovorin consist of two mirror image molecules called enantiomers. Only one of these enantiomers is active. Levoleucovorin contains only the active enantiomer found in leucovorin. Studies have shown that there is no safety or efficacy benefit of levoleucovorin compared to leucovorin.[1)]

In 2008 Spectrum Pharmaceuticals launched Fusilev®, which is a branded version of levoleucovorin. It was approved the same year by the FDA for HDMTX rescue treatment in osteosarcoma and in 2011 the FDA approved Fusilev® for treatment of mCRC in combination with 5-FU.

Fusilev® is currently marketed in the US market at a price of approximately USD 4 per milligram, equivalent to circa USD 4,000 per patient and treatment month (assuming circa one gram usage per patient and month).[2)] Following the FDA approval in 2011, the annual sales for Fusilev® quickly rose to USD 200m in 2012 due to a shortage on the US market for leucovorin (which still exists to some extent).[3)]

1) Kovoor, P. A.; Karim, S. M.; Marshall, J. L. (2009). "Is levoleucovorin an alternative to racemic leucovorin? A literature review". Clinical Colorectal Cancer. 8 (4): 200–6. doi:10.3816/CCC.2009.n.034. PMID 19822510.
2) GfK US payer survey, January 2016, commissioned by Isofol.
3) Hayes et al., Lessons from the Leucovorin Shortages Between 2009 and 2012 in a Medicare Advantage Population: Where Do We Go from Here? Am Health Drug Benefits. 2014 Aug; 7(5): 264–270. FDA DrugShortages, ASHP current drug shortage bulletin (LV), Am J Health SystPharm. 2013; 70: 609–617.

Fusilev's® patent has since then become challenged[1], and new generic products have been introduced (e.g. Sandoz and Mylan). Sandoz' generic levoleucovorin was released shortly after the ODD in osteosarcoma expired on 7 March 2015. The price of the generic products and the price of Fusilev® has nevertheless remained the same, approximately USD 4 per milligram.

PRICING OF MODUFOLIN®

An approval of Modufolin® will be based on a requirement of superiority compared to leucovorin, hence Isofol anticipates a price premium and strong market penetration. However, Isofol also recognises the fact that the degree of market penetration will be dependent on the initial pricing of Modufolin®.

Isofol has with the help of external consultants (GfK) conducted a payer survey in the US[2]. GfK has interviewed clinicians, hospital administrators and insurance companies paying the medical bills. The result of those interviews is that with a more effective Modufolin® could command a price premium over Fusilev® in the US of around 40 percent, equivalent to USD 6 per milligram or USD 6,000 per patient and treatment month (assuming same dosage as levoleucovorin). Isofol has not conducted any price surveys in Europe or in Japan. The price in Europe has, in the market value estimation table above, very simplified been assumed to be half the US price, i.e. USD 3,000 per patient and treatment month. The price in Japan is assumed to be equal to the US price, i.e. USD 6,000 per patient and treatment month.

Fom left: Louise Kvistgaard (Medical division), Magnus Östberg (Medical division).

1) FDAlawblog, Thomson Reuters, Fiercebiotech, Thetodayonline, court case citations (Dec 29, 2014 & Jun 8, 2015).
2) GfK US payer survey, January 2016, commissioned by Isofol.

BUSINESS DESCRIPTION

INTRODUCTION

BUSINESS DESCRIPTION

Isofol is a pharmaceutical company with the drug candidate Modufolin® in clinical developmen. Isofol intends to attain market approval based on documented advantages over the current standard treatment of primarily mCRC. Isofol will then sell or license the product to a larger company in order to reach a wider market.

MODUFOLIN® – ISOFOLS CLINICAL CANDIDATE

Modufolin® is a novel folate-based compound developed to increase the efficacy and reduce the side effects of chemotherapy. Modufolin® contains the key active substance MTHF ([6R]-5,10-methylenetetrahydrofolate), which is the active metabolite in all folate-based drugs, including leucovorin, and does therefore not require metabolic activation to exert its action. See section "*Introduction to folates, cancer, cancer treatment and drug development – Folates*" for information on folates and their role in cancer treatment.

COMPANY HISTORY

Isofol was founded in 2008 based on, among other things, the research of Professor Bengt Gustavsson and his collaboration with the German conglomerate Merck, a leading manufacturer of folate-based therapies.

COMPANY BACKGROUND

In the 1970s Bengt Gustavsson participated in several studies relating to the pharmacokinetics and pharmacodynamics of 5-FU. Among other things these studies showed that 5-FU could only inhibit the key enzyme TS in exceptional cases, which is why the treatment of solid tumors with 5-FU alone was only effective in about ten percent of the cases. In collaboration with Professor Charles Heidelberger, who originally synthesized fluorinated pyrimidines, they demonstrated in clinical studies that leucovorin with 5-FU increased inhibition of TS. However, the intracellular level of MTHF only increased slightly with the addition of leucovorin. This finding subsequently led to a new gold standard in colorectal cancer treatment.

After extensive development, during 2005, Merck managed to finally do what was previously considered impossible; to synthesize in large scale a stable, sterically pure form of MTHF, the active substance in Modufolin®. This development had during the 1990s been preceded by studies of the diastereometric 1:1 mixture of both the natural form of MTHF and the unnatural form. This compound was named CoFactor. A number of studies were conducted, but the development was cancelled without having reached any success. Isofol has acquired the rights to the data which still is archived in California, and conclude that:

- The studies were often small and conducted in heterogenous patient populations with mixed diagnoses;
- The significance of the aministration method was not established and the fact that CoFactor could not be given as an infusion (drip for two hours), instead it has to be given as a quick intravenous injection;
- No consequences were taken for the effects on white blood cells in the tox study. These effects were found again in a large clinical study, which led the development to be cancelled and the company was liquidated.

No observations, of the kind mentioned above, have been made in the development of Modufolin®. It is well known that different isomers may have different biological effects, e.g. thalidomide. Isofol believes that the discrepancy between CoFactor and Modufolin® may be explained by the involvement of the unnatural and non-biological active form in CoFactor.

To verify the original hypothesis and test Modufolin® on patients in a clinical environment and get it approved as a drug, a clinical development program was developed where the active ingredient of Modufolin®, MTHF, could be tested. In order to fund the clinical program and to enable commercialisation of Modufolin®, Professor Gustavsson co-founded Isofol Medical AB (publ) together with Yield Life Science AB (publ).

Company history

Pre Isofol Medical	**1978**	5-FU-LV treatment regimen is co-discovered by Professor Bengt Gustavsson.
	1993	Diastereometric methylenetetrahydrofolate ([6R,S]-5,10-methylenetetrahydrofolate) is synthesized by Merck.
	2005	Active ingredient in [6R,S]-5,10-methylenetetrahydrofolate (MTHF) is manufactured as a stable pharmaceutical composition by Merck – Modufolin®.
Isofol Medical	**2008**	Isofol Medical AB (publ) is founded.
	2010	Swedish Medical Products Agency/Läkemedelsverket (MPA) approves Isofol's first clinical trial. Isofol's first patent family is granted in Europe.
	2011	Isofol initiates phase I/II clinical trials with Modufolin®, the Company´s lead clinical candidate.
		Pre clinical program initiated (finished in 2012): 28 days toxicity study in dog and rat.
	2012	Isofol receives approval to start a randomized phase I/II pharmacokinetics (PK)[1] and pharmaco-dynamics (PD)[2] study of Modufolin® in patients with colorectal cancer.
	2013	Isofol enters into a worldwide exclusive supply & license agreement with Merck KGaA and Merck & Cie (Merck) for the development and commercialization of Modufolin® for cancer treatment.
		ISO-MTX-003 study initiated (expected to finish in 2017).
		ISO-CC-005 initiated (ongoing).
		Isofol has a successful pre-IND meeting with the FDA.
	2014	Recipharm is contracted to exclusively manufacture Modufolin® for Isofol.
	2015	Patent covering use and pharmaceutical composition of Modufolin® is allowed by US Patent and Trademark office.
		Gene expression studies showing the potential shortfalls with leucovorin and the improvement potential of Modufolin® is published.
	2016	FDA and EMA provide input on Isofol's clinical development plan for Modufolin® in CRC.
		The validation work for Merck's commercial production of the Active Pharmaceutical Ingredient (API) in Modufolin® is finalised.
		The work with finalising the validation of the large scale production of the final marketable Modufolin® with Recipharm is entering the final stage.
	2017	In January, the FDA approves Isofol's IND application, granting Isofol permission to initiate clinical studies using human patients in the US.

1) Pharmacokinetics refers to what happens to a medication from entrance into the body until the exit of all traces.
2) Pharmocodynamics is the study of biochemical and physiologic effects of drugs.

FUNDING TO DATE

Isofol was in its early stage financed by Yield Life Science, a public company quoted on Aktietorget, a Swedish trading platform for smaller companies. In January 2017 Yield Life Science owns almost 15 percent of Isofol's shares, and the Company constitutes Yield's main holding.

Isofol's development and clinical program has (apart from Yield Life Science as noted above) been financed by around a hundred private investors and business angels. Yield Life Science and those investors have invested approximately SEK 194m in Isofol to date. Included in the list of investors is also Recipharm AB, a public company quoted on Nasdaq Stockholm, via its subsidiary Recipharm Venture.

During the last four years, Isofol has raised SEK 33m (2013), 24m (2014), 38m (2015) and 61m (2016) from its shareholders.

The last financing round was executed at a price of SEK 14,000 per share. Isofol had 32,187 shares directly after the issue, valuing the Company at circa SEK 451m. The Company has since then conducted a share split with the terms 500:1 (1 old share gives 500 new shares).

ROUTE TO REGULATORY APPROVAL OF MODUFOLIN®

Modufolin® is currently being evaluated in phase I/II studies, and has this far, after treating circa 80 patients, been well tolerated.

During 2016, Isofol has had successful meetings with regulatory authorities in Europe and the US. The meetings have contributed to a distinct clinical development plan aimed to grant market registration upon completion. The development plan, in short, enables the Company to proceed directly from safety and dose finding studies (phase I/II) to a pivotal study (phase III).

In January 2017, the Food and Drug Administration (FDA) in the US approved Isofol's *Investigational New Drug* (IND) application, granting Isofol permission to initiate clinical studies using human patients in the US. The first study to be conducted under this IND is a study on healthy research persons to meet the documentation requirements of absence of adverse cardiac events. During the later part of 2017 Isofol plans to commence a market registration study (pivotal study) with Modufolin® compared to leucovorin in patients with metastatic colorectal cancer. The aim of the study is that the results shall form the foundation for a market registration of Modufolin®. During the implementation the study will be monitored by an independant body, a Data Safety Monitoring Board (DSMB), which, in 2019, will communicate whether the study should continue or be cancelled. The whole study is expected to be completed in 2020. A positive result will open up significant commercial opportunities for Modufolin®.

In addition to the pivotal study, the FDA has required Isofol to perform some additional supporting studies, a process which will be initiated during 2017, of which a PK study in healthy volunteers will be the first IND opening study. The second supporting study, which will commence during 2017, is a pre-clinical 3-months toxicity study in rats and dogs.

PIVOTAL STUDY

Isofol's pivotal study (ISO-CC-007) will be conducted on patients with mCRC in first-line treatment. See section "*Pre-Clinical and clinical studies – Pivotal study (ISO-CC-007): 3-year market registration study*" for more information on the pivotal study.

CAPITAL REQUIREMENTS UNTIL MARKET REGISTRATION

Isofol has planned to complete a number of studies during the coming three to four years. The total cost for these, including operating costs and other supporting activities, amount to around SEK 410m. This is sufficient to finance all studies and ongoing operations until the pivotal study for Modufolin® is completed.

The cost for the pivotal study will amount to around SEK 270m. The price estimate is based on calculations using 450 patients in total of which 325 in Europe and 125 in the US.

The cost for additional supporting studies amount to around SEK 45m. These include the FDA required studies (PK study and pre-clinical 3-month tox) as well as a TS inhibition in liver metastases study, osteosarcoma Proof of Concept study and the remaining cost for the ongoing ICO-CC-005 safety and dose finding study.

The cost for other supporting activities will amount to around SEK 30m and includes collaborative research at Sahlgrenska University (Östra Sjukhuset) including further gene expression studies, a strengthening of the patent portfolio, and additional activities relating to production at Merck and Recipharm.

The cost for ongoing operational costs will amount to around SEK 65m.

DRUG MANUFACTURING

Isofol's manufacturing process of Modufolin® has been developed in parallel with the clinical development program, towards commercial grade and scale manufacturing, according to well defined protocols and regulatory guidelines. The process is in line with all steps and specifications required for the product to be commercialized.

The FDA accepted Isofol's initial drug manufacturing process and quality program when presented at a pre-IND (*Investigational New Drug*) meeting in 2013. The validation of the manufacturing process of the API as well as the final pharmaceutical, in full commercial scale, will be finished in 2017.

PRODUCTION OF THE ACTIVE PHARMACEUTICAL INGREDIENT (API)

The API in Modufolin® is produced at a commercial grade and scale by Merck & Cie in Schaffhausen, Switzerland, which will continue production once the product has been commercialized. The final validation of the production process of the Active Pharmaceutical Ingredient in accordance with the requirements of the regulatory authorities has been completed in 2016.

PRODUCTION OF THE FINAL DRUG PRODUCT

The Active Pharmaceutical Ingredient will be delivered to a producer of the final pharmaceutical, which, for the commercial phase will be handled by Recipharm's facility in Wasserburg, Germany. Isofol has also collaborated with with Recipharm Development in Stockholm.

The final product, Modufolin®, will be marketed in form of a freeze dried powder. Recipharm in Wasserburg is specialized in lyophilisation technique and both Recipharm Development and Recipharm in Wasserburg have a long experience in development and commercial manufacturing of pharmaceutics.

Work is now ongoing to finalise the commercial grade and scale manufacturing process. The first of three full scale batches manufactured according to *Good Manufacturing Practice* (GMP) is planned to be manufactured in March 2017. Subsequently Isofol will have a complete commercial grade and scale manufacturing process for Modufolin® in place. Vials from the first GMP batch will be used in the planned pivotal study for Modufolin® in Europe and the US.

Production costs

Isofol is expected to have a gross margin exceeding circa 90 percent based on preliminary revenue and cost calculations. This includes costs for: the API produced by Merck, the finished product produced by Recipharm and packaging costs.

INTELLECTUAL PROPERTY AND AGREEMENTS WITH MERCK

Merck originally developed Modufolin® on the initiative of Professor Gustavsson. Isofol has a worldwide exclusive supply and licence agreement for the use of Modufolin® in cancer treatment.

It was long deemed impossible to produce Modufolin® due to stabilisation problems. The production technology for Modufolin® is new and patented by Merck.

Isofol's supply and license agreement with Merck is valid as long as any of either Isofol's or Merck's patents are valid, i.e. at least until 2034, potentially longer due to later filed patents. This agreement regulates both the price that Isofol pays for the API and future royalties on sales. See section "*Legal considerations and supplementary information – General company information*" for more information on the Company's patents and agreements.

Isofol has licensed a patent application from Merck covering i.a. the Active Pharmaceutical Ingredient (API), 5,10-methylene-[6R]-tetrahydrofolic hemisulfate salt. The patent application was filed in 2014 and is expected to be approved in several major markets, like the US, Europe and Japan. Granted patents will expire in 2034[1)]. Patent Term Extension (PTE) or Supplementary Protection Certificate (SPC) for up to five years might be available in US, Japan and Europe depending upon the circumstances surrounding the regulatory approval process in each respective country.

In addition, data exclusivity and protection for new pharmaceuticals is expected for the active ingredient 5,10-methylene-[6R]-tetrahydrofolic hemisulfate salt for ten years from marketing approval in Europe and for five years from marketing approval in the US.

Isofol has also licenced another patent from Merck covering i.a. a pharmaceutical composition of the Active Pharmaceutical Ingredient 5,10-methylene-[6R]-tetrahydrofolic acid hemisulfate salt. The patent application was filed in 2004 and has been granted in several major markets, like the US, Europe and Japan. Granted patents will expire in 2024[1)], with the exception of the US patent which will expire in 2029 due to a Patent Term Adjustment (PTA).

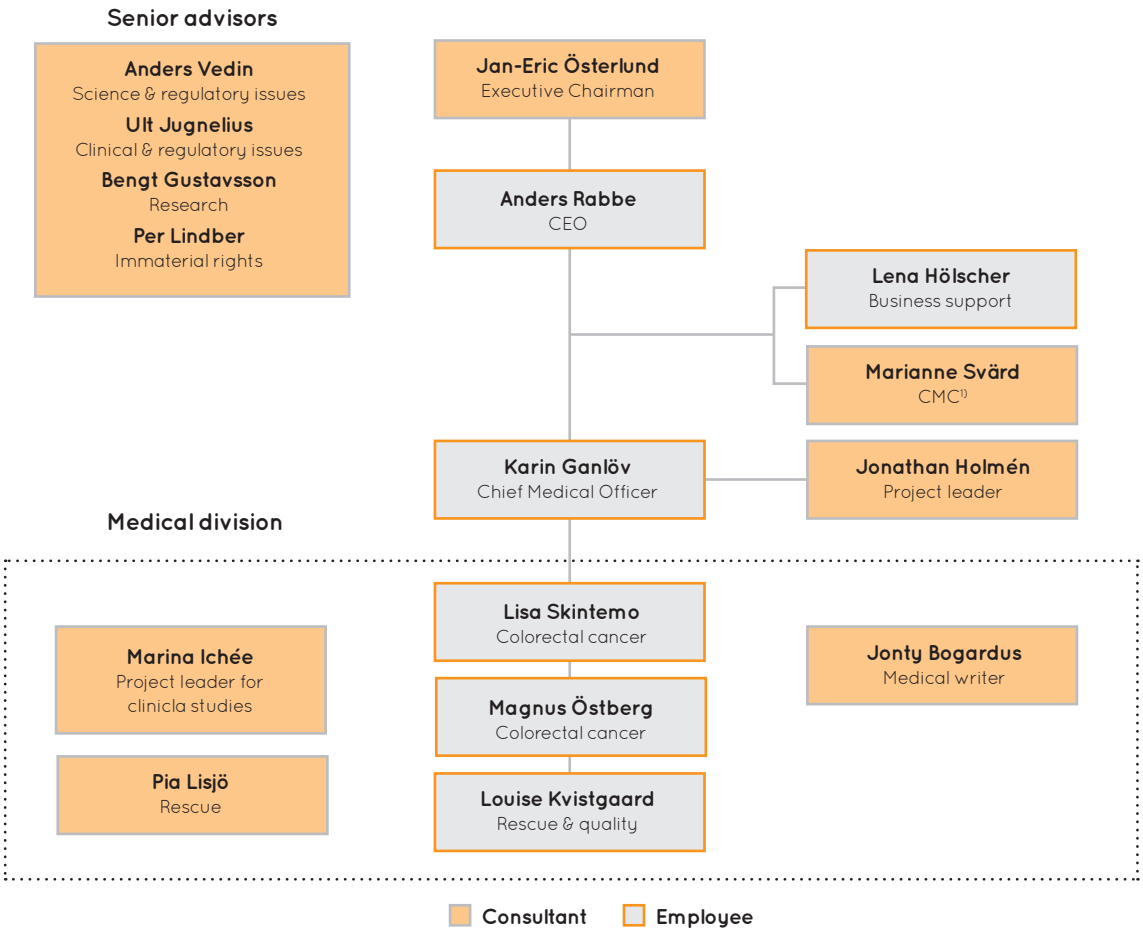
Isofol has filed two new patent applications in October 2016 and February 2017. Basis for the application comprise new findings in relation to the clinical effect of Modufolin® as well as other research data. Granted patents from these applications are expected to expire at earliest in October 2036.[1)]

Isofol has also licenced a patent portfolio from Merck consisting of two patent groups covering methods for manufacturing of pure stereoisomers of tetrahydrofolic acid ester salts and tetrahydrofolic acid by fractionated crystallisation of tetrahydrofolic acid salts, as well as a method for production of optically pure tetrahydroproteins and derivatives, in particular tetrahydrofolic acid and its derivatives, through stereospecific hydration.

Isofol assesses the overall patent portfolio as strong. Merck and Isofol are working jointly and continuously to broaden and further strengthen this platform by filing new patents in collaboration with leading international IP experts.

1) Calculation based on 20 years patent term from filing date.

ORGANISATION



EMPLOYEES

As per the end of December 2016, Isofol had six employees, all of which are employed at the Company's headquarter in Gothenburg, Sweden. In addition, the Company had about four consultants, the majority of whom are considered to work full time or almost full time with Isofol.

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PARTNERSHIPS & CLINICAL NETWORK

Isofol's advisory board

Isofol has an advisory board comprised of international Key Opinion Leaders (KOLs) within the field of colorectal cancer. These individuals are available to advice the Company regarding the clinical development plan for Modufolin®. The first meeting was held in October 2016.

1) Chemistry, Manufacture and Controls

Advisory board members	
Prof. Bengt Glimelius (Chairman)	• Professor Emeritus at the Karolinska Institutetet, Stockholm, Sweden. • Seen as one of the founders of medical oncology. • Principal investigator of several clinical studies. • Author of more than 500 research articles and books as well as a number of publications in the area of colorectal cancer. Glimelius has also lectured at many international conferences and received several prestigious awards for his research. • Holds positions in several scientific organizations and is, among other things, the editor-in-chief of Acta Oncologica.
Prof. Bengt Gustavsson	• Professor and for many years head for the division for surgical oncology at Sahlgrenska University Hospital/Östra, Gothenburg, Sweden. • Founder of Isofol Medical and Carmel Pharma. • One of the researchers who introduced "the Nordic Schedule of bolus 5-FU/leucovorin" in colorectal cancer treatment. • Member of several organisations, including American Society of Clinical Oncology, European Surgical Society, ESMO and EORTC.
Prof. Aimery de Gramont	• Professor of Oncology and since 2002 head of the department of internal medicine of oncology at Saint-Antoine Hospital, Paris, France. • Principal investigator in the development of the FOLFOX treatment and founder of de Gramont regimen which is a standard reference in colorectal cancer treatment. • Chairman of the International Society of Gastrointestinal Oncology and member of several other organisations within the field of medical and clinical oncology. • Member of an international panel of experts convened to develop recommendations for the treatment of patients with liver metastases from colorectal cancer. • Played a pivotal role in a colorectal cancer program which has involved over 6,000 patients since in 1984.
Prof. Heinz Josef Lenz	• Professor of Medicine, Associate Director for clinical research and co-leader of the gastrointestinal cancer program at the USC Norris Comprehensive Cancer Center, Los Angeles, USA. • Section head of gastrointestinal oncology in the Division of Medical Oncology and co-director of the colorectal center at the Keck School of Medicine of the University of South California, Los Angeles, USA. • Prinicipal investigator on several trials within mCRC. • Member of a number of organisations, including American Association for Cancer Research (AACR), the American Gastrology Association and the National Society of Genetic Counselors. • Has received numerous research awards and is since 2003 listed as one of America's top doctors.
Prof. Josep Tabernero	• Head of medical oncology and Director of the Vall d'Hebron Institute of Oncology, Barcelona, Spain. • Member of the European Society for Medical Oncology (ESMO) board, will assume the position as president of the organization during 2018 and 2019, and co-author of the ESMO guidelines for the management of patients with mCRC. • Holds other important positions in organisations and journals within the field of oncology, such as the American Society of Clinical Oncology (ASCO), AACR and the Journal of Clinical Oncology.
Prof. Per Pfeiffer	• Professor at the University of Southern Denmark, Senior Consultant at the Department of Oncology at Odense University Hospital, Odense, Denmark, and head of the Centre for Experimental Cancer Therapy. • Principal investigator of several clinical studies on mCRC. • Author of more than 100 peer reviewed articles, many focusing on mCRC and CRC, as well as the ESMO guidelines for the management of patients with mCRC. • Member of the editorial advisory board in medical oncology for the European Journal of Surgical Oncology.
Prof. Werner Scheithauer	• Professor of Internal Medicine currently working at the Division of Oncology and Internal Medicine at the University of Vienna, Vienna, Austria. In addition, a specialist in medical oncology and internal medicine with a focus on gastroenterology and hepatology. • Has extensive experience as principal investigator for clinical studies in mCRC. • Member of several international organisations within the field of oncology, such as ASCO, AACR and ESMO. • Contributing author to the ESMO guidelines for the management of patients with mCRC, and the Oncology Agents section of the F1000. • Has received numerous scientific awards for his research.
Prof. Alberto Sobrero	• Professor of Medical Oncology, specialised in internal medicine and since 2002 head of the of Medical Oncology unit at Ospedale San Martino, Geneva, Italy. • Holds several different roles within the ESMO, such as scientific chairman of the 2017 congress, faculty coordinator for gastrointestinal tumors, and co-author of the ESMO guidelines for the management of patients with mCRC. • Was in 2016 awarded by ESMO for his outstanding contribution to the development of medical oncology.
Prof. Claus-Henning Köhne	• Professor of Medical Oncology and specialist in internal medicine. Currently working as Director for the Clinic of Oncology and Hematology at Klinikum Oldenburg, Oldenburg, Germany. • Member of several prominent organisations within the field of oncology, including ASCO and ESMO. He is also co-author of the ESMO guidelines for the management of patients with mCRC. • Participant in several national and international studies on the biochemical modulation of 5-FU. • Prinicial Investigator and coordinator for several European Organisation for Research and Treatment of Cancer (EORTEC) studies. • Co-founder of the Pan European Trials for the Adjuvant Colon Cancer (PETACC) and member of the editorial board of the Annals of Oncology. • Frequent speaker at international conferences related to mCRC trials.

Merck

Isofol Medical has a strategic research and development partnership and close collaboration with Merck & Cie, an affiliate of Merck KGaA, Darmstadt, Germany, a leading company in healthcare, life science and advanced materials. The partnership offers many synergies. Isofol has special know-how on the use of reduced folates in cancer treatments and other medical applications. Merck is the leading *Current Good Manufacturing Practice* (cGMP) producer of reduced folates, including leucovorin, with expertise and know how in process development, formulation and manufacturing of reduced folates such as Modufolin®.

Through an exclusive license agreement, Isofol gains access to the unique patented production process and the production capabilities of Merck for use in clinical trials and the subsequent commercialization of Modufolin®. Through the collaboration, Merck strengthens its position in developing reduced folates for cancer treatment.

For more information on Merck visit www.merckgroup.com.

Recipharm

Recipharm is the commercial producer of Modufolin® and has together with Isofol and Merck validated the commercial full scale production method.

Recipharm is a leading European Contract Development and Manufacturing Organisation (CDMO) in the pharmaceutical industry based in Sweden, and employing some 1,500 employees.

Offering manufacturing services for pharmaceuticals in various dosage forms, production of clinical trial material and pharmaceutical product development, Recipharm currently manufactures more than 200 different products to both the pharmaceutical industry and smaller research- and development companies.

For more information on Recipharm visit www.recipharm.com.

Sahlgrenska University Hospital

Sahlgrenska University Hospital (SU) serves as an important clinical development platform for Isofol. SU, located in Gothenburg, hosts key clinical and medical competence as well as having modern sites for performing parts of Isofol's clinical trials.

Research at Gothenburg University (GU), to which SU belongs, has resulted in numerous achievements and innovations. For example, the development of antibiotic para-amino salicylic acid (PAS) for tuberculosis and the blood-thinning drug Apekumarol, various beta-blockers and the ulcer drug omeprazole (Losec®). Even Nobel laureate Arvid Carlsson was active at GU.

Professor Bengt Gustavsson has been active at Sahlgrenska University Hospital, SU, since 1974. He became an associate Professor in surgery in 1981 and have been an operations manager of surgery at SU. In parallel, he has since the middle of the 70's focused his research on pharmacokinetics and pharmacodynamics of fluorinated pyrimidines. The project has during the last 35 years had the continuous support of the Swedish Cancer Society (Cancerfonden). The team around him at SU is closely knit and includes medical scientists, nurses, and laboratory staff that have been participated in his clinical studies and research on the effects of folates on cytotoxics for decades. Isofol has a cooperation agreement with the Region of Västa Götaland and Sahlgrenska University Hospital and has financed research regarding folates, measurement methods, gene expression studies and several clinical studies in which Isofol owns rights to the results.

Lena Hölscher (Business support).

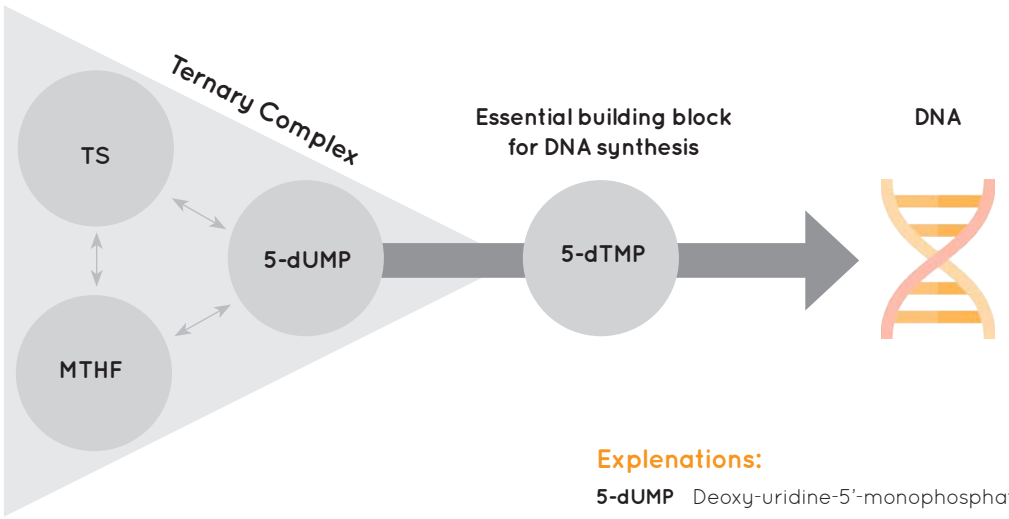
CLINICAL DESCRIPTION

MODUFOLIN® – ISOFOL'S PHARMACEUTICAL CANDIDATE

FOLATES AND CANCER TREATMENT

MTHF ([6R]-5,10-methylenetetrahydrofolate) is needed for the formation of DNA, so called DNA synthesis, which is needed for cell division. MTHF exists in all living organisms from simple bacteria to animals and humans. The mechanism of action of MTHF in the normal case, as well as the mechanism of action when administered in combination with the cytotoxic drug 5-FU is illustrated and described below.

Mechanism of action in the normal case



Ternary Complex.

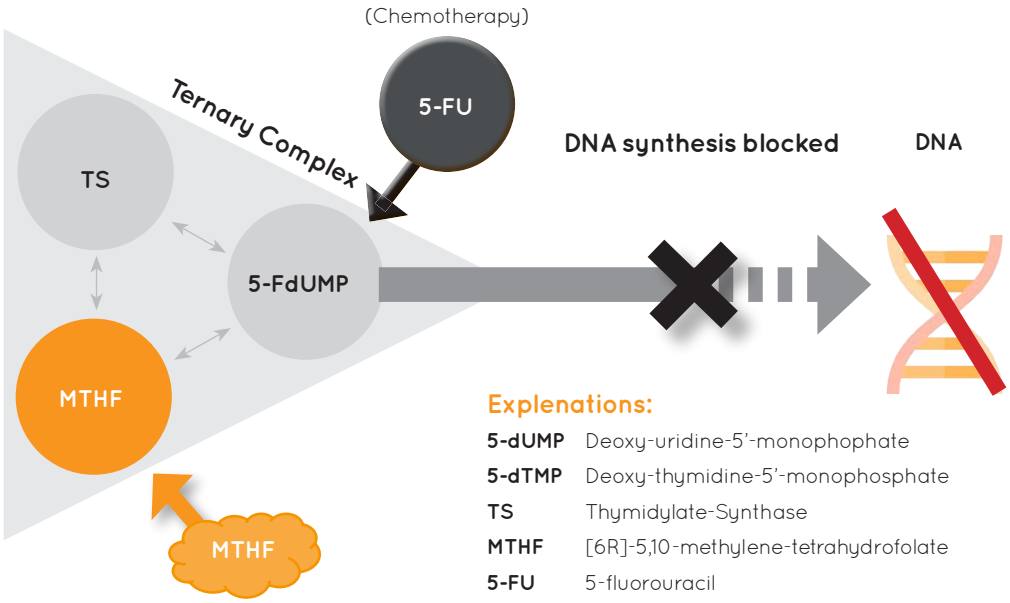
Explenations:

5-dUMP	Deoxy-uridine-5'-monophosphate
5-dTMP	Deoxy-thymidine-5'-monophosphate
TS	Thymidylate-Synthase
MTHF	[6R]-5,10-methylene-tetrahydrofolate

- The DNA synthesis is vital for cells to replicate, for example for natural regeneration of skin and mucosa, wound healing etc.
- The DNA synthesis requires continuous access to 5-dTMP. To secure access to 5-dTMP, continuous methylation from 5-dUMP is required. The methylation is catalyzed by the enzyme thymidylate synthase (TS) in presence of the cofactor MTHF (a cofactor is a substance that absorbs an enzyme and increases its catalytic abilitiy). Together they form the so called ternary complex which consists of MTHF, the thymidylate synthase (TS) enzyme and 5-dUMP which is methylated to 5-dTMP.

Folic acid is converted in the body´s tissues into a series of so called reduced folates. Among these, MTHF plays the most critical role. In order for DNA synthesis to occur, a ternary complex is required between MTHF, TS and 5-dUMP. The ternary complex is required for the conversion from 5-dUMP to the DNA building block 5-dTMP. If the presence of the ternary complex diminishes, the DNA regeneration is hampered, which prevents the cell division and thus the cell replication. Blockage of TS and thereof the ternary complex is thus used as an efficient way to hamper cell replication which supports the application in cancer treatment.

Mechanism of action when Modufolin® is administered in combination with 5-FU



Ternary Complex.

Explenations:

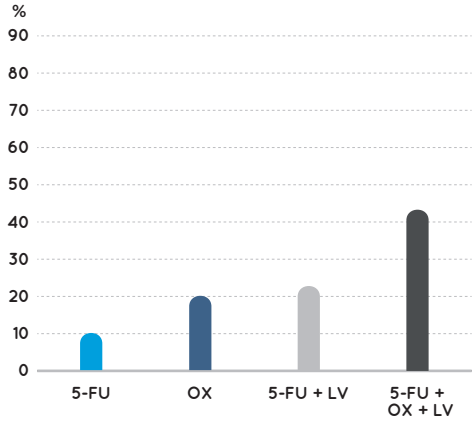
5-dUMP	Deoxy-uridine-5'-monophophate
5-dTMP	Deoxy-thymidine-5'-monophosphate
TS	Thymidylate-Synthase
MTHF	[6R]-5,10-methylene-tetrahydrofolate
5-FU	5-fluorouracil
F-dUMP	Fluor-deoxy-uridine-5' -monophosphate

- Simply put, the fluorine atom in the cytotoxic agent 5-FU adds to the naturally present molecule 5-dUMP, which is thus turned into 5-FduMP. This fluorine atom changes the 5-dUMP which blocks the ternary complex and the DNA synthesis that in turn hampers cell division and tumour growth.
- As has been already described, MTHF (Modufolin®) stabilizes the ternary complex, which strengthens and prolongs the cytotoxic effect of 5-FU. Blocking the DNA synthesis, as described above, is most evident in tissue with frequent cell division, as in for example cancer cells. This is favourable for the effect against cancer and means that normal tissue is spared in relative terms.
- By direct administration of MTHF through Modufolin®, instead of leucovorin which requires activation, sufficiently high levels of MTHF in order to stabilize the ternary complex is guaranteed for *all* patients, independently of the patients' genetic abilities to metabolise folates and the process of blocking the formation of new cancer cells becomes more efficient and predictable.

Effect of leucovorin and other folates on CRC treatment efficacy

Folates, for example leucovorin, have been used together with 5-FU as part of CRC standard treatment ever since the late 1970s. At the time, Isofol's co-founder Bengt Gustavsson, participated in the discovery of their positive effects of the combination on safety and efficacy. The addition of leucovorin to 5-FU increases the response rate (the share of patients that responds to the treatment) from ten percent when 5-FU is used alone to approximately 20 to 25 percent when used in combination with LV. The addition of oxaliplatin (OX) further increases the response rate to around 40 to 45 percent[1]. However, a majority of patients still do not respond to treatment. Isofol hypothesizes that this is due to patients individual expression levels of certain folate relevant genes. See section "*Clinical description – The role of genetics in folate treatment*" for further information regarding the importance of genetics.

Respons rate



Source: Gustavsson et. al., A Review of the Evolution of Systemic Chemotherapy in the Management of Colorectal Cancer. Clinical Colorectal Cancer, March 2015, Vol. 14, No. 1, 1-10.

1) Gustavsson et. al., A Review of the Evolution of Systemic Chemotherapy in the Management of Colorectal Cancer. Clinical Colorectal Cancer, March 2015, Vol. 14, No. 1, 1-10.

THE ROLE OF FOLATES IN HDMTX RESCUE

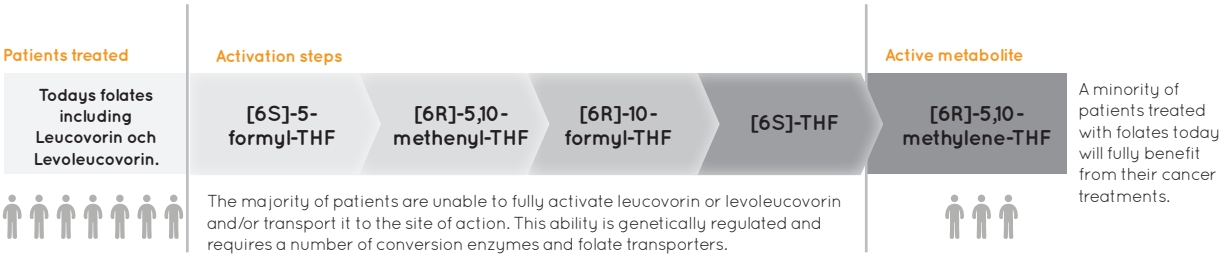
Besides blocking the DNA synthesis in cancer cells in the presence of 5-FU, leading to cell death, the active substance in Modufolin® has another primary action of interest to Isofol. MTHF safeguards the DNA synthesis after administration of High Dose Methotrexate (HDMTX). The treatment with folates is used in this case as a so called rescue therapy after HDMTX treatment.

Both the cell death and the rescue processes are well described in literature and Isofol has performed extensive literature studies and summarised its findings in published articles.[1),2)]

THE ROLE OF GENETICS IN FOLATE TREATMENT

Current treatment requires metabolic activation

Current folate-based therapy used in cancer treatment, like with leucovorin, uses prodrugs that need multiple enzymatic activation steps in order to metabolise into the active metabolite MTHF. The enzymes are in turn genetically controlled. Isofol has shown that a few genes, relevant for folate activation and transport, affect the survival probability among cancer patients undergoing therapy including leucovorin plus 5-FU.[3)] Isofol therefore hypothesizes that this is linked to some people having a greater ability to metabolise the prodrug leucovorin[4)], and thus respond better to treatment than others. The process of metabolising leucovorin into the active substance in Modufolin®, MTHF, is illustrated below.

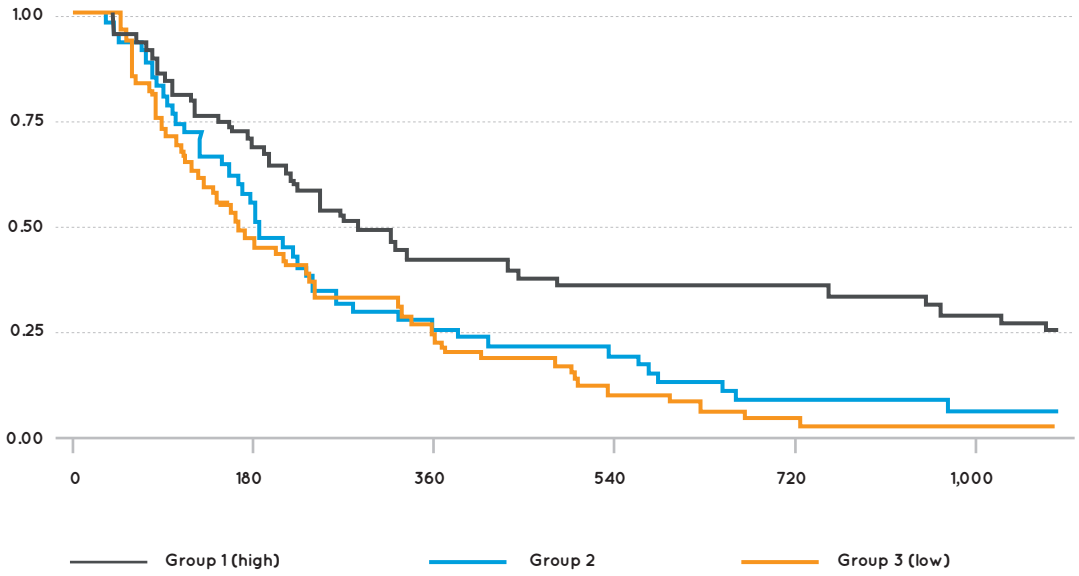


Genes determine metabolic activation and thus survival

Isofol has data on file showing that folate relevant genes are directly linked to the ability to generate high tissue concentrations of MTHF after administration increasing doses of leucovorin. Patients with low expression of these genes are unable to substantially increase MTHF levels in the tumour despite receiving higher doses of leucovorin. Isofol has also shown that the expression of such genes is linked to the probability of responding to therapy involving a combination of LV and 5-FU and also including oxaliplatin. Isofol has made different studies[3),5),6)] to confirm the relationship between gene expression and survival. The following graph illustrates the results and is taken from a study examining the relationship between gene expression and survival in patients with mCRC treated with 5-FU plus LV.

1) Danenberg, Gustavsson, Johnston, Lindberg, Moser, Odin, Peters, Petrelli. Folates as adjuvants to anticancer agents: Chemical rationale and mechanism of action. Crit Rev Oncol Hematol. 2016 Oct; 106:118-31.
2) Gustavsson, Carlsson, Machover, Petrelli, Roth, Schmoll, Tveit, Gibson. A review of the evolution of systemic chemotherapy in the management of colorectal cancer. Clin Colorectal Cancer. 2015 Mar; 14(1):1-10.
3) Odin et. al., Expression of Folate Pathway Genes in Stage III Colorectal Cancer Correlates with Recurrence Status Following Adjuvant Bolus 5-FU-Based Chemotherapy. Mol Med. 2015 Jul 17;21:597-604.
4) Primarily describing LV but is equally relevant for LLV. LV is the racemic mix of a left-twisted and a right-twisted molecule, whereas LLV only contains the left-twisted, active, molecule. Both LLV and LV have to go through the same metabolic process to be converted to the active metabolite, [6R]-5,10-MTHF.
5) Wettergren Y, et al. Impact of expression levels of specific folate relevant genes on prognosis in patients with colorectal cancer – a confirmatory study. Manuscript in preparation, to be published.
6) Wettergren Y, et al. Impact of expression levels of specific folate relevant genes on prognosis in patients with severe, metastasizing colorectal cancer. Manuscript in preparation, to be published.

Survival (days)



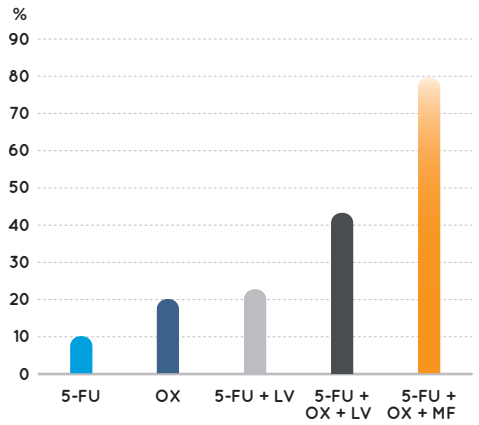
The graph above shows the probability of survival over time for patients with metastatic colorectal cancer (mCRC) treated with 5-FU plus LV. The groups with low and medium expression of the gene ABCC3 (group 3 and group 2 respectively in the above graph) have a much poorer prognosis, whereas the patients with the highest expression of ABCC3 (group 1) have a much better prognosis. (N=148; p = 0.0002).

After six months, there is a 50 percent chance of survival for patients with low expression levels and 67 percent for those with high expression levels. After 18 months patients with low expression levels have a 15 percent chance of survival while those with higher expression levels have a 35 percent chance of survival, over double that of those with low gene expression. It should be noted that virtually two thirds of patients with lowermost expression levels do not survive three years whereas 25 percent of patients in the highest tertile survive three years or longer.

Modufolin® – The first stable form of pure MTHF

Isofol has with Modufolin® introduced a product that does not require metabolic activation to exert its action, as illustrated in the graph below. By eliminating the need to metabolise prodrugs, Isofol is expecting that patients treated with Modufolin® will respond at least at the level of the high responders (group 1 in the graph above), with the potential to reach even higher response rates, illustrated in the column chart to the right. Against this background, Isofol believes that Modufolin® holds the potential to replace the folates used in cancer treatment today.

Respons rate



Note: The response rate to treatment with 5-FU + OX + MF is only an illustration of a potential scenario of higher response rate and not based on clinical studies.

Source: Gustavsson et. al., A Review of the Evolution of Systemic Chemotherapy in the Management of Colorectal Cancer. Clinical Colorectal Cancer, Mars 2015, Vol. 14, No. 1, 1–10.

All patients treated with Modufolin® have the potential to fully benefit from their cancer treatments.

Professor Bengt Gustavsson (Founder and Board).

PRE-CLINICAL AND CLINICAL STUDIES

Briefly described below are the studies which Isofol has conducted, currently conducts and plans to conduct in the future. The combinations of letters and numbers (e.g. ISO-CC-002) presented in conjunction with most of the studies are the names by which they are registered at the European ClinicalTrials Databas and the FDA. Further information on each study is available on www.clinicaltrials.gov and can be found by searching the name of the study.

PRE-CLINICAL STUDIES

THREE-MONTHS TOXICITY STUDIES

In addition to the completed nonclinical studies, Isofol plans to conduct three month toxicity studies on rats and dogs prior to the initiation of the pivotal study. The studies are expected to be completed during 2017 with the final report in 2018.

Isofol will not conduct any additional pre-clinical studies, nor has been requested by the authorities.

ONGOING AND COMPLETED CLINICAL STUDIES

Isofol's pharmaceutical candidate Modufolin® currently has two therapeutic uses included in the development program: (1) biomodulator of 5-FU activity in CRC, (2) rescue agent for use with HDMTX therapy.

NCT ID		Research	Phase I/IIa	Phase IIb	Phase III
	Colorectal Cancer				
01681472	ISO-CC-002, Pharmacockinetics and pharmacodynamics investigation of Modufolin® in Plasma, Tumor and Adjacent Mucosa in Patients with Colon Cancer.		Completed		
02244632	ISO-CC-005, Phase I/II Modufolin® in Combination with 5-Fluorouracil Alone or Together with Oxaliplatin or Irinotecan in Colorectal Cancer.		Ongoing		
01397305	ISO-MC-091, An extended Feasibility Phase I/II Study of Modufolin® and Pemetrexed Single Agent, Given as Neoadjuvant Treatment in Patients With Resectable Rectal Cancer.		Completed		
	Osteosarcoma				
02383901	ISO-MTX-OB1, A Retrospective Non-intervention Study to Characterize Folate Rescue Treatment in Osteosarcoma Patients Treated With HDMTX (FORTO).	Completed			
01987102	ISO-MTX-003, Phase I/II open label dose titration and tolerability in Osteosarcoma.		Completed March 2017		

From the left: Professor Bengt Gustavsson (Founder and Board), Anders Rabbe (CEO), Professor Anders Vedin (Board), Jan-Eric Österlund (Chairman), Lars Lind (Board), Karin Granlöv (Chief Medical Officer), Tommy Marklund (ex Board).

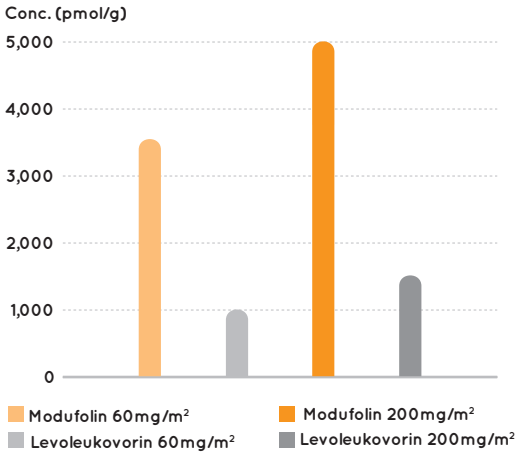
COLORECTAL CANCER

Pharmacokinetic (PK) study (ISO-CC-002): Comparing Modufolin® and levoleucovorin (LLV)

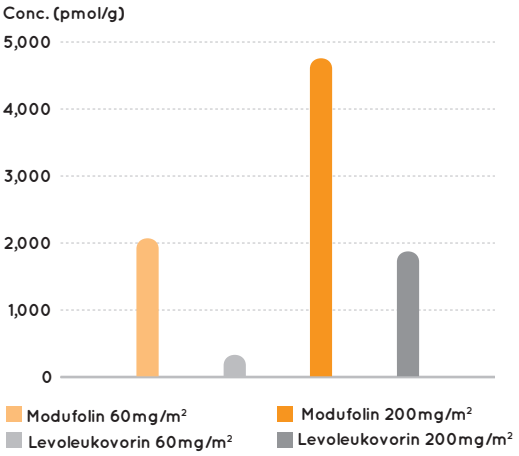
This was a randomised, blinded study of 32 patients with resectable CRC, the study was performed in conjunction with surgical tumour removal. The patients were given bolus doses of either 60 or 200 mg/m² of either Modufolin® or LLV immediately prior to surgical tumour removal.

Analysis of the removed tumour showed that administration of Modufolin® gave significantly higher tissue concentrations of the active metabolite (MTHF) in both tumour and in adjacent normal mucosa compared to the group receiving a comparable amount of LLV.

[6R]-5,10-MTHF levels in Mukosa



[6R]-5,10-MTHF levels in Tumor



Tolerability and dose definition study in mCRC patients (ISO-CC-005) with Modufolin® + 5-FU alone or in combination with oxaliplatin or irinotecan

The study is conducted at Sahlgrenska University Hospital in Gothenburg, Radiumhospitalet in Oslo and Skaraborg Hospital in Skövde. Further sites are currently under recruitment. As of February 2017, 30 patients have initiated treatment in groups with different, rising doses of Modufolin® in combination with standard doses of 5-FU alone or in combination with another cytotoxic drug, oxaliplatin or irinotecan. The dose of Modufolin® is either 30, 60, 120 or 240 mg/m^2 in each respective group.

The dose in the upcoming efficacy study is expected to be in the range of 60–120 mg/m^2 and administered in combination with oxaliplatin. It will be determined after the tolerability has been ensured together with bevacizumab.

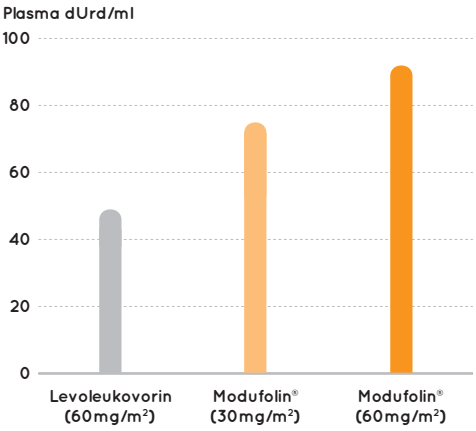
The pattern of adverse events in the study has so far been as expected in the treatment of this disease with these drugs. The occurrence of adverse events which have to be reported according to the prescriptions include 18 Serious Adverse Events (SAE) observed in twelve patients, but only three of these have been considered possibly related to the combination of 5-FU and Modufolin®. These findings are grounds to continuing the study and also to move forward with ISO-CC-007.

A measure of efficacy against the tumor has been recorded by measuring the effects on the tumors in 24 of the 30 patients. Although the study lacks a randomized control group the results are encouraging as 20 patients had either stable disease or reduction in size of the tumor after eight weeks, and among six patients who were evaluated after 16 weeks five had stable disease and only one exhibited growth of the tumor. This study is expected to be completed during summer 2017.

The results in the graph to the right are taken from an interim analysis completed in February 2017 and show increased levels of plasma 2′-deoxyuridine (dUrd), which is a biomarker for degree of inhibition of the enzyme thymidylate synthase (TS).[1)]

The results show that a comparable amount, i.e. same molecule amount, of Modufolin® compared to leucovorin, results in a 50 percent higher inhibition of TS (comparing the left and center column) and also that the inhibition increases further when the Modufolin® dose is increased (comparing the center and right column). It is now shown, for the first time, that Modufolin® not only reaches the critical point, the TS enzyme, but also that the effect is superior to the current standard treatment, LV. Isofol believes that these findings improve the probability of a positive outcome of the ISO-CC-007.

TS-inhibition



On February 20, Isofol submitted a new patent application to the US Patent and Trademark Office based on the findings in the interim analysis of the 005-study.

Open-label feasibility study (ISO-MC-091): Modufolin® in combination with Pementrexed

24 patients with resectable CRC were treated with a fixed intravenous infusion dose of Pemetrexed, an antifolate marketed by Eli Lily under the name Alimta, and Modufolin® in different repeated doses (10, 50, 100 and 500 mg/m^2 weekly). A total of 240 administrations were given.

No Modufolin® related toxicity was observed at any of the dose levels and all patients completed the nine weeks of treatment.

1) Ford H E R et al, Patterns of Elevation of Plasma 2′-Deoxyuridine, a Surrogate Marker of Thymidylate Synthase (TS) Inhibition, after Administration of Two Different Schedules of 5-Fluorouracil and the Specific TS Inhibitors Raltitrexed (Tomudex) and ZD9331 Clinical Cancer Research 2002; 8(1): 103-109.

OSTEOSARCOMA

Observation study (ISO-MTX-OB1): Rescue in osteosarcoma

Isofol has conducted an international multicentre observation study of the journals from 116 patients from Lund, Stockholm, Warsaw, Oslo and Budapest to see how often delays in the planned treatment occurs. The patients had been treated with HDMTX followed by a rescue therapy with leucovorin. Only 50 percent of the cycles were given on time, and only a few patients completed the entire treatment on time. A range of side effects and lacking effectiveness of the rescue therapy prevented adherence to the schedule. Thus the study demonstrates a clear unmet medical need for a more efficient and reproducible rescue therapy. Isofol will present its findings at ASCO (American Society of Clinical Oncology) and ESMO (European Society for Medical Oncology) in 2017.

Safety and dose finding study (ISO-MTX-003): Rescue in osteosarcoma

The study, which includes sites in Sweden, Poland, Hungary and the Czech Republic, is ongoing and seven patients have been treated to date. The study started with a level of 15 mg/m^2 of Modufolin®, where four patients were successfully treated. Three more patients have been treated with 7.5 mg/m^2 and still the rescue effect seems satisfactory. Isofol now has enough data to move on with the clinical development program of Modufolin as rescue agent in Osteosarcoma after HDMTX treatment (see future planned study 004). The 003-study is estimated to be concluded in the near future .

ISO-MTX-003 has proved that Modufolin® indeed works as rescue therapy after HDMTX, i.e. Isofol has a proof of concept for this mechanism of action. Isofol plans to present its findings at ASCO (American Society of Clinical Oncology) and ESMO (European Society for Medical Oncology) in 2017.

FUTURE CLINICAL STUDIES

Isofol has planned to conduct a number of clinical studies between 2017 and 2021, which are presented below. They will be conducted in the US and Europe.

PIVOTAL STUDY (ISO-CC-007): MARKET REGISTRATION STUDY

The next major study in Isofol's research pipeline is the pivotal study ISO-CC-007. The study is conducted on patients in first-line mCRC. This is the main study aiming to attain market registration for Modufolin®.

Design

The study will have **two arms** with 225 patients in each arm, totaling 450 patients. The reference treatment will be modified FOLFOX-6 (5-FU, leucovorin and oxaliplatin) with Avastin®/Bevacizumab added. In the experimental arm, leucovorin infusion will be exchanged for Modufolin®, as bolus injection, all else equal.

The recruitment will be made continuously throughout the study. An interim analysis will be conducted after the first circa 200 patients (below). The first circa 200 patients will mainly be recruited from Europe where as the remaining circa 250 patients will be recruited from both Europe and the US.

Clinics and number of patients participating in the study

The estimated number of clinics in Europe that is expected to participate in the study is 40–50[1]. In addition, another 10–20 clinics in the US will participate. Isofol estimates that it will be possible to recruit as many as 200 patients per year when all participating clinics are up and running.

The gene expression study Isofol conducted in patients with mCRC, concluded in 2015/2016, showed a substantial difference in survival rates between patients with high and low gene expression and the difference has been used for the statistical calculations of the study size. The number of patients that is necessary to obtain sufficient statistical power in the pivotal study is estimated to around 450 patients.

1) Sverige, Danmark, Norge, Tyskland, Frankrike, Spanien, Italien, Polen, Grekland, Österrike och Storbritannien.

Endpoints – Efficacy variables measured in the study

The primary endpoint in the pivotal study will be Objective Response Rate (ORR) and the key secondary endpoint will be Progression Free Survival (PFS). ORR measures the proportion of patients with reduction in tumour burden (size or share). ORR is estimated by an independent radiographic laboratory that, without knowing the given treatment (a so called blinded study), examines the tumour burden according to an internationally accepted system (RECIST 1.1). PFS measures time from the start of the treatment until the disease progresses or until the patient dies. Both US and European regulatory authorities have accepted the aforementioned endpoints in a pivotal study in first-line mCRC patients as basis for granting Isofol market approval for Modufolin® given a positive outcome of the study.

The study will have an adaptive design, where depending on the results from the interim analysis, and the number of patients in the study may be increased if deemed necessary to achieve sufficient statistic significance for the end results. The planned interim analysis, after the first circa 200 patients, must be performed by an independent body, a Data Safety Monitoring Board (DSMB), constituted by a small number of international clinical and statistical experts. According to a predefined decision tree, the DSMB will decide if the study should be continued or stopped for futility (if the study deems unable to result in a positive outcome given the observed trends), or continued but with an increased number of patients in order to ensure that the results are statistically significant. Any details apart from this will not be public until after the completion of the study.

Key principal investigators

Isofol has selected two key principal investigators; one in Europe and one in the US.

Prof. Josep Tabernero will be the principal investigator and oversee the research for the European sites. He is also coordinating investigator for the whole study. Prof. Tabernero is head of medical oncology and Director of the Vall d'Hebron Institute of Oncology, Barcelona, Spain. He is also a Member of the European Society for Medical Oncology (ESMO) board and will assume the position as president of the organization between 2018–2019.

Prof. Heinz Josef Lenz will be the principal investigator for the US sites. Prof. Lenz is professor of Medicine, Associate Director for clinical research and co-leader of the gastrointestinal cancer program at the USC Norris Comprehensive Cancer Center, Los Angeles, US. He is also section head of gastrointestinal oncology in the Division of Medical Oncology and co-director of the colorectal center at the Keck School of Medicine of the University of South California, Los Angeles, US.

See section "*Business description – Partnerships & clinical network*" for further information on the two prinicipal investigators.

Schedule

Isofol received approval from the FDA in January 2017 on its IND application and can thereby initiate clinical studies in the US.

Preparation for the start of the 007-study has been initiated during Q1 2017; final design of the study, review of the SPA (Special Protocol Assessment) with the FDA and recruiting of CROs (Contract Research Organizations) is expected to be completed during 2017.

Initiation of recruitment of clinics and patients for the study will commence in Q4 2017. Patients will be treated and followed up in the study until the disease has progressed, which is expected to correspond to a period of approximately ten months per patient.

The planned interim analysis, which is made approximately after the first 200 patients, will be conducted during 2019 and an independent body, a Data Safety Monitoring Board (DSMB), will report its recommendation on whether the study should continue, be stopped or continue with an increased number of patients.

Final results form the pivotal study are estimated to be ready in 2020 with a potential market registration following thereafter.

Budget

The total budget for the pivotal study amounts to around SEK 270m. The cost estimation is based on calculations using 450 patients in total of which 325 in Europe and 125 in the US. The cost is dependent on, among other things: number of patients to be included in the study, drug prices and exchange rates.

SUPPORTING STUDIES

QTc and pharmacokinetic-study (IND-opening study)

Isofol will also perform a phase I clinical study, in healthy volunteers, in order to rule out cardiac effects (measured by ECG) associated with Modufolin® administration. In addition, safety and tolerability of Modufolin® and its metabolites in plasma after bolus injections with different doses will be further identified, thus describing the pharmacokinetic (PK)/pharmacodynamic (PD) profile of the drug. The study is to be conducted under US IND at the Clinical Trials Consultants (CTC) phase I facility at the Uppsala Academic Hospital. The study is anticipated to enroll 33 patients and results are expected the second half of 2017.

1) Sweden, Denmark, Norway, Germany, France, Spain, Italy, Poland, Greece, Austria and the UK.

Thymidylate synthase (TS)-inhibition study

The enzyme TS serves as an important target enzyme during chemotherapy treatment, as described in connection to the description of the ternary complex. See section "*Clinical description – Folates and cancer treatment*" for this description. TS is also enriched in numerous tumour types, which underlines the importance of this enzyme in proliferation and survival of cancer cells. The degree of TS-inhibition achieved is thus an indirect measurement of the antitumoural activity of the drug.

The initiated TS-inhibition study, Modelle-001, will measure the effects of Modufolin® plus 5-FU compared to leucovorin plus 5-FU in inhibiting TS in tumour and adjacent hepatic tissue in patients with healthy liver metastases from colorectal cancer.

In the Modelle-001 study, 24 adult patients with hepatic metastases from colorectal cancer that are to be surgically removed, will receive one intravenous bolus injection of study drug (Modufolin® plus 5-FU or leucovorin plus 5-FU) during surgery. Biopsies from the tumour and adjacent hepatic tissue will be collected and the degree of TS-inhibition achieved both in tumour and healthy hepatic tissue will be measured.

The study is to be performed as an investigator sponsored study by Dr. Helena Taflin at Sahlgrenska University Hospital, Gothenburg. The analysis of TS-activity is to be performed by Prof. Godefridus Peters at the Clinical Research Laboratory of the Department of Medical Oncology from VU University Medical Centre, in Holland. The study results of the Modelle-001 study are expected in 2018.

A future study measuring TS-inhibition in colorectal cancer patients with extensive spreading to the peritoneum is also planned. Administration of the drug, testing and analysis are later conducted in the same way as described for the Modelle-001 study.

ISO-MTX-004

According to an observation study in 116 patients treated for osteosarcoma, conducted by Isofol, approximately 50 percent of all administration cycles for High Dose Methotrexate (HDMTX) were delayed. An important reason for this is that the rescue therapy, the cell-saving therapy with leucovorin that is administered 24–36 hours after the HDMTX treatment, is not effective enough. Isofol believes there is a large medical need to improve it and that Modufolin®, being the active metabolite to which leucovorin is metabolised, could offer a better and more reliable rescue therapy.

In the planned ISO-MTX-004 study, Isofol will investigate the efficacy of Modufolin® in osteosarcoma patients who have shown insufficient effect after standard rescue treatment with leucovorin after HDMTX.

The ISO-MTX-004 study is part of Isofol's development plan for Modufolin® as rescue therapy after HDMTX treatment in osteosarcoma. The study will be an international multicentre study of approximately 15–20 children and adolescents with osteosarcoma. The development of Modufolin® as a rescue therapy in osteosarcoma is supported by the Key Opinion Leaders (KOL) Prof. Mikael Eriksson, Department of Oncology, Lund University Hospital and Prof. Jeremy Whelan, Department of Oncology, UCL Hospitals NHS Foundation Trust, London.

Preparations for starting the 004-study have been initiated during Q1 2017; the final design of the study, communication with regulatory authorities, recruiting of principal investigators and recruiting of CROs (Contract Research Organizations) shall be completed before the study commences at the end of the year. Final results from the study are expected in 2019.

Gene expression – the role of genetics in folate treatment

Isofol will continue its cooperation with Bengt Gustavsson's group at Sahlgrenska University Hospital in order to fortify the world leading position concerning the understanding of the tumour genetics' importance for the treatment effect. Isofol has unique detail knowledge concerning strategically important genetic and biochemical details behind the weaknesses of leucovorin and the advantages of Modufolin®. Therefore, new molecular genetic studies will be conducted and Isofol expects that these will amplify the interest for Modufolin® among scientists and clinics. Such studies are now being designed and additional studies could be initiated once it is deemed motivated. The resources required will fit into current economic plans.

SELECTED FINANCIAL INFORMATION

The tables below present selected financial information obtained from Isofol's audited consolidated financial statements for the fiscal years 2015 and 2016, as well as the unaudited comparative figures for fiscal year 2015, taken from the 2016 Annual Report to improve the comparability of the historical financial information. Unless stated otherwise, no financial information in the Prospectus has been audited or reviewed by the Company's auditor.

The annual report for fiscal year 2016, including comparative figures for fiscal year 2015, was prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). The annual report for fiscal year 2015 was prepared in accordance with the Swedish Annual Accounts Act and the general guidelines of the Swedish Accounting Standards Board, BFNAR 2008:1 Annual Report for small companies.

The figures presented in the Prospectus have been rounded in certain cases, and consequently the tables do not necessarily add up.

The financial information in this section should be read in conjunction with the sections "Comments to the selected financial information," "Capital structure, indebtedness and other financial information" and the Company's financial information, with accompanying notes, that have been incorporated in the Prospectus by reference.

CONSOLIDATED INCOME STATEMENT IN BRIEF

SEK Thousands	2015	2015	2016
Audited	*Audited*	*Unaudited*	*Audited*
Accounting standard	*BFNAR*	*IFRS*	*IFRS*
REVENUES			
Other income	187	187	508
Total revenues	*187*	*187*	*508*
OPERATING COSTS			
Other external costs	–34,889	–34,898	–57,084
Personnel expenses	–5,855	–5,855	–7,113
Depreciation, amortisation and write-downs	–110	–110	–132
Other operating costs	–12	–12	–196
Total operating costs	*–40,866*	*–40,875*	*–64,525*
Operating profit	**–40,679**	**–40,688**	**–64,017**
FINANCIAL ITEMS			
Other interest income	0	–	1
Interest expenses	–1	–1	–2
Net financial items	*–1*	*–1*	*–1*
Profit after financial items	**–40,680**	**–40,689**	**–64,018**
APPROPRIATIONS			
Paid group contributions	–9	–	–
Total appropriations	*–9*	–	–
Profit before tax	**–40,688**	**–40,689**	**–64,018**
Income taxes	–	–	–
Net profit	**–40,688**	**–40,689**	**–64,018**

CONSOLIDATED BALANCE SHEET IN BRIEF

SEK Thousands	2015-12-31	2015-12-31	2016-12-31
Audited	*Audited*	*Unaudited*	*Audited*
Accounting standard	*BFNAR*	*IFRS*	*IFRS*
ASSETS			
Non-current assets			
Concessions, patents, licenses, trademarks	491	491	392
Equipment, tools, fixture and fittings	130	130	171
Interest in group companies	50	n.a.	n.a.
Total non-current assets	*671*	*621*	*563*
Current assets			
Accounts receivable	27	27	17
Receivables from group companies	378	n.a.	n.a.
Other current receivables	1,217	1,218	2,088
Prepaid expenses and accrued income	617	617	1,108
Cash and cash equivalents	7,244	7,294	19,114
Total current assets	*9,482*	*9,156*	*22,327*
Total assets	**10,153**	**9,777**	**22,890**
EQUITY			
Share capital	273	273	322
Ongoing new issue	n.a.	–	10,136
Other contributed capital	132,933	132,556	191,166
Retained earnings	–90,814	–90,819	–131,507
Net profit for the period	–40,688	–40,688	–64,018
Total equity	*1,704*	*1,322*	*6,099*
LIABILITIES			
Accounts payable	5,408	5,408	12,406
Other liabilities	1,177	1,178	611
Accrued expenses and deferred income	1,864	1,869	3,774
Total liabilities	*8,450*	*8,455*	*16,791*
Total equity and liabilities	**10,153**	**9,777**	**22,890**

CONSOLIDATED CASH FLOW STATEMENT IN BRIEF

SEK Thousands	2015-12-31	2015-12-31	2016-12-31
Audited	*n.a.*	*Unaudited*	*Audited*
Accounting standard	*BFNAR*	*IFRS*	*IFRS*
OPERATING ACTIVITIES			
Profit after financial items	*n.a.*	–40,688	–64,018
Adjustments for non-cash items	*n.a.*	110	132
Tax paid	*n.a.*	–	–
Cash flow from operating activities before changes in working capital	*n.a.*	*–40,578*	*–63,886*
Change in working capital			
Increase (-)/Decrease (+) in current receivables	*n.a.*	–617	–1,351
Increase (+)/Decrease (-) in current liabilities	*n.a.*	4,428	8,335
Cash flow from changes in working capital	*n.a.*	*3,811*	*6,984*
Cash flow from operating activities	*n.a.*	**–36,767**	**–56,902**
INVESTING ACTIVITIES			
Investments in tangible fixed assets	*n.a.*	–137	–73
Cash flow from investing activities	*n.a.*	**–137**	**–73**
FINANCING ACTIVITIES			
New issue	*n.a.*	37,876	61,324
Costs related to new issue	*n.a.*	–	–2,643
Ongoing new issue	*n.a.*	–	10,136
Redemption of options	*n.a.*	–	–22
Dividend paid	*n.a.*	–	–
Cash flow from financing activities	*n.a.*	**37,876**	**68,795**
Cash flow for the period	*n.a.*	**972**	**11,820**
Cash and cash equivalents at the beginning of the period	*n.a.*	6,322	7,294
Cash and cash equivalents at end of the period	*n.a.*	**7,294**	**19,114**

KEY PERFORMANCE INDICATORS

*The Prospectus contains certain alternative indicators that are not defined or specified under IFRS or BFNAR ("**Alternative Key Performance Indicators**"). Isofol believes that some investors, securities analysts and other stakeholders use the Alternative Key Performance Indicators as a supplementary measure of earnings performance and financial position. Unless otherwise stated, the Alternative Key Performance Indicators have not been audited and should not be considered individually or as an alternative to key performance indicators prepared in accordance with IFRS or BFNAR. In addition, the Key Performance Indicators, as defined by Isofol, should not be compared with other key performance indicators with similar names that are used by other companies because the Alternative Key Performance Indicators are not always defined the same way and other companies may have calculated them differently than Isofol.*

	2015	2015	2016
Accounting standard	*BFNAR*	*IFRS*	*IFRS*
PERFORMANCE MEASURES DEFINED BY IFRS OR BFNAR			
Number of employees	6	6	6
Number of shares	27,332	27,332	16,093,500[1)]
ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS OR BFNAR			
Equity ratio (%)	16.8	13.5	26.6

1) Number of shares is presented after the split, which was decided at the General Meeting on December 21, 2016, to improve comparability with the new issue being conducted as part of the Offering. The split of the Company's shares was registered with the Swedish Companies Registration Office in January 2017, and was conducted under the terms 500:1. As of December 31, 2016, the Company had 32,187 shares outstanding (before split).

DEFINITIONS OF KEY PERFORMANCE INDICATORS

Number of shares
Number of outstanding shares at the end of the period.

Number of employees
Average number of full-time employees during the period.

Equity ratio
Equity divided by total assets at end of period. The equity ratio is presented because the Company believes it is commonly used by some investors, securities analysts and other stakeholders as a measure of companies' financial position. The Company believes that the equity ratio helps investors understand the Company's financial position at the end of the period.

COMMENTS TO THE SELECTED FINANCIAL INFORMATION

The financial information in this section should be read in conjunction with the sections *"Selected financial information," "Capital structure, indebtedness and other financial information"* and the Company's financial information, with accompanying notes, that have been incorporated in the Prospectus by reference.

INCOME STATEMENT

COMPARISON BETWEEN FISCAL YEARS 2016 AND 2015 (IFRS)

Amounts without parentheses refer to fiscal year 2016 and amounts in parentheses refer to fiscal year 2015.

Operating income

Isofol is a development company whose drugs are still in the development stage. Consequently, the Company has no sales revenue to report for fiscal year 2016, which is similar to the previous fiscal year. Other operating income amounted to SEK 508 thousand (187 thousand), representing an increase of SEK 321 thousand or 171.7 percent. The increase is attributable to rent paid by the Company in 2016 for its premises which was then invoiced as rental cost for the year. Occupancy of the premises took place in August 2015.

Other external expenses

Other external expenses amounted to SEK –57,084 thousand (–34,898 thousand), representing an increase of SEK 22,186 thousand or 63.6 percent. The increase is mainly attributable to the production of Modufolin® as well as higher consulting fees during the year, where the exit agreement of 19,124 thousand is included. For more information about the exit agreement, see section "*Legal considerations and supplementary information – Related party transactions*".

Personnel expenses

The Company's personnel expenses amounted to SEK –7,113 thousand (–5,855 thousand), representing an increase of SEK 1,258 thousand or 21.5 percent. During fiscal year 2015 the number of employees grew from three to six, an increase that mainly occurred in May. In fiscal 2016, the number of employees remained unchanged (six employees).

Depreciation and amortization

Depreciation and amortization of property, plant and equipment and intangible assets during the period Wassel –132 thousand (–110 thousand), representing an increase of SEK 22 thousand or 20.0 percent. The increase is primarily attributable to purchases of office furnishings. All depreciation and amortization relate to property, plant, and equipment.

Operating profit/loss (EBIT)

The Company's operating loss amounted to SEK 64,017 thousand (loss: 40,688 thousand), representing an increase of SEK 23,329 thousand or 57.3 percent.

Financial items

Net financial items totaled SEK –1 thousand (–1 thousand) and therefore remained unchanged between fiscal years 2015 and 2016.

Loss before taxes

The Company's loss before taxes amounted to SEK 64,018 thousand (loss: 40,689 thousand), representing a change of SEK 23,329 thousand or 57.3 percent. The Company has no tax expense because it did not show any profit during the compared fiscal years.

ASSETS

Balance sheet items without parentheses refer to fiscal year 2016 and amounts in parentheses refer to fiscal year 2015.

COMPARISON BETWEEN FISCAL YEARS 2016 AND 2015 (IFRS)

Total assets

The Company's total assets as at December 31, 2016 amounted to SEK 22,890 thousand (9,777 thousand), representing an increase of SEK 13,113 thousand or 134.1 percent. Of the total assets, SEK 563 thousand (621 thousand) relate to non-current assets and SEK 22,327 thousand (9,156 thousand) relate to current assets.

Non-current assets

As at December 31, 2016, the Company's non-current assets of SEK 392 thousand (491 thousand) comprised intangible assets and SEK 171 thousand (130 thousand) property, plant, and equipment.

Current assets

The Company's current assets as at December 31, 2016 of SEK 19,114 thousand (7,294 thousand) comprised cash and cash equivalents, SEK 2,088 thousand (1,218 thousand) other receivables, SEK 1,108 thousand (617 thousand) prepayments and accrued income and SEK 17 thousand (27 thousand) accounts receivable.

EQUITY AND LIABILITIES

Balance sheet items without parentheses refer to fiscal year 2016 and amounts in parentheses refer to fiscal year 2015.

COMPARISON BETWEEN FISCAL YEARS 2016 AND 2015 (IFRS)

Equity

Equity as at December 31, 2016 amounted to SEK 6,099 thousand (1,322 thousand), representing an increase of SEK 4,777 thousand or 361.3 percent, primarily attributable to share issues.

Total liabilities

The Company's total Liabilities as at December 31, 2016 amounted to SEK 16,791 thousand (8,455 thousand), corresponding to an increase of SEK 8,336 thousand or 98.6 percent. Current liabilities accounted for all liabilities.

Current liabilities

Current liabilities as at December 31, 2016 of SEK 12,406 thousand (5,408 thousand) comprised accounts payable, SEK 3,774 thousand (1,869 thousand) accrued expenses and prepaid income and SEK 611 thousand (1178 thousand) other liabilities.

CASH FLOW

Amounts without parentheses refer to fiscal year 2016 and amounts in parentheses refer to fiscal year 2015.

COMPARISON BETWEEN FISCAL YEARS 2016 AND 2015 (IFRS)

Cash flow from operating activities

Cash flow from operating activities in 2016 amounted to SEK –56,902 thousand (SEK –36,767 thousand), representing a change of SEK –20,135 thousand or 54.8 percent. The change is primarily driven by cost developments in the Company; please refer to the section "*Comments to the selected financial information – Income statement – Other external expenses"* for more information. However, Isofol improved its working capital by SEK 3,174 thousand in 2016.

Cash flow from investing activities

Cash flow from investing activities in 2016 amounted to SEK –73 thousand (SEK –137 thousand), representing a change of SEK 64 thousand or 46.7 percent. The change is attributable to lower investments in property, plant, and equipment.

Cash flow from financing activities

Cash flow from financing activities in 2016 amounted to SEK 68,795 thousand (SEK 37,876 thousand), representing an increase of SEK 30,919 thousand or 81.6 percent. The Company raised a total of SEK 61,324 thousand through share issues in 2016 and is in the process of raising SEK 10,136 thousand in a current share issue. In 2015 the Company raised a total of SEK 37,876 thousand in two share issues. The difference in cash flow from financing between the compared years is due to these share issues.

CAPITAL EXPENDITURE

CAPITAL EXPENDITURE IN FISCAL YEAR 2015

The Company's capital expenditure in fiscal year 2015 totaled SEK 137 thousand and is attributable to expenditure on property, plant, and equipment. All capital expenditure was spent in Sweden and funded by equity. The majority of the Company's expenses are related to research and development. These costs are expensed as incurred and therefore not classified as investments.

CAPITAL EXPENDITURE IN FISCAL YEAR 2016

The Company's capital expenditure in fiscal 2016 totaled SEK 73 thousand and is attributable to expenditure on property, plant, and equipment. All capital expenditure was spent in Sweden and funded by equity. The majority of the Company's expenses are related to research and development. These costs are expensed as incurred and therefore not classified as investments.

ONGOING AND APPROVED CAPITAL EXPENDITURE

Other than the planned studies, the Company has no ongoing or planned capital expenditure.

TRENDS IN THE COMPANY'S OPERATIONS

Isofol's expenses have increased over the past few fiscal years in line with increased clinical activity, which is expected to continue when Isofol implements the clinical development plan for Modufolin®.

Other than what is stated in the Prospectus, as far as the Board of Directors is aware, there are no known trends uncertainties, potential claims or demands, commitments or events that can be expected to have a material impact on the Company's future prospects.

Nor is Isofol aware of any public, financial, fiscal, monetary or other political measures that, directly or indirectly, materially affected or could materially affect the Company's business. However, the Company's operations are associated with risks. The "Risk Factors" section presents a number of general risk factors that are considered relevant for Isofol's business, financial condition and results of operations.

SIGNIFICANT EVENTS DURING FISCAL YEARS 2015 AND 2016

- In fiscal year 2015, the Company raised approximately SEK 38 million in equity as a result of two share issues and redemption of outstanding warrants.
- In May 2015 Isofol's patent no. 12/805.287 was approved by the United States Patent and Trademark Office. The patent covers the use and chemical composition of Modufolin® ([6R]-5,10-methylene-tetrahydrofolate, MTHF) in the reduction of toxicity arising in connection with chemotherapy.
- In fiscal year 2016, the Company raised approximately SEK 61 million as a result of three share issues in February, March and November.
- In April 2016 Isofol met with both the US Food and Drug Administration (FDA) and the European Medicines Administration (EMA). The authorities were postitive to the setup of Isofol's planned study on the effects of Modufolin® on colorectal cancer and concluded, under the condition of a positive outcome, that the study could become a registration study. This would result in a several-year time gain, a large cost saving and an opportunity for Isofol to obtain market approval for Modufolin®.
- In 2016 Isofol entered a supplementary agreement to the exit agreement entered in 2014. This agreement resulted in a one time compensation to Jan-Eric Österlund, Anders Vedin and Lars Lind, amounting to circa SEK 19 million, to be paid through a new issue of shares, whereof SEK 10 million is registered as a libility in the Company's balance sheet.

SIGNIFICANT EVENTS SINCE DECEMBER 31, 2016

- In January 2017 Isofol announced that the US Food and Drug Administration had completed its review of the Company's application for start of clinical trials in the US (*Investigational New Drug,* IND) and announced that the first proposed clinical study with Modufolin® as an IND could begin.
- In January 2017 there was a 500:1 stock split of the Company's shares.
- The remaining portion (SEK 10 million) of the one time compensation, as part of the agreement with Jan-Eric Österlund, Anders Vedin and Lars Lind, was paid through a new issue of shares.

CAPITAL STRUCTURE, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The tables in this section show the Company's capitalization and indebtedness on the Group level as of December 31, 2016. The tables in this section should be read in conjunction with the sections "Selected financial information," "Comments to the selected financial information," and the Company's financial information, with accompanying notes, that have been incorporated in the Prospectus by reference.

CAPITAL STRUCTURE

The table below presents a summary of Isofol's capital structure as of 31 December 2016 (before the Offering). The table only includes interest bearing liabilities.

SEK Thousands	2016-12-31
Current debt (including current portion of non-current debt)	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	16,791
Total current debt	*16,791*
Non-current debt	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	–
Total non-current debt	–
Total current and non-current debt	**16,791**
Equity	
Share capital	322
Other contributions	201,302
Other reserves	–
Retained earnings	–195,525
Total equity	**6,099**

NET INDEBTEDNESS

The table below presents a summary of Isofol's net indebtedness as of 31 December 2016 (before the Offering). The table only includes interest bearing liabilities.

TSEK		2016-12-31
(A)	Cash	–
(B)	Cash equivalents	19,114
(C)	Trading securities	–
(D)	*Liquidity (A) + (B) + (C)*	*19,114*
(E)	Current financial receivables	3,214
(F)	Current bank debt	-
(G)	Current portion of non-current debt	-
(H)	Other current debt	-
(I)	*Current debt(F) + (G) + (H)*	-
(J)	**Net current financial indebtness (I) – (E) – (D)**	**–22,328**
(K)	Non-current bank loans	–
(L)	Bonds issued	–
(M)	Other non-current debt	–
(N)	*Non-current financial indebtness (K) + (L) + (M)*	–
(O)	**Net indebtness (J) + (N)**	**–22,328**

TANGIBLE FIXED ASSETS

The Company's property, plant, and equipment consist solely of equipment and totaled SEK 171 thousand (130 thousand) as at December 31, 2016. The Company has no significant property, plant, or equipment.

INTANGIBLE FIXED ASSETS

The Company's intangible assets consist solely of patents and totaled SEK 392 thousand (491 thousand) as at December 31, 2016. The value of the Company's patents is based on the cost of the patents, with an amortization period of ten years.

WORKING CAPITAL STATEMENT

The Board of Directors believes that the existing working capital, prior to completion of the Offering, is not sufficient for the Company's current needs for the next twelve months, given the current business, research and development plan. The Company's working capital requirement for the coming twelve month period amounts to circa SEK 60 million. The existing working capital is expected to last until the end of May 2017.

The working capital requirement for the period through completion of the pivotal study for Modufolin® (ISO-CC-007) amounts to approximately SEK 410 million and the Company expects to meet this need through the new issue of shares that is part of the Offering and through the Company´s cash balance, which is expected to amount to circa SEK 6 million before the Offering. The share issue is expected to raise SEK 402–455 million after transaction costs depending on the extent to which the Over-allotment Option is exercised.

With regard to the Company's working capital requirement, the Board has decided to condition the completion of the Offering and listing on Nasdaq First North Premier to the Offering raising a minimum of SEK 275 million after transaction costs. If the interest in the Offering is not sufficient to meet this minimum requirement, the Offering will be withdrawn and the Company's share will not listed on Nasdaq First North Premier.

In the event that the Offering is completed, but the Offering is not fully subscribed, the Company may adjust the pace or scope of the research and development plan. The company might choose to divide the pivotal registration study into two parts and postpone certain studies that are not required by the authorities for market registration of Modufolin®.

In the event that the Offering is not completed, the Company may be forced to seek alternative funding sources in the form of, for example, a rights issue, a private placement or long-term debt financing from existing or new investors. The Board believes that any of these solutions would be feasible.

CONDITIONS FOR PROFITABILITY

Isofol is a clinical stage pharmaceutical company. The pivotal study for Moduflin® is expected to be completed in 2020 with a potential market registration afterwards. Isofol intends thereafter to sell or license the product to a larger company in order to get the product on the market, which is expected to create preconditions for profitability. When and if Isofol reaches profitability is dependent on a market approval of Modufolin®, sales volume, selling price and the Company's cost base.

SHARE CAPITAL AND OWNERSHIP STRUCTURE

GENERAL INFORMATION

Under the Company's Articles of Association, share capital shall comprise a minimum of SEK 500,000 and a maximum of SEK 2,000,000 divided into a minimum of 15,000,000 and a maximum of 60,000,000 shares. As of the date of this Prospectus, the Company's share capital is SEK 513,660 and the number of shares is 16,776,500. Each share has a par value of SEK 0.0389[1]. The shares of the Company are of the same class and are issued in accordance with Swedish law and are denominated in Swedish kronor (SEK). The shares are fully paid and freely transferable.

At the Annual General Meeting on February 22, 2017, the meeting resolved to authorize the Board of Directors, on one or more occasions during the period until the next Annual General Meeting, with or without preferential rights for shareholders, to resolve to issue a maximum of 20 million shares and in the event the issue is oversubscribed, it will be possible to carry out an additional share issue, whereby the Company may issue a maximum of three million shares. The issue decision may be made against payment in cash and/or in kind or set-off or subscription may occur under other terms and conditions. The Board will, pursuant to the authorization, make a decision on the new issue of shares, as stated in the Offer. The present issue of new shares, assuming full acceptance of the Offering and if the Over-allotment Option is fully exercised, will cause the Company's share capital to increase by SEK 499,401 and the number of shares will increase by 16,310,800 shares. For existing shareholders who do not participate in the issue of new shares, this will entail a dilution of approximately 49.3 percent.

CERTAIN RIGHTS ASSOCIATED WITH THE SHARES

The shares in Isofol have been issued in accordance with the Swedish Companies Act (2005:551), and the rights associated with shares issued by the Company, including those pursuant to the Articles of Association, may only be amended in accordance with the procedures set out in this Act.

Each Share carries one (1) vote at the Company's General Meeting. Each shareholder entitled to vote may vote at the General Meeting for all shares held and represented by him or her. Each share carries equal rights to the Company's assets and profits. In the event of liquidation of the Company, shareholders are entitled to a share of the surplus in proportion to the number of shares held by the shareholder. No restrictions exist regarding the transfer of shares.

Shareholders usually have preferential rights to subscribe for new shares, warrants and convertible bonds in accordance with the Companies Act unless the General Meeting or the Board of Directors, pursuant to authorization by the General Meeting, decide on deviation from shareholders' preferential rights.

CENTRAL SECURITIES DEPOSITORY

Isofol is affiliated with Euroclear's account-based securities system, for which reason no physical share certificates will be issued. The person entered in the share register kept by Euroclear shall be entitled to all share-related rights. The ISIN code of the share is SE0009581051.

OTHER

The Company's shares will not be subject to any offer due to a mandatory offering, redemption right or sell-out obligation. No public takeover offers have been made for the Company's shares in the current or preceding fiscal year.

1) The quota value of the share is calculated as 513,660 divided by 16,766,500 = SEK 0.03.

SHARE CAPITAL HISTORY

The Company's share capital has changed since 2008 as shown in the table below.

Year	Event	Change in number of shares	Total number of shares	Change in share capital (SEK)	Total share capital (SEK)	Par value (SEK)
2008	Formation	10,000	10,000	100,000	100,000	10
2008	New share issue	909	10,909	9,090	109,090	10
2008	New share issue	1,091	12,000	10,910	120,000	10
2009	New share issue	240	12,240	2,400	122,400	10
2010	New share issue	450	12,690	4,500	126,900	10
2011	New share issue	381	13,071	3,810	130,710	10
2012	New share issue	822	13,893	8,220	138,930	10
2012	New share issue	1,470	15,363	14,700	153,630	10
2012	New share issue	650	16,013	6,500	160,130	10
2013	New share issue	1,600	17,613	16,000	176,130	10
2013	New share issue	2,331	19,444	23,310	199,440	10
2014	Exchange of warrants	800	20,744	8,000	207,440	10
2014	New share issue	1,243	21,987	12,430	219,870	10
2014	New share issue	889	22,876	8,890	228,760	10
2015	New share issue	2,078	24,954	20,780	249,540	10
2015	New share issue	150	25,104	1,500	251,040	10
2015	Exchange of warrants	2,228	27,332	22,280	273,320	10
2016	New share issue	3,000	30,332	30,000	303,320	10
2016	New share issue	323	30,655	3,230	306,550	10
2016	New share issue	1,532	32,187	15,320	321,870	10
2017	Nyemission[1)]	1,366	33,553	13,660	335,530	10
2017	Split of shares[2)]	N/A	16,776,500	N/A	335,530	0.02
2017	Bonus issue	N/A	16,776,500	178,130	513,660	0.03

1) Corresponding to 683,000 shares after split. Refers to compensation under an exit agreement that the Company entered into with Jan-Eric Österlund, Anders Vedin and Lars Lind. The agreement is described in the section "*Legal considerations and supplementary information – Related-party transactions*".
2) Decision on share split was taken at the General Meeting on December 21, 2016, but was registered with the Swedish Companies Registration Office in January 2017. The split of the Company's shares was conducted under the terms 500:1.

OWNERSHIP STRUCTURE

Isofol had circa 100 shareholders on December 31, 2016. The largest shareholders on December 31, 2016 can be seen in the table below. Number of shares in the table below refers to ownership after the share split which was decided at the General Meeting on December 21, 2016 but registered with the Swedish Companies Registration Office in January 2017. The split of the Company's shares was conducted under the terms 500:1.

Shareholder	Number of shares	Number of number of shares and votes
Biofol AB [1)]	3,172,500	19.71
Yield Life Science AB[2)]	2,466,500	15.33
Recipharm Venture Fund AB	696,500	4.33
Urus AB	600,000	3.73
Christina Enoksson	435,500	2.71
Toftnäs Förvaltning AB	435,500	2.71
Lars Lind	432,000	2.68
Ulf Tuneld	390,000	2.42
Sune Svedberg	376,000	2.34
Tellort Capital AB	315,000	1.96
Other shareholders	6,774,000	42.08
Total	**16,093,500**	**100**

1) Biofol has since December 31, 2016 entered an agreement to acquire 214,139 additional shares with Pro Value AB and the two Board members Anders Vedin and Lars Lind and/or companies owned by them. According to the agreement Biofol will gain possession of the shares on March 24, 2017. In addition, Biofol has received 15,732 shares due to share distribution from Yield.
2) On the Extraordinary General Meeting on the March 15 2017, Yield decided on a dividend of 60 percent of Yield's holdings in Isofol to Yield´s circa 2,400 shareholders.

After December 31, 2016 each of the three directors Jan-Eric Österlund, Anders Vedin and Lars Lind, through companies, was allocated a total of 683,000 shares (1,366 shares before the split) after the decision on a directed share issue taken at the General Meeting of Shareholders on December 21, 2016. The directed share issue relates to compensation under an exit agreement that the Company entered into with Jan-Eric Österlund, Anders Vedin and Lars Lind, which is described in the section "*Legal considerations and supplementary information – Related-party transactions*". Through the directed share issue, the company belonging to Jan-Eric Österlund received 362,000 shares, the company belonging to Anders Vedin received 287,000 shares and the company belonging to Lars Lind received 34,000 shares.

SHAREHOLDER AGREEMENTS, ETC.

The Company's shareholders have entered into a shareholder agreement. However, the shareholder agreement will automatically expire upon completion of a listing on Nasdaq First North Premier. Other than this, as far as the Board of Directors is aware, there are no other shareholders' agreements between the Company's shareholders with the aim of jointly controlling the Company. In addition, as far as the Board of directors is aware, there are no other agreements or similar arrangements that may lead to a change of control in the Company.

DIVIDEND POLICY AND DIVIDEND

Isofol is a growth company and no dividend is planned over the next few years. In the future, when the Company's earnings and financial position so permit, share dividends may arise.

Decisions on distribution of profits are taken by the Annual General Meeting and payment is handled by Euroclear. Dividends may only be paid to such an amount that there is full coverage for the Company's restricted equity after the payment, and only if the payment is considered defensible considering (i) the requirements imposed by the business, scope and risks on the size of the equity, and (ii) the needs of the Company and the Group regarding consolidation, liquidity and financial position (so called prudence rule). As a general rule, the shareholders may not declare dividends in an amount higher than that proposed or approved by the Board of Directors.

Only those who are holders of shares and registered in the share register held by Euroclear on the record date determined by the general meeting are entitled to a possible dividend. If a shareholder cannot be reached to receive the dividend, the shareholder's claim on the Company in respect of the dividend payment will remain and is limited only by general rules of limitation. Upon the expiry of the period of limitation, the entire amount shall pass to the Company. The Company does not apply any restrictions or special procedures regarding the right to cash dividends for shareholders resident outside Sweden. With the exception of any restrictions imposed by the banking and clearing systems, payment is made in the same manner as for shareholders resident in Sweden. Shareholders who are not residing in Sweden for tax purposes are usually still subject to Swedish withholding tax; please refer to the section *"Tax considerations in Sweden"*.

SHARE-BASED INCENTIVE PROGRAMS

The Company resolved at the Extraordinary General Meeting on December 18, 2012 to set up an incentive program based on warrants and employee stock options for the Board of Directors and employees. A total of 940,000 warrants (after split) were issued, entitling holders to subscribe for a maximum of 940,000 shares. As of the date of this Prospectus individuals had subscribed for 625,000 warrants and 130,000 employee stock options. No additional warrants will be subscribed for under the program. Full exercise of the warrants will result in a total dilution of a maximum of approximately 4.3 percent of share capital and number of votes, based on the number of shares as of the date of this Prospectus. Under the terms of the incentive program, any change in the number of shares due to a bonus issue, rights issue of shares, warrants and convertible debt instruments as well as the reduction of share capital by repayment to shareholders will require restatement of the number of warrants and the exercise price.

The subscription price for shares subscribed with warrants shall be SEK 17 per share. The premium for a warrant was SEK 2.84, while employee stock options were free of charge (no premium). Subscription of shares may take place from January 24, 2013 to January 24, 2018. Assuming full exercise of the warrants the Company's share capital will increase by SEK 23,131.

LOCK-UP

Shareholder who jointly own a total of approximately 14 million shares in the Company have entered into an agreement with Pareto Securities and undertaken not to directly or indirectly sell shares in the Company within a period of 360 days from the first day of trading on Nasdaq First North Premier without in each case obtaining written approval from Pareto Securities. Exceptions to lock-up may be permitted under the terms of (and as an acceptance of) a public takeover offer under the Stock Market (Takeover Bids) Act (SFS 2006:451). The Company's principal owner, Yield, has the right during the lock-up period to distribute and/or transfer shares to its shareholders. A number of Yield's shareholders who own or who through distribution from Yield during the period may come to own more than 30,000 shares of the Company have entered into a similar lock-up commitment to the Company's shareholders. In all, approximately 14 million shares are covered by the lock-up, corresponding to approximately 84 percent of all shares prior to the Offering and approximately 42 percent of shares after the Offer assuming full acceptance of the Offering and if the Over-allotment Option is exercised in full.

TRADING IN SHARES

The Board of Directors of Isofol has applied for listing of Isofol's shares on Nasdaq First North Premier. One of the aims of the forthcoming Offering is to broaden share ownership in Isofol. The preliminary first day of trading is April 4, 2017. Isofol's share will be traded under the ticker symbol ISOFOL.

ARTICLES OF ASSOCIATION

Adopted at the Extraordinary General Meeting on December 21, 2016.

1 § Name
The name of the Company is Isofol Medical AB (publ).

2 § Registered office
The Board of Directors shall have its registered office in Gothenburg Municipality, Västra Götaland County.

3 § Object of the company's business
The object of the Company's business is to engage in research and development of medical devices and pharmaceuticals, consulting services in the fields of pharmaceuticals and medical devices, and other compatible business activities.

4 § Share capital
The share capital shall comprise a minimum of five hundred thousand kronor (SEK 500,000) and a maximum of two million kronor (SEK 2,000,000).

5 § Shares
There shall be a minimum of fifteen million (15,000,000) and a maximum of sixty million (60,000,000) shares in the company.

6 § Board of directors
The Board of Directors shall comprise a minimum of three (3) and a maximum of nine (9) members, with a maximum of three (3) deputies. Members and deputies are appointed at the Annual General Meeting for the period until the end of the next Annual General Meeting.

7 § Auditor
The Annual General Meeting shall appoint one or two auditors, with or without deputy auditors, to examine the Company's annual report and accounts, as well as the administration of the Board of Directors and the Chief Executive Officer.

8 § Notice convening general meetings
Notice convening the Annual General Meeting shall be issued no earlier than six weeks and no later than four weeks before the Annual General Meeting.
Notice convening an Extraordinary General Meeting that does not address the Articles of Association may be issued no earlier than six weeks and no later than two weeks before the Extraordinary General Meeting.

Notice of general meetings shall be made through an announcement in Post- och Inrikes Tidningar and on the Company's website. It shall also be advertised in the Swedish business daily, Dagens Industri, that a meeting has been announced.

9 § General Meetings
The Annual General Meeting (AGM) is held annually within six months of the financial year.

The following business shall be addressed at Annual General Meetings:

1. Election of the Chairman of the Annual General Meeting
2. Preparation and approval of the voting list;
3. Election of individuals to approve the minutes of the meeting;
4. Determination of whether the meeting was duly convened;
5. Approval of the agenda.
6. Presentation of the annual accounts and auditor's report.
7. Adoption of the income statement and the balance sheet.
8. Resolutions regarding allocation of the Company's profits or losses in accordance with the adopted balance sheet.
9. Resolutions regarding discharge of the members of the Board of Directors and the chief executive officer from liability.
10. Determination of fees for members of the Board of Directors and the auditor.
11. Election of the Board members, and where relevant, auditors and deputy auditors.
12. Any other matters to be considered by the General Meeting according to the Swedish Companies Act or the Articles of Association.

10 § CSD clause
The Company's shares shall be registered in a central securities depository register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479).

11 § Financial year
Bolagets räkenskapsår skall omfatta tiden 1 januari till och med 31 december.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

BOARD OF DIRECTORS

According to Isofol's Articles of Association, the Board of Directors shall comprise a minimum of three (3) and a maximum of nine (9) members, with a maximum of three (3) deputies. The Company's Board of Directors currently has six (6) members with no deputies. The Board of Directors has its registered office in Gothenburg Municipality. Members are appointed for the period until the end of the 2017 Annual General Meeting.

Name	Position	Year of birth	Elected	Holdings[1)]	Independent in relation to the Company and its management	Independent in relation to larger shareholders
Jan-Eric Österlund	Chairman of the board	1945	2012	625,000	No	Yes
Bengt Gustavsson	Board member	1947	2008	3,417,371[2)]	Yes	No
Anders Vedin	Board member	1942	2013	235,247[3)]	No	Yes
Lars Lind	Board member	1941	2008	466,201[4)]	Yes	Yes
Ulf Jungnelius	Board member	1951	2010	–	Yes	Yes
Jonas Pedersén	Board member	1969	2011	–	Yes	Yes

1) Refers to personal holdings and holdings of related individuals and legal entities on the date of the Prospectus approval.
2) Including purchase of 214,139 shares, which will be allotted on March 24, 2017 and 15,732 shares received after share distribution from Yield.
3) Transfer of 63,140 shares, which will be allotted to the buyer on March 24, 2017, has been considered.
4) Transfer of 60,999 shares, which will be allotted to the buyer on March 24, 2017, has been considered. Including 61,200 shares received after share distribution from Yield.

Jan-Eric Österlund

Chairman of the board since 2012.

Year of birth: 1945.

Education: MSc in Engineering, Chalmers University of Technology, and B.A. in business administration, statistics and economics, Uppsala University.

Other directorships: Director and Chairman MVSC Holding Sweden AB and MVI Equity AB. Director and Vice Chairman, Council of Lutheran Churches, UK. Director MVI Fund I AB, Enkam Pharmaceuticals A/S, Denmark and Swedish Benevolent Trust Ltd, UK.

Previous directorships (last five years): Director and Chairman, Inn and Out Ltd (catering company). Elected representative, Swedish Church in London.

Holdings: 625,000 shares and 0 warrants.

Bengt Gustavsson

Director since 2008.

Year of birth: 1947.

Education: MD, PhD, University of Gothenburg. Associate Professor of Surgery at the University of Gothenburg.

Other directorships: Director at Anna-Lisa och Bror Björnssons forskningsstiftelse and at Ehrenströmska forskningsstiftelsen.

Previous directorships (last five years): Professor of Surgery at the Sahlgrenska University Hospital. University Hospital Chief Physician with responsibility for the R&D unit at kir clinic SU/East.

Holdings private and through companies: 3,417,371[1)] shares and 50,000 warrants.

1) Including purchase of 214,139 shares. According to purchase agreement allotment will occur on March 24, 2017. Including 15,732 shares received after share distribution from Yield.

Anders Vedin

Director since 2013.

Year of birth: 1942.

Education: Studies in mathematics, physics and statistics at Chalmers and University of Gothenburg; MD, University of Gothenburg, Associate Professor in Internal Medicine, University of Gothenburg.

Other directorships: Director and Chairman IRLAB Therapeutics AB, IRL 752 AB, IRL 790 AB, IRL 626 AB and Integrative Research Laboratories Sweden AB. Director Vedicus AB, Vedicon A AB and QuiaPEG; Deputy Director Pharmaceuticals Vedicon Å AB.

Previous directorships (last five years): Director and Chairman Cewatech AB and Lund University Bioscience. Director MD Pharma AB.

Holdings through companies: 235,247[1)] shares and 0 warrants.

Lars Lind

Director since 2008 (Chairman of the Board 2008–2012).

Year of birth: 1941.

Education: M.Sc. Econ. at Gothenburg School of Business, Economics and Law.

Other directorships: Director and Chairman Lars Lind Holding AB. Director Yield Life Science AB.

Previous directorships (last five years): Director Dermafol AB. Deputy Director North Sea Group AB.

Holdings private and through companies: 466,201[2)] shares and 118,750 warrants.

Ulf Jungnelius

Director since 2010.

Year of birth: 1951.

Education: MD. Specialist in Oncology, Karolinska Institutet.

Other directorships: Director Oncopeptide AB, Monocl AB and Biovica AB. Chief Medical Officer Vaximm AG and Noxxon AG.

Previous directorships (last five years): Director Mesothelioma Applied Research Foundation. VP CRD Celgene Corporation.

Holdings: 0 shares and 100,000 warrants.

Jonas Pedersén

Director since 2011.

Year of birth: 1969.

Education: Executive MBA, Stockholm School of Economics and PhD at Faculty of Medicine, Umeå University.

Other directorships: Chief Executive Officer and Director Deallus Consulting Ltd. Chief Executive Officer Crebena AB. Deputy Prolegal AB.

Previous directorships (last five years): Chairman of the Board Camurus AB.

Holdings: 0 shares and 100,000 warrants.

1) Transfer of 63,140 shares, which will be allotted to the buyer on March 24, 2017, has been considered.
2) Transfer of 60,999 shares, which will be allotted to the buyer on March 24, 2017, has been considered. Including 61,200 shares received after share distribution from Yield.

SENIOR EXECUTIVES

The table below lists the names, position, year of birth, years of employment and shareholdings of the Company's senior executives.

Name	Position	Year of birth	Employed since	Holdings[1)]
Anders Rabbe	Chief Executive Officer	1970	2010	32,613
Karin Ganlöv	Chief Medical Officer	1964	2015	–

1) Refers personal holdings and holdings of related individuals and legal entities.

Anders Rabbe

CEO since 2010.

Employed since 2010.

Year of birth: 1970.

Education: B.A. in Economics, Webster University, (St. Louis) Geneva Branch, Switzerland.

Other directorships: Director Baricol Bariatrics AB, Brain Bridge Commerce AB, Investment Aktiebolaget Akkumula, Albonja AB and Forest Road Investment AB.

Previous directorships (last five years): Director Anbudsbilse AB, Deer Mountain Golf AB and Fond & Finans Asset Management i Norden AB.

Holdings private and through companies: 32,613 shares and 200,000 warrants.

Karin Ganlöv

Chief Medical Officer since 2015.

Employed since 2015.

Year of birth: 1964.

Education: MD, Lund University. Specialist in Thoracic Surgery.

Other directorships: –

Previous directorships (last five years): Medical Director Mölnlycke Healthcare AB.

Holdings: 0 shares and 50,000 warrants.

OTHER INFORMATION ABOUT THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

All of Isofol's Directors and senior executives can be reached at Isofol's address, Arvid Wallgrens Backe 20, SE-413 46 Gothenburg, Sweden.

No director or senior executive has been convicted in a fraud-related case over the past five years. No one on the Board of Directors or senior management have been involved in bankruptcy, receivership or liquidation proceedings over the past five years. None of the Company's directors or senior executives has been the subject over the past five years of accusations or sanctions by statutory or regulatory authorities (including recognized professional bodies), or disqualified by a court from acting as a member of an issuer's administrative, management or supervisory bodies or from holding an executive or management position with an issuer. There are no family ties between any of the Directors or senior executives. As described in the section "Legal considerations and supplementary information" no Director or senior executive has any private interests that could conflict with Isofol's interests. As can be seen above, however, several Directors and senior executives have economic interests in the Company through shareholdings.

AUDITORS

KPMG AB (Norra Hamngatan 22, SE-404 39 Gothenburg, Sweden) has been the Company's auditor since the Extraordinary General Meeting on December 21, 2016, with Jan Malm as principal auditor. Malm (born 1960) is an authorized public accountant and a member of FAR (professional association for authorized public accountants in Sweden).

Up until the Extraordinary General Meeting on December 21, 2016 Ronny Kristiansson (Partille Revision AB, Industrivägen 2, SE-433 61 Sävedalen, Sweden) was the Company's auditor. Ronny Kristiansson is an authorized public accountant and a member of FAR (professional association for authorized public accountants in Sweden). The change of auditor from Ronny Kristiansson to KPMG was the result of a tender for audit services that the Company conducted.

REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

For fiscal year 2016 SEK 532 thousand was paid in Board fees to the Board of Directors. For audit services and other services during fiscal year 2016 SEK 276 thousand was paid to Partille Revision AB and KPMG AB.

The table below presents an overview of remuneration to the Chief Executive Officer and other senior executives for fiscal year 2016.

REMUNERATION IN 2016

Board of Directors (private and/or through companies)	Board fee	Incentivebased remuneration[1)]	Other benefits	Pension	Total
Chairman of the Board Jan-Eric Österlund	110,000	11,136,000	–	–	11,246,000
Other Directors					
Bengt Gustavsson, Director	66,000	500,000	–	–	566,000
Anders Vedin, Director	66,000	9,532,000	–	–	9,598,000
Lars Lind, Director	66,000	1,258,000	–	–	1,324,000
Ulf Jungnelius, Director	79,000	611,000	–	–	690,000
Jonas Pedersén, Director	79,000	–	–	–	79,000
Tommy Marklund, Director[2)]	66,000	–	–	–	66,000

1) The incentive-based remuneration relates to work performed during the years 2012–2016 and attributed partly to ongoing consulting work, and a one-time compensation to companies owned by each of Jan-Eric Österlund, Vedin and Lars Lind for work performed for the Company's listing on Nasdaq First North Premier. For further information – see section "*Legal considerations and supplementary information – Related party transactions*".
2) Tommy Marklund resigned from the the Company's Board of Directors as per February 28, 2017.

Senior executives	Salary	Incentivebased remuneration	Other benefits	Pension	Total
Anders Rabbe, Chief Executive Officer	1,552,000	–	151,000	255,000	1,958,000
Other senior executives	1,060,000	–	–	144,000	1,204,000
Total	**3,144,000**	**23,037,000**	**151 000**	**399,000**	**26,731,000**

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Isofol is a Swedish public limited company and is governed by the Annual General Meeting, the Board of Directors, the Chief Executive Officer and other senior executives of the Company. The Company complies with applicable rules and regulations in accordance with the Swedish Companies Act, the Articles of Association and the Board of Directors' rules of procedure.

GENERAL MEETINGS

According to the Swedish Companies Act (2005:551), the shareholders' meeting is the Company's ultimate decision-making body. At the general meeting, shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, appropriation of the Company's results, discharge from liability of members of the Board of Directors and the Chief Executive Officer, election of members of the board of directors and auditor, as well as remuneration to the board of directors and the auditors.

The annual general meeting of shareholders must be held within six months from the end of the financial year. In addition to the annual general meeting of shareholders, extraordinary shareholders' meetings may also be convened. According to the Articles of Association, notice of general meetings shall be made through an announcement in Post- och Inrikes Tidningar and on the Company's website. At the time of the notice, information regarding the notice shall be published in Dagens Industri.

RIGHT TO PARTICIPATE IN GENERAL MEETINGS

Shareholders who wish to participate in a General Meeting must be included in the shareholders' register maintained by Euroclear Sweden on the day occurring five business days prior to the meeting, and notify the Company of their participation no later than on the date indicated in the notice convening the meeting. This day may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve, and may not be earlier than the fifth weekday before the General Meeting. Shareholders may attend the General Meetings in person or by proxy and may be accompanied by a maximum of two advisors. Generally, it is possible for a shareholder to register for the General Meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all shares in the Company shares held by the shareholder.

AUDIT COMMITTEE

The Board of Directors of the Company has established an audit committee. Since the Company's shares will be traded on Nasdaq First North Premier, which is a multilateral trading platform och not a regulated market, the Company has no obligation to establish audit committee.

REMUNERATION COMMITTEE

Isofol has a remuneration committee consisting of three members; Bengt Gustavsson, Jonas Pedersén and Jan-Eric Österlund. The remuneration committee shall make proposals regarding principles of remuneration, remuneration and other terms of employment for the Company's Chief Executive Officer and executive management.

NOMINATING COMMITTEE

The nominating committee of the Company will consist of four members. The Chairman of the Board will be included in the nominating committee but will not be its chairman. The members of the nominating committee will be selected by the General Meeting, which also will establish instructions for the nominating committee´s work.

Before the annual general meeting of 2017, the nominating committee consists of Lennart Jeansson (chairman), Matsola Palm, Carl-Johan Spak och Jan-Eric Österlund (Chairman of the Board).

The General Meeting has established the instructions for the nominating committee´s work. The nominating committee shall compose the following propositions to the annual General Meeting:

- Election of Board of Directors
- Election of Auditor
- Remuneration to the Board of Directors and the Chairman of the Board
- Remuneration to the Auditor
- Election of members to the Nominating Committee and proposition of instructions to the nominating committee´s work

The nominating committee shall deliver above propositions along with motivations to the Company a week before the invitation to the annual general meeting is advertised at the latest.

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

GENERAL COMPANY INFORMATION

The Company's business operations are conducted in accordance with the Swedish Companies Act (2005:551). The parent company Isofol Medical AB (publ), corp. reg. no. 556759-8064, is a Swedish public limited company which was founded on May 23, 2008 and registered with the Swedish Companies Registration Office on June 16, 2008. The Company was formed in Sweden and has its registered office in Gothenburg Municipality. The Company's legal and commercial name is Isofol Medical AB (publ). The Company is currently the parent company of a directly owned subsidiary, Isofol Medical (Incentive) AB, corporate registration number 556894-0133, which was formed in Sweden and has its registered office in Gothenburg Municipality.

MATERIAL CONTRACTS

The Company has no material contracts other than such material contracts as have been entered into as part of its ongoing operations.

INSURANCE

According to the Company's Board of Directors Isofol holds insurance policies as are customary in the industry, which the management believes provide adequate insurance coverage for the activities that the Company conducts as of the date of this Prospectus.

INTELLECTUAL PROPERTY RIGHTS

On May 14, 2013 the Company entered into a development, license and supply agreement with Merck. Under the agreement, Isofol has an exclusive worldwide license to use, develop and commercialize Modufolin® for the treatment of cancer. Moreover, under the agreement Merck has undertaken to collaborate on the commercialization of Modufolin®, as well as to deliver Modufolin® during the Company's preclinical and clinical studies, as well as during future commercialization. Isofol's license depends on the achievement of clinical, regulatory and commercial milestones. Merck's right to compensation arises when the Company receives market approval for Modufolin® and consists of sales-based royalties.

Isofol has licensed a patent application from Merck covering i.a. the Active Pharmaceutical Ingredient (API), 5,10-methylene-[6R]-tetrahydrofolic hemisulfate salt. The patent application was filed in 2014 and is expected to be approved in several major markets, like the US, Europe and Japan. Granted patents will expire in 2034[1)]. Turation Extension extensions (PTE) or Supplementary Protection Certificate (SPC) for up to five years might be available in US, Japan and Europe depending upon the circumstances surrounding the regulatory approval process in each respective country.

In addition, data exclusivity and protection for new pharmaceuticals is expected for the active ingredient 5,10-methylene-[6R]-tetrahydrofolic hemisulfate salt for ten years from marketing approval in Europe and for five years from marketing approval in the US.

Isofol has also licenced another patent from Merck covering i.a. a pharmaceutical composition of the Active Pharmaceutical Ingredient 5,10-methylene-[6R]-tetrahydrofolic acid hemisulfate salt. The patent application was filed in 2004 and has been granted in several major markets, like the US, Europe and Japan. Granted patents will expire in 2024[1)], with the exception of the US patent which will expire in 2029 due to a Patent Term Adjustment (PTA).

Isofol has filed two new patent applications in October 2016 and February 2017. Basis for the application comprise new findings in relation to the clinical effect of Modufolin® as well as other research data. Granted patents from these applications are expected to expire at earliest in October 2036.[1)]

Isofol has also licenced a patent portfolio from Merck, consisting of two patent groups covering methods for manufacturing of pure stereoisomers of tetrahydrofolic acid ester salts and tetrahydrofolic acid by fractionated crystallisation of tetrahydrofolic acid salts, as well as a method for production of optically pure tetrahydroproteins and derivatives, in particular tetrahydrofolic acid and its derivatives, through stereospecific hydration.

SUBSCRIPTION COMMITMENTS

In the Offering, a number of Swedish and international institutions have committed to, under certain conditions and at the same price as other investors, subscribe for a total of circa SEK 215 million or 50 percent of the Offering excluding the Over-allotment Option. These subscription commitments consist of, among others, the Cornerstone Investors: Handelsbanken Fonder (SEK 50 million) and AFA Försäkring (SEK 20 million). The commitments described above are subject to certain conditions, such as fulfilling the distribution requirement of the Company's shares in connection with the Offering or that a certain size of the Offering is reached.

1) Calculation based on 20 years patent term from filing date.

Cornerstone Investors are guaranteed allotment according to their respective undertakings. Other institutional investors who have provided subscription commitments to Pareto or the Company may be prioritized in the allotment. Neither receive compensation for their respective undertakings.

In addition, some of the Company's existing shareholders have committed towards Pareto and the Company to, at the same price as other investors, subscribe for shares corresponding to circa SEK 20 million or 5 percent of the Offering excluding the Over-allotment Option, however without being guaranteed allotment. Existing shareholders, both the ones who beforehand have committed to subscribe for shares and the ones who chose to subscribe for shares without entering such agreement, may be be prioritized in the allotment.

Total subscription commitments from Cornerstone Investors, other institutional investors and existing shareholders amount to circa SEK 235 million or 55 percent of the Offering excluding the Over-allotment Option.

Handelsbanken Fonder

Handelsbanken Fonder is a wholly owned subsidiary of Swedish Handelsbanken and is a major fund manager in Scandinavia. Handelsbanken Fonder provides funds targeted at both private individuals and institutional clients.

AFA Försäkring

AFA Försäkring is the umbrella name for AFA Trygghets-försäkringsaktiebolag, AFA Sjukförsäkringsaktiebolag and AFA Livförsäkringsaktiebolag. Each of these companies is the largest insurance provider within its field in Sweden. The asset management's mission is to manage AFA Försäkring's capital so that the insurance obligations are met while the insurance's premium costs skall be kept low.

LEGAL AND ARBITRATION PROCEEDINGS

From time to time and within the scope of its ordinary course of business, the Group may become involved in disputes. However, the Group is not, and has not been, a party in any legal or arbitration proceeding during the last twelve months which have had, or may have, significant effects on the Group's financial position or earnings. Moreover, the Board of Directors is not aware of any circumstance that could give rise to such proceedings of significant scale for the Group.

CREDITS, PLEDGED ASSETS AND CONTINGENT LIABILITIES

The Company has issued a bank guarantee from Danske Bank for SEK 50,000 for the benefit of Euroclear Sweden AB.

As collateral for Isofol's obligations in relation to Danske Bank there is a general pledge of existing and future funds in a certain account.

RELATED PARTY TRANSACTIONS

The Company has entered into consulting agreements with companies owned by each of the Directors Bengt Gustavsson, Lars Lind and Ulf Jungnelius relating to services in addition to the usual work of the Board of Directors. Under these consulting agreements, the services shall be provided by Bengt Gustavsson, Lars Lind and Ulf Jungnelius, respectively. The consulting agreement with Lars Lind was for 2016. Lars Lind received remuneration for a total of SEK 300 thousand for his services. The consulting agreement with Bengt Gustavsson continues indefinitely and entitles Bengt Gustavsson to remuneration of SEK 40 thousand per month. The consulting agreement with Ulf Jungnelius continues indefinitely with one month's notice and Ulf Jungnelius is entitled to remuneration of EUR 2,500 for each day that he works.

In addition, in 2014 the Company entered into exit agreements, plus supplementary agreements to them in 2016, with companies owned by each of the Directors Jan-Eric Österlund, Anders Vedin and Lars Lind. Under the exit agreement, Jan-Eric Österlund, Anders Vedin and Lars Lind are actively working to develop and execute the Company's strategies and work for the listing of the Company's shares on Nasdaq First North Premier. Jan-Eric Österlund and Anders Vedin received a fixed compensation of SEK 1 million per year for their work. In addition, remuneration will be paid to Jan-Eric Österlund, Anders Vedin and Lars Lind, provided that the Company's shares are admitted to trading on Nasdaq First North Premier. Jan-Eric Österlund's remuneration is SEK 10,136 thousand, Anders Vedin's remuneration is SEK 8,036 thousand and Lars Lind's remuneration is SEK 952 thousand. Under the consulting agreement the parties agree that the fees associated with an exit shall be paid in shares through a directed share issue. At the Extraordinary General Meeting on December 21, 2016, the meeting resolved on a directed share issue of 362,000 shares to Jan-Eric Österlund, 287,000 shares to Anders Vedin and 34,000 shares to Lars Lind. Payment was made by offsetting the debt incurred in connection with admission of the Company's shares to trading on Nasdaq First North Premier. In the event that the listing is not completed, the three directors will return the shares free of charge to the Company under the exit agreement.

As of when the Company's shares have been admitted for trading on Nasdaq First North Premier the agreements mentioned above will no longer apply to Lars Lind. Jan-Eric Österlund will continue to operate as a consultant for the Company under the agreement, while Anders Vedin's consulting services will cease as per August 31, 2017.

According to the Company, all of the above agreements were entered into on market terms.

STABILIZATION

In connection with the Offering, Pareto Securities, in its capacity as Stabilizing Manager, may carry out transactions aimed at supporting the market price of the Company's shares at a level higher than what might otherwise have prevailed in the market. Such stabilization transactions may be effected on any securities market, over-the-counter (OTC) market or otherwise, at any time during the period starting on the date of commencement of trading in the Company's shares on Nasdaq First North Premier and ending 30 calendar days thereafter. However, Pareto Securities has no obligation to undertake any stabilization. Stabilization, if undertaken, may be discontinued at any time and without prior notice.

AGREEMENT OF PLACEMENT OF SHARES

According to the conditions in the agreement of placement of shares that the Company and Pareto Securities intends to enter around the 3 April 2017 (the Placement Agreement), the Company undertakes to issue the shares included in the Offering to the buyers indicated by Pareto Securities, alternatively to Pareto Securities (provided that Pareto Securities has failed to indicate buyers). Furthermore, the Company intends to submit an Over-allotment Option, which entails an obligation to, upon request from Pareto Securities, issue a maximum of three million additional new shares. The Over-allotment Option may only be exercised in order to cover a possible over-allotment in connection with the Offering.

Through the Placement Agreement, the Company leaves the customary information and guarantees to Pareto Securities, primarily regarding that the information in the Prospectus is correct, the Prospectus and the Offering complies with the relevant requirements of laws and regulations and that no legal or other impediments exists in order for the Company to enter into the agreement or to exercise the Offering. Under the Placement Agreement, Pareto Securities' commitment to indicate buyers of shares, or if Pareto Securities fails to do so acquire the shares covered by the Offer, is among other things conditioned upon that the information and guarantees that the Company has provided is correct. Under the Placement Agreement, the Company, with the usual proviso commits to, under certain conditions, keep Pareto Securities indemnified from certain claims.

Under the Placement Agreement, the Company undertakes not to (i) issue, offer, pledge, sell, commit to sell or otherwise transfer or dispose of, directly or indirectly, any shares in the Company or any other securities possible to convert to, or which can be exploited or exchanged for such shares, or (ii) purchase or sell options or other instruments or enter into swap agreements or other arrangements that wholly or partially transfer the financial risk associated with ownership in the Company to another party at the earliest before 360 days after the date when trading will commence on Nasdaq First North Premier. However, Pareto Securities may grant exemption from these limitations.

ADVISOR

The financial advisor to the Company is Pareto Securities, which assisted Isofol in the preparation of the Prospectus. Pareto Securities is also the issuing agent for the Offer. Advokatfirman Vinge KB is the Company's legal counsel in connection with the Offer. FNCA Sweden AB is the Company's certified advisor.

INTERESTS AND CONFLICTS OF INTEREST

A number of external investors have provided subscription commitments in connection with the Offer. No remuneration will be paid for subscription commitments. In addition to the interests of the above parties that the Offer should be successfully carried out, there are no financial or other interests in the Offer.

Pareto Securities is the Company's financial advisor and also acts as the issuing agent in connection with the Offer. Advokatfirman Vinge KB is Isofol's legal counsel in connection with the Offer. Pareto Securities receives an agreed fee for services rendered in connection with the Offer and Advokatfirman Vinge KB receives payment on account for services rendered. Neither Pareto Securities nor Advokatfirman Vinge KB have any other financial or other interests in the Offer. No conflicts of interest are expected between the parties who in accordance with the above have financial or other interests in the Offer.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which are available on the Company's website www.isofol.se and were previously published shall be incorporated by reference and form part of this Prospectus:

Information	Pages	Document
Consolidated financial information with related notes and audit report for fiscal year 2015.	Income statement on page 4, balance sheet on pages 5 and 6, policies and notes on pages 7–9 and the auditors' report on pages 10 and 11.	Annual Report for Isofol Medical AB (publ) for fiscal year 2015 (BFNAR 2008:1).
Consolidated financial information with related notes and audit report for fiscal year 2016 and comparative figures for 2015.	Income statement on page 5, balance sheet on page 6, statement of changes in equity on pages 7, statement of cash flows on pages 8, accounting policies and notes on pages 12–24 and auditors' report on pages 27–29.	Annual Report for Isofol Medical AB (publ) for fiscal year 2016 with comparative figures for 2015 (IFRS).

Isofol's annual reports for fiscal years 2015 and 2016 were audited by the Company's auditor and the auditor's report is attached to each annual report.

DOCUMENTS AVAILABLE FOR INSPECTION

Kopior av följande handlingar finns tillgängliga under Copies of the following documents are available during the validity period of the Prospectus at the Company's headquarters Biotech Center, Arvid Wallgrens Backe 20, SE-413 46 Gothenburg, Sweden, for inspection on weekdays during normal business hours:

- The Company's Articles of Association and formation deed,
- The audited annual and consolidated financial statements of the Company and all subsidiaries for the fiscal years 2015 and 2016, including audit reports.

The documents are also available in electronic format on the Company's website, www.isofol.se.

TAX CONSIDERATIONS IN SWEDEN

Below is a summary of certain Swedish regulations that may apply in connection with the Offer to acquire shares in the Company and that in association with this, the shares will be admitted to trading on Nasdaq First North Premier. The summary is based on current legislation and is intended only as general information for shareholders who are resident for tax purposes in Sweden, unless otherwise stated.

The summary does not address situations in which securities are held as current assets in business operations or by a partnership, nor does it cover situations in which securities are held by foreign investors who conduct business from a permanent establishment in Sweden, or by foreign companies that have been Swedish companies, nor the special rules on tax-exempt capital gains (including non-deductible capital losses) and dividends in the corporate sector that may be applicable to holdings of shares in the Company that are considered held for business purposes.

Furthermore, special tax rules apply to certain categories of companies. The tax implications of each individual shareholder depend in part on the shareholder's particular circumstances. It is therefore recommended that each shareholder should consult a tax advisor regarding the specific tax consequences that may arise in the individual case, including the applicability and effect of foreign rules and double taxation agreements. The Company does not assume responsibility for deducting withholding tax.

PRIVATE INDIVIDUALS

For private individuals who are resident for tax purposes in Sweden, capital income, such as interest income, dividends and capital gains, is taxed in the income from capital category. The tax rate for the income from capital category is 30 percent.

The capital gain or the capital loss is calculated as the difference between the consideration, less any selling expenses, and the acquisition value of the sold shares (acquisition cost). The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (Sw. *genomsnittsmetoden*). As an alternative, the so-called standard method (Sw. *schablonmetoden*) may be used at the disposal of listed shares, such as shares in the Company. According to this rule, the acquisition value may be determined as 20 percent of the consideration less selling expenses.

Should a capital loss arise on listed shares, the loss is fully deductible against taxable capital gains the same year on shares and other listed securities, with the exception of shares of mutual funds or special funds that only contain Swedish receivables (fixed income funds). Capital losses on listed shares that cannot be offset in this way are 70 percent deductible against other income from capital. If a deficit arises in the income from capital category, a reduction of the tax on income from employment and from business operations, as well as the real estate tax and the municipal real estate fee, is allowed. This tax reduction is 30 percent of the net loss that does not exceed SEK 100,000 and 21 percent of any remaining net loss. A net loss cannot be carried forward to future tax years.

For private individuals who are resident for tax purposes in Sweden, a preliminary tax of 30 percent is withheld on dividends. The preliminary tax is normally withheld by Euroclear or, in respect of nominee-registered shares, by the nominee.

INVESTMENT SAVINGS ACCOUNTS

Private individuals and estates from private individuals who own shares through investment savings accounts are not subject to tax on capital gains on the sale of such shares. Capital losses on such shares are not tax deductible. Dividends on shares held through investment savings accounts are not taxable either. Instead, this type of holding is subject to a taxable standard income calculated on an equity basis multiplied by the government borrowing rate. This applies regardless of whether the shareholding produces a gain or a loss. The standard income is considered to be income from capital for which tax is decided and paid annually. The standard tax rate in 2017 is approximately 0.42 percent of the capital base.

LEGAL ENTITIES

For limited liability companies all income, including taxable capital gains, is taxed as income from business operations at a rate of 22 percent. Capital gains and losses are calculated in the same manner as described above with respect to individuals. Deductible capital losses on shares and other securities may only offset taxable capital gains on shares and other securities. If certain conditions are met, such capital losses may also be offset against capital gains in companies within the same group, provided group contributions are permitted among the companies. A net capital loss on shares that cannot be utilized during a specific year may be offset against capital gains on shares and other securities in future years, without any limitation in time. Special tax rules may apply to certain categories of companies or certain legal entities (for example investment funds and investment companies).

Foreign shareholders

For shareholders not resident for tax purposes in Sweden who receive dividends on shares of a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The tax rate is 30 percent, but is generally reduced by tax treaties between Sweden and certain other countries to avoid double taxation. Most tax treaties Sweden has entered into enable a reduction of the Swedish withholding tax deduction to the tax rate stipulated in the treaty, as long as the required information about the tax residency of the investor entitled to the dividend is provided. In Sweden the preliminary tax is usually withheld by Euroclear or, in respect of nominee-registered shares, by the nominee. In cases where the 30 percent tax on dividends is withheld at the time of distribution to a person who is entitled to be taxed at a lower rate, or if the withholding tax has otherwise been withheld in an excessive amount, a refund may be requested from the Swedish Tax Agency prior to the end of the fifth calendar year following the distribution.

Shareholders who have a limited tax liability in Sweden and whose holdings are not attributable to a permanent establishment in Sweden are usually exempt from taxation on the disposal of such securities. However, shareholders may be liable for tax in their country of residence. According to a special rule, however, private individuals who are not resident in Sweden for tax purposes are subject to Swedish capital gains taxation upon disposal if they have been residents of Sweden or have had a habitual abode in Sweden at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. However, in several cases the applicability of this rule is limited by double taxation treaties.

DEFINITIONS

MEDICAL AND OTHER ABREVIATIONS

5-dTMP	Deoxy-thymidine-5'-monophosphate
5-dUMP	Deoxy-uridine-5'-monophosphate
5-FU	5-Fluorouracil (chemotherapy drug)
AACR	American Association for Cancer Research
ABCC3	A gene that encodes the protein Canalicular multispecific organic anion transporter 2
API	Active Pharmaceutical Ingredient
ASCO	American Society of Clinical Oncology
CDMO	Contract Development and Manufacturing Organization
GMP/cGMP	Good Manufacturing Practice / Current Good Manufacturing Practice
CMC	Chemistry, Manufacture and Controls
CRC/mCRC	Colorectal Cancer / metastatic Colorectal Cancer (stage IV colorectal cancer / metastatic colorectal cancer)
CRO	Contract Research Organisation
CTC	Clinical Trials Consultants
DSMB	Data Safety Monitoring Board
ECG	Electrocardiogram
EMA	European Medicines Agency
EORTEC	European Organisation for Research and Treatment of Cancer
ESMO	European Society for Medical Oncology
FDA	Food and Drug Administration
F-dUMP	Fluoro-deoxy-uridine-5'monophosphate
HDMTX	High Dose Methotrexate
IMPD	Investigational Drug Medical Dossier
IND	Investigational New Drug Application (for the FDA, US Drug Agency)
KOL/KOLs	Key Opinion Leader / Key Opinion Leaders
LLV	Levoleucovorin
LV	Leucovorin
MPA	Medical Products Agency (Sw. *Läkemedelsverket*)
MTHF	[6R]-5,10-Methylenetetrahydrofolate
MTX	Methotrexate
ODD	Orphan Drug Designation
ORR	Overall Response Rate
OX	Oxaliplatin
PAS	Para-aminosalicylic acid
PD	Pharmacodynamics
PETACC	Pan European Trials for the Adjuvant Colon Cancer
PFS	Progression Free Survival
PK	Pharmacokinetics
SAE	Serious Adverse Events
SU	Sahlgrenska University Hospital
TS	Thymidylate Synthase
WHO	World Health Organization

OTHER DEFINITIONS

Acquirer	Individual or company that applies for shares in the Offering
APM	Alternative Performance Measure
Cornerstone Investors	Refers to Handelsbanken Fonder and AFA Försäkring
EU5	The five largest countries in the European Union (France, Germany, Italy, Spain, United Kingdom)
EUR	Euro
Euroclear Sweden	Euroclear Sweden AB
GfK	External consultants hired by Isofol to conduct a payer survey in the US
IFRS	International Financial Reporting Standards
Isofol or the Company	Refers to Isofol Medical AB (publ)
Lock-up period	The Lock-up period which is described in the section "*Share capital and ownership structure – Lock-up*"
Merck	Merck & Cie
Offering price	The Offering price of SEK 29 per share
Over-allotment Option	The Over-allotment Option as described in the Prospectus
Pareto Securities	Pareto Securities AB
SEK / SEKm / SEKk	Swedish krona / million Swedish kronor / Thousand Swedish kronor
The Board	Isofol Medical AB (publ)'s Board of Directors
The Offering	The offering of shares referred to in this Prospectus
The Prospectus	This Prospectus
USD / USDm / USDk	US dollar / million US dollars / Thousand US dollars
Yield or Yield Life Science	Yield Life Science AB

ADDRESSES

THE COMPANY

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LEGAL ADVISOR

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AUDITOR

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Ineko Finanstryck 2017 / 281493

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