

Oncology Venture

Oncology Venture A/S

Venlighedsvej 1, DK-2970 Hoersholm

CVR no. DK 28 10 63 51

Annual report for 2019

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
22/04/2020

Lars Lüthjohan Jensen
Chairman of the General
Meeting

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The company

Oncology Venture A/S
Venlighedsvej 1
DK-2970 Hoersholm
CVR no.: DK 28 10 63 51

Board of Directors

Duncan Moore, Chairman
Frank Knudsen, Deputy Chairman
Steve Carchedi
Steen Meier Knudsen
Gunnar Magnus Severus Modée Persson
Carani Sanjeevi

Executive Board

Steve Carchedi
Henrik Kristian Moltke

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR-no. DK 33 77 12 31

COMMENT FROM THE CEO

Fellow Shareholders:

As the new leader for the Oncology Venture (OV) organization, I am pleased and honored to be part of the next generation management team that will be taking OV's priority cancer drug programs and innovative companion diagnostics to the market. My vision is to transform the company, advance our robust clinical portfolio, and focus on commercialization of our assets. Significant changes have already started to materialize and I am increasingly confident in our approach and our team.

However, before elaborating on our general progress, I would like to add a few comments regarding the current status of our company amid the Coronavirus pandemic.

As you all know, businesses in both Europe and the U.S. are currently impacted by government efforts to mitigate the spread of the COVID-19 virus. Oncology Venture is no exception, as we of course adhere to the guidelines put forward by the governments in the countries where we operate. For our employees, it means that they, to the extent possible, work from home and if they do work from our offices or lab, they comply with all relevant safety measures.

As of yet, we have not observed any significant delays in our own daily operations or in our joint projects with the clinical trial sites we already work with or are planning to work with in the future. That being said, it is likely that we will experience some level of delay over the next couple of months, as many hospitals are reorganizing to prepare for possible inflow of COVID-19 patients, and additional, new safety measures may be introduced regarding the enrollment of cancer patients into clinical trials. We will of course publicly announce any major change in general outlook as it may occur in the coming months.

The COVID-19 situation is indeed concerning to all of us and for our societies as a whole. However, I am pleased that it is not a cause of concern for execution of the strategy we have decided to embark on last year.

As a result of this strategic realignment of the company, 2019 was a year of significant accomplishment, challenge and positive change. In a relatively short amount of time since I joined the company back in September 2019, we have addressed our challenges and leveraged our opportunities. We have retooled the company with a specific focus on advancing our top three clinical assets towards commercialization, renewed our mission, and our transformation is progressing toward a leaner, faster-moving, and fully milestone driven Company that aims to improve patient lives while providing our shareholders with return-on-investment.

A strategic element to our transformation was to put together a new experienced management team, and I'm pleased to report that in the last four months of 2019 and up until today, we have successfully executed a transformation plan for the company in four key areas:

- **New strategy-** Late last year we developed and implemented a new company strategy with priorities focused on commercialization. We targeted 3 clinical programs as our priorities including Dovitinib, IXEMPRA® and 2X-121 (our PARP inhibitor). In general, this allows us to focus our resources on those assets that provide the highest commercial value, offers the fastest path to market, and thereby enable us to create shareholder value as speedily as possible.
- **Sustainable growth-** We are diligently executing our new strategy. I'd like to highlight that we have made progress toward achieving our plan to file a New Drug Application (NDA) for Dovitinib with the U.S. FDA. Less than two weeks ago, the FDA notified us that if we followed their guidance, they would be willing to review our application for marketing approval of Dovitinib for treatment of Renal Cell Carcinoma, and on that basis, we intend to formally submit our NDA by year end. If approved, we may have the opportunity to launch our first product in the U.S. as soon as we could have hoped for. Renal Cell Carcinoma (kidney cancer) continues to have a high unmet need and we hope that Dovitinib, alone, or together with a DRP® companion diagnostic that we are validating for the drug, will provide patients with a more effective treatment. Our plan is to file the investigational device exemption (IDE) application for the accompanying DRP® companion diagnostic separately, as we believe this is the best approach to getting our first integrated product to the market, by reducing complexity in the application process.

Our effort to develop our unique PARP inhibitor asset, 2X-121, is also advancing as expected, with a new trial site to open in 2020 as previously announced, and our existing trial site at the Dana Farber Cancer Institute (Boston, MA) poised to enroll additional patients. The same is the case for IXEMPRA®, as we also expect to open one or more European trial site(s) within this year.

- **Operational Excellence-** We instated new financial controls, which resulted in reduced cost across the entire company by over 10% and reduced headcount by more than 30%. We refinanced all or our short-term debt resulting in lower cost of capital, and gained access to new capital sources to support long term company need. This refinancing of the Company's debt means that we have reduced our interest expense by approximately 5 million SEK from the time that I joined the company in September 2019. As a result of this new financial strength, we were able to modify all of our secured loan agreements in late December, so we have a clean balance sheet at December 31, 2019.

- **Renewed Capitalization**- We have in March 2020 established a convertible loan where we can drag up to 100 million SEK. I am really happy that we have been able to establish such a flexible and relatively simple financing, where Oncology Venture is in full control of the facility and can solely decide when to exercise. The convertible note program also gives the company the necessary liquidity, so we can focus on bringing our 3 prioritized development programs forward in 2020 to the planned value inflection points.
- **Monetization of De-Prioritized Assets** – Our business team is also working diligently towards potentially monetizing, by out-license to certain development and commercialization partners, our de-prioritized programs, which will enable us to realize return-on-investment on those de-prioritized assets while remaining fully focused on advancing our 3 priority clinical programs.

We still have a way to go and the company will likely require further capital to realize its full potential. Nevertheless, I am proud to end this letter by concluding that we are on track with the development of our high-priority programs, we have the right leadership to keep the company on this focused track towards commercialization, we have the resources needed to continue the journey, and we enjoy the investor community's support in building a business that positively impacts on the lives of cancer patients and makes our employees proud – and which will reward our shareholders.

Steve Carchedi
President and Chief Executive Officer

FINANCIAL HIGHLIGHTS AND RATIOS

Amounts in DKK '000	GROUP IFRS 2019	GROUP IFRS 2018	GROUP IFRS 2017	GROUP IFRS 2016	Parent DK GAAP 2015
Key figures					
<i>Profit/loss</i>					
Revenue	801	2,147	5,145	4,384	5,838
Profit/loss before depreciation (EBITDA)	-66,502	-32,258	-23,794	-13,769	-10,718
Operating profit/loss before net financials	-148,102	-32,471	-23,848	-13,814	-11,036
Net financials	-26,822	9,954	-7,132	49	-113
Net profit/loss for the year	-138,132	-15,544	-30,390	-11,308	-8,366
<i>Balance sheet</i>					
Balance sheet total	181,201	251,497	12,985	16,364	29,183
Purchase of PPE	56	37	0	68	40
Equity	141,334	181,856	2,445	11,308	25,612
<i>Cash flows</i>					
Cash flows from:					
Operating activities	-72,415	-27,624	-8,345	-8,410	-9,752
Investing activities	-3,814	9,855	-794	-68	-1,262
Financing activities	84,760	15,791	7,180	8,448	271
Ratios					
Solvency ratio	78%	72%	19%	69%	88%
Earnings per share (in DKK)	-2.08	-0.44	-1.27	-0.49	-0.38
Diluted earnings per share (in DKK)	-2.08	-0.44	-1.27	-0.49	-0.38

The nominal value per share has been denominated from DKK 1 to DKK 0.05 in 2016, which consequently has affected the earnings per share. The effect has been corrected in the comparative figures above.

For definitions of ratios, see under accounting policies.

FINANCIAL REVIEW

Oncology Venture A/S merged with Oncology Venture Sweden AB with effect from August 21, 2018. Therefore, when comparing figures 2018 – 2019 it should be noted that it is in fact not a like-for-like comparison.

Income statement

Revenue amounted to DKK 801k in 2019 (DKK 2,147k for the corresponding period in 2018). Revenue for Q4 2019 amounted to DKK 282k (DKK 447k for the corresponding period in 2018). Loss before depreciation amounted to DKK -66,502k of which DKK 2,210k is share based payments with no cash effect but accounted for due to IFRS requirement (DKK -32,258k for the corresponding period in 2018 where DKK 844k is share based payment with no cash effect). The solvency ratio amounted to 78% (last year 72 %).

Earnings per share was -2.08 (last year -0.44). Staff expenses amounted to DKK -22,582k (last year DKK -8,331k due to share-based payments). Staff expenses for Q4 2019 amounted to DKK -10,703k (DKK -2,578k for the corresponding period in 2018). Profit/loss before financial income and expenses showed a loss of DKK -148,102k (last year a loss of DKK -32,471k). The higher loss is mainly due to an impairment test of the value of company's development projects leading to a lower book value of the total pipeline. Loss before tax amounted to DKK -174,924k (last year a loss of DKK -22,517k). Tax amounted to DKK 36,792k (last year DKK 6,973k) and relates to tax refund of the tax losses from research and development costs, as well as adjustments to deferred tax due to the impairment of certain development projects. The Group realized a net loss of DKK -138,132k affected by the non-cash share-based payment (last year a net loss of DKK -15,544k). Net loss for Q4 2019 amounted to DKK -79,063k (DKK -15,898k for the corresponding period in 2018).

Balance sheet

Total assets amounted to DKK 181,201k (last year DKK 251,497k) and primarily consist of development projects in progress. Total liabilities amounted to DKK 39,867k (last year DKK 69,641k) and primarily consist of the trade payables.

Cash flows

The Group's cash flow was a positive DKK 8,531k (last year a negative DKK -1,978k).

SUMMARY OF 2019 KEY EVENTS

March

On March 11, Oncology Venture announced that the first patient has been dosed in a Phase 2 study of LiPlaCis® in prostate cancer

The study examines if patients with prostate cancer respond to LiPlaCis® in the same way as patients with breast cancer, and the first patient has now been dosed at the University Hospital in Herlev Denmark. The prostate cancer patients will be selected with the DRP® companion diagnostic for Cisplatin.

On March 15, Oncology Venture announced that its Board of Directors proposes a rights issue of SEK 60-100 million at the coming Annual General meeting

The Board recommended shareholders to approve a preferential rights issue of between SEK 60 and SEK 100 million. The Company had received guarantees and undertakings of approximately SEK 60 million.

On March 22, the company announced the establishment of a bridge loan facility of totally SEK 20 million from Trention AB

To strengthen its short-term financial liquidity, Oncology Venture established a bridge loan facility of totally SEK 20 million from Trention AB.

April

On April 4, the Company announced that it has obtained an exclusive option to in-license the European rights to IXEMPRA® (ixabepilone) from the pharmaceutical company R-Pharm U.S.

IXEMPRA® (ixabepilone) is approved in the USA for the treatment of breast cancer. Oncology Venture will evaluate ixabepilone together with its drug-specific DRP® companion diagnostic in order to accomplish a market approval in Europe.

On April 5, the Board of Directors of Oncology Venture decided to conduct a rights issue of shares supported by an authorization granted at the Annual General Meeting on April 4, 2019

The rights issue comprised of up to a maximum of 25,155,639 offer units. Each unit ("Offer Unit") consisted of one new share of nominal DKK 0.05 with one warrant attached conferring the right to subscribe one share of nominal DKK 0.05 share at an exercise price of SEK 7.50. New Shares were subscribed against cash payment of SEK 4. Guarantees and undertakings of SEK 80 million from underwriters had been received.

On April 30, Oncology Venture provided news on DRP® based analyses of biopsies from clinical trials with Dovitinib.

New analyses of biopsies from clinical trial cohorts of liver and breast cancer patients resulted in equally good predictability. Oncology Venture has thereby been able to confirm its DRP® companion diagnostic for Dovitinib in five out of five of Novartis' prior clinical trials and this

without having to invest in own studies.

May

On May 16, Oncology Venture confirmed that its rights issue had been successfully executed, raising a gross amount of approximately DKK 56 million.

Oncology Venture A/S confirmed that its capital increase consisting of shares with attached investor warrants had been successfully executed raising a gross amount in excess of SEK 80 million. None of the commitments from guarantors were utilized.

June

On June 3, Oncology Venture announced that the US FDA had provided its initial response to the IND application and proposed pivotal Phase 3 study of LiPlaCis® in the US.

The FDA has requested some additional testing of LiPlaCis® related to the product characterization.

On June 13, Oncology Venture acquired an additional 8% ownership in the Dovitinib project from Sass & Larsen ApS at a purchase price of DKK 5.4 million

Following the transaction, Oncology Venture ownership rose to 63%. Further, Oncology Venture negotiated an option to acquire Sass & Larsen's remaining ownership in Dovitinib at a predefined price.

On June 24, Oncology Venture announced that the European Patent Office will grant Oncology Venture a patent on LiPlaCis® DRP®

The patent from the European Patent Office provides key intellectual property protection in Europe. The LiPlaCis® DRP® covers 205 genes and predicts the response in individual patients to the anti-cancer drug LiPlaCis® based on a pre-treatment biopsy.

August

On August 15, FDA grants IDE approval to use Oncology Venture's LiPlaCis® DRP® for patient selection in a pivotal Phase 3 study

The US Food & Drug administration (FDA) approved an IDE (Investigational Device Exemption) application for use of Oncology Venture's DRP® companion diagnostic for LiPlaCis® in a planned pivotal Phase 3 study.

September

On September 4, Oncology Venture appoints new CEO and CFO and proposes rights issue to facilitate a focused commercial strategy

Steve Carchedi appointed new Chief Executive Officer, and Henrik Moltke appointed new CFO. Oncology Venture had received guarantees and undertakings of more than SEK 100 million from underwriters. In a rights issue each shareholder could subscribe for five new shares and five new warrants for a total amount of SEK 2,00 for every seven existing shares.

On September 23, Oncology Venture presents positive data at ESMO on DRP® as a response predictor for 5-FU treatment in colorectal cancer

This data was presented at the European Society for Medical Oncology (ESMO) annual cancer congress in Barcelona September on 27 September – 1 October, 2019 as an abstract with the title “Independent clinical validation of a gene expression profile to predict benefit of 5-FU in metastatic colorectal cancer,” and as a poster.

October

On October 21, The Board of Oncology Venture resolves to conduct a rights issue of new shares and publish prospectus

The rights issue concerned issuing up to a maximum of 50,341,080 offer units. Each unit consisted of one new share of nominal DKK 0.05 with one warrant attached which conferred the right to subscribe one share at an exercise price of SEK 6.00 (“Investor Warrant”). New Shares were subscribed against cash payment of SEK 2.

November

On November 12, Oncology Venture advancing towards next milestone in its clinical development of 2X-121

The company announced that 8 patients were enrolled in the study, with ongoing enrollment towards a target of 30 patients. The Company also announced it was planning to open a second trial site, at Guy’s Hospital (London, UK) to accelerate patient accrual to the trial.

On November 12, Oncology Venture reaches new development milestone with Dovitinib

The company announced its plans to file its first NDA in 2020, during the first half of 2020 Oncology Venture expected a pre-NDA meeting with the US Food and Drug Administration (FDA) regarding the path to approval for Dovitinib used to treat Renal Cell Carcinoma, (kidney cancer). The company’s strategy is to file for “non-inferiority”, when comparing Dovitinib with the already approved compound Sorafenib.

On November 13, Oncology Venture advancing towards next milestone in its clinical development of IXEMPRA®

The Company announced it was advancing a protocol to evaluate IXEMPRA® for the treatment of newly diagnosed breast cancer (neoadjuvant setting) in a DRP®-guided Phase 2 clinical trial, with sites planned in Europe. The Company’s protocol aims towards an enrollment target of nearly 40 patients.

December

On 5 December 2019 – Oncology Venture today announced the result from the rights issue which was fully subscribed

The Company today announced that all Units were fully subscribed for. The Company thereby received SEK 100,682,160 in proceeds before transaction costs. If all warrants are exercised, the Company will receive in excess of SEK 300 million in additional proceeds.

Subsequent events during 2020**February**

On 24 February 2020 – Oncology Venture announces that it has negotiated a termination of the agreement with EHGO

The company announced it has negotiated a termination of the agreement with EHGO as part of a final financing in which the Company will receive approximately SEK 10,5 million in cash in return for the issuance of specified shares and warrant shares.

March

On 31 March 2020 Oncology Ventures announces that it has established a convertible note program of 100 million SEK

The agreement can provide funding up to SEK 100 million through a convertible note facility. The facility consists of up to 10 tranches of up to 10 million SEK each, during a period of 24 months.

Distribution of profit

The Board of Directors proposes that the loss for the year is transferred to retained earnings.

CAPITAL RESOURCES AND LIQUIDITY

As a drug development company, and like other similar companies, Oncology Venture over the years has shown negative cash flow why the company is dependent on being recapitalized until reaching the point where a positive cash flow begins. The Board of Directors and Management are constantly monitoring Oncology Venture's financial position and are prepared to take the adequate measures to secure the ongoing activities of the company. To further optimize and secure the financial position of the company the management is continuously considering relevant improvement initiatives, e.g. partnering deals, capital increases or loan facilities. Following the strategic refocusing of the company, such options also includes pursuing out licensing agreements regarding de-prioritized development programs.

In March 2020, the Company entered into an agreement which can provide funding up to SEK 100 million through a convertible note facility. The facility consists of up to 10 tranches of up to 10 million SEK each, during a period of 24 months.

The Board of Directors and Management have confidence in the company as a going concern, and consequently, the Financial Statements have been prepared in accordance with the going concern principles.

Q4 - CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Amounts in DKK '000	Q4 2019	Q4 2018
Revenue	282	447
Other operating income	2,100	-538
Other external expenses	-12,170	-19,187
Staff expenses, share-based payments	-2,110	-122
Staff expenses, other	-8,593	-2,456
Loss before depreciation (EBITDA)	-20,491	-21,856
Amortisation, depreciation and impairment losses	-80,774	225
Operating loss before net financials	-101,265	-21,631
Gain on the divestment of an associate	0	-650
Financial income	-161	4,017
Financial expenses	-8,982	-1,982
Profit/loss before tax	-110,408	-20,246
Tax on profit/loss	31,345	4,348
Net profit/loss	-79,063	-15,898
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</i>		
Exchange differences on translation of foreign operations	42	1,901
Other comprehensive income for the period, net of tax	42	1,901
Total comprehensive income	-79,021	-13,997

Q4 - CONSOLIDATED CASH FLOW STATEMENT

Amounts in DKK '000	Q4 2019	Q4 2018
Loss before tax	-110,408	-20,246
Adjustment for non-cash items	82,883	-1,253
Financial income, reversed	161	-4,017
Financial expenses, reversed	8,982	1,982
Change in working capital	2,844	6,872
Cash flows from operating activities before net financials	-15,538	-16,662
Financial income received	-391	487
Financial expenses paid	-6,489	-2,139
Income tax received	8,988	6,090
Cash flows from operating activities	-13,430	-12,224
Purchase of property, plant and equipment	-16	-37
Purchase of intangible assets	328	-781
Purchase of non-controlling interests	0	-3,305
Acquisition of subsidiary	0	-1,903
Sale of investments in associates	0	1,424
Cash flows from investing activities	312	-4,602
Cash capital increase	48,254	21
Transaction cost, capital increase	-26,718	-102
Proceeds from loan	8,338	9,590
Repayment of loan	-8,807	0
Bank debt	72	0
Lease liabilities	-128	0
Cash flows from financing activities	21,011	9,509
Total cash flows for the period	7,893	-7,317
Cash, beginning of period	2,265	8,738
Net foreign exchange difference	18	126
Cash, end of period	10,176	1,547

ONCOLOGY VENTURE A/S IN BRIEF

Oncology Venture A/S develops drugs for the personalized treatment of cancer using drug-specific companion diagnostics (cDx) generated by its proprietary and highly validated drug response predictor technology, DRP®.

The Company is a merged company between two prior affiliated companies, the drug development company Oncology Venture Sweden AB and the predictive diagnostic development company Medical Prognosis Institute A/S.

Cancer is no longer an enigma – it is just very complex

Today, one in two people will develop cancer at some point in their lives¹. Over 200 different types of cancer can affect humans, altogether causing almost 10 million deaths per year². The incidence of cancer is increasing as the world's population is aging³.

It is often a complex and frustrating process to identify the optimal treatment for an individual patient. Cancer is a heterogenous disease and on a cellular level there are over 1.8 billion possible causes for tumor development. Consequently, it is a major challenge for physicians to match the right treatment to the right patient. This challenge also restricts the ability of the pharmaceutical industry to develop novel and improved therapies. If new drug candidates are evaluated in a large and heterogenous group of patients, the average efficacy may be modest – halting the development of the drug. This despite subsets of the treated patients responding well to the drug. If the drug were to be given to the most susceptible patients the effect might be overwhelming rather than modest, benefitting both patients and the drug development companies. It is worth noting that such “failed” drug candidates often have an excellent safety profile and favorable pharmacokinetics.

The concept of “precision medicine” has emerged to address these issues, fueled by development of better predictive diagnostics to help identify patients most likely to respond to a given drug, and Oncology Venture is at the forefront of this growing field with its clinical pipeline and best-in-class DRP® diagnostic platform.

Oncology Venture develops cancer drugs with precision

Oncology Venture's strategy is to advance its mid-to-late stage pipeline of promising cancer drugs together with drug-specific companion diagnostics created by our Drug Response Predictor (DRP®) platform. DRP® provides a gene expression fingerprint that reveals whether a specific tumor in a

¹ Cancer research UK

² <https://www.who.int/news-room/fact-sheets/detail/cancer>

³ <https://www.who.int/news-room/fact-sheets/detail/cancer>

specific patient is likely to respond to that drug. Hence, DRP[®] screening can be used to identify those patients who are most likely to respond to a particular drug treatment, in order to guide therapy decisions and lead to better treatment outcomes.

DRP[®] can be used both to identify a susceptible patient population for inclusion in clinical trials during the drug development process, and further to select the optimal anti-cancer drug for individual patients in the treatment setting once drugs are approved and marketed. By including only patients with sensitive tumors in the clinical trials, DRP[®] can substantially improve the overall treatment response. After a drug has reached the market, DRP[®] can identify the patients that are most likely to benefit from a specific treatment.

The business model

Step 1: Identifying drug candidates with hidden potential

Oncology Venture constantly evaluates, for potential acquisition, a range of cancer drug candidates with proven safety profiles and clear signs of efficacy, but where previous clinical trials failed to meet their endpoints as a result of failure to identify the right, responder patients through use of a companion diagnostic. Such assets are far from rare – only five percent of all cancer drug projects reach the market, and the vast majority of the remaining 95 percent are shelved during development frequently due to lack of sufficient efficacy in a greater, unselected heterogeneous population. Oncology Venture has already shown, in many retrospective studies on a wide range of approved and developmental cancer drugs, that such drugs would have sufficient efficacy if they were to be directed to susceptible patients through DRP[®] analysis.

Step 2: In-licensing of drug candidates with clear signs of efficacy and favorable safety profiles

The most promising of the identified and evaluated drug candidates are licensed or acquired. So far, Oncology Venture has in-licensed a total of six drug candidates to its portfolio, all at very favorable terms. The initial purchase price has been low, developmental milestone payments are within industry normal ranges, and royalties on sales are tiered, typically ranging from 6% to 12% as sales increase. Two of these drug candidates come from world-leading big pharmaceutical companies, which serves as acknowledgement of the external trust placed in Oncology Venture's ability to create significant value based on drug candidates that have previously failed to be matched against an optimal patient group, via use of our DRP[®] approach.

Step 3: Focused further development by Oncology Venture

After gaining control of a new drug candidate, Oncology Venture tailors the continued clinical development to those patients who are expected to benefit most, as identified by a DRP[®] companion diagnostic. Our development of already acquired or licensed drug candidates is at an advanced stage, either Phase 2 or Phase 3 trials.

Step 4: Out-licensing deals with significant revenue potential

In the final step of the business model, Oncology Venture out-licenses or divests drug candidates to global or regional pharmaceutical companies based on the results of our Phase 2 and/or Phase 3 DRP[®]-guided trials focused on those patients who have the greatest opportunity to benefit from the treatment. Our model is to exit our programs at the earliest stage, provided that deal terms are suitable, hence we endeavor to divest of our programs following conclusion of our Phase 2 trials, where possible; provided that, we are committed to advance them through pivotal/Phase 3 trials if necessary to drive interest of acquirers and achieve proper exit valuation. This program exit strategy is expected to bring substantial cash payments, as well as royalties on future sales of a registered drug.

Precision medicine is perceived as a major game changer in medical care. Due to the complex underlying molecular biology of tumors, oncology treatments will lead the way. According to a forecast from MarketsandMarkets, the companion diagnostics market is estimated at over USD 6.5 billion by 2022. An increasing incidence of many cancers, including lung cancer, a growth in genetic testing, the rising need for precision medicines and revised regulatory guidelines are expected to support the market growth⁴.

Oncology Venture is well positioned for this new era. Our proprietary and highly validated DRP[®] technology is successfully being used in our clinical development of its six precision drug candidates, but also holds future potential to be offered on commercial terms to advance clinical pipelines of other companies, including Big Pharma, and/or as a personalized diagnostic test for stand-alone use by physicians in the clinical setting.

PROJECT DESCRIPTIONS

Oncology Venture is developing a pipeline of three high-priority precision medicine projects to address unmet market needs for the treatment of different types of cancer. In addition, Oncology Venture holds rights for additional three pipeline assets. The three high-priority projects have been selected based on a detailed analysis of a range of factors, such as expected time-to-market, overall risk of failure, production logistics and several other factors. With its focused project pipeline, giving priority to the most promising pipeline assets, Oncology Venture mitigates the negative impact of unwanted set-backs in individual projects and accelerates the achievement of nearer term, value driving development inflection points.

Dovitinib

Oncology Venture is currently seeking U.S. approval for Dovitinib based on “non-inferiority” against the already approved compound Sorafenib (Bayer) for the treatment of RCC, based on prior Phase 3 trial results (by Novartis). In a pre-NDA meeting and the subsequent Meeting Memorandum, the FDA indicated that they would accept the NDA filing if submitted, and provided additional guidance

⁴ <https://www.marketsandmarkets.com/PressReleases/companion-diagnostics.asp>

regarding the submission, including that the NDA would likely be referred to an Oncologic Drugs Advisory Committee (ODAC)¹ for review and recommendation.

Oncology Venture plans to use the data from the prior Phase 3 trial to prove that Dovitinib is in fact “non-inferior” to Sorafenib for the treatment of RCC, and expects that Dovitinib will be approved by the FDA as a safe and efficacious drug beneficial to RCC patients as a third line treatment.

It is important to note that the FDA’s feedback provides guidance only and the review process is unpredictable and may or may not lead to a formal approval. Given the additional guidance, Oncology Venture now plans to file a New Drug Application (NDA) for the approval of Dovitinib for the treatment of RCC late in the second half of 2020.

Dovitinib is a small molecule, pan-tyrosine kinase inhibitor (TKI) licensed from Novartis, that was previously developed through Phase 3 clinical trials. This extensive drug development program includes data from more than 2,500 patients. Dovitinib has shown identical clinical activity to Sorafenib (NEXAVAR[®], an approved pan-TKI marketed by Bayer) in a randomized Phase 3 study in renal cancer and in a randomized Phase 2 study in liver cancer, both conducted by Novartis. Sorafenib is the current gold standard in the treatment of certain forms of liver cancer and approved in certain forms of renal cancer. Dovitinib has also shown activity in several Phase 2 studies in lung, prostate, endometrial and thyroid cancers as well as GIST.

Oncology Venture has previously, successfully validated its DRP[®] for Dovitinib using clinical biopsy materials for most of Novartis’ prior clinical trials for the drug. Accordingly, future development of Dovitinib will benefit from use of the drug-specific DRP[®] to identify the patients who will most likely benefit. DRP[®] has shown a strong ability to predict treatment response in prior clinical studies of renal, endometrial, GIST, liver and breast cancer tumors.

Dovitinib addresses a significant unmet need for relevant treatments of Renal Cell Carcinoma. Annual sales of Sorafenib, under the trade name NEXAVAR[®], were approximately USD \$715 million in 2018. The global Renal Cell Carcinoma market is projected to grow to USD \$6.3 billion 2022. Additionally, Dovitinib has promising market potential, both as a monotherapy and in combination with other agents (such as immune checkpoint inhibitors) in a number of other cancers.

2X-121

2X-121 is a small molecule PARP Inhibitor licensed from Eisai. PARP inhibitors, which inhibit the repair of DNA damage in cancer cells and tumors, have improved the treatment of ovarian cancer and breast cancer, and have shown promise in the treatment of a number of other indications, including pancreatic cancer. They are increasingly showing further therapeutic potential in combination with other agents, including DNA damaging agents and immuno-oncology agents.

Oncology Venture utilizes its validated, 2X-121 specific DRP[®] to identify and select patients most likely to respond to this drug. Like all DRP[®] biomarkers, the predictive power is drug specific and not cancer type specific, meaning that the 2X-121 DRP[®] can assist in selecting highly likely responder patients across multiple cancer types, including ovarian and pancreatic.

2X-121 is currently being evaluated for the treatment of advanced ovarian cancer in a DRP[®]-guided Phase 2 clinical trial at the Dana-Farber Cancer Institute (Boston, MA U.S.A.). Thus far, 8 patients are enrolled in the study, with ongoing enrolment towards a target of 30 patients. The Company is opening a second trial site, at Guy's Hospital (London, UK) to accelerate patient accrual to the trial. Guy's Hospital was the site of the prior Phase 1 study of 2X-121 under sponsorship by Eisai. The IRAS (IRB) submission is ongoing.

The Phase 2 study of 2X-121 in metastatic breast cancer patients that was being conducted in Denmark has been put on hold as a part of the focusing of the Company's activities.

The global PARP inhibitor market is projected to reach USD \$9 billion by 2027 in ovarian cancer alone.

IXEMPRA[®] (Ixabepilone)

Oncology Venture holds an exclusive option to in-license the European rights to IXEMPRA[®] (ixabepilone) from the pharmaceutical company R-Pharm U.S. The drug was originally developed by Bristol-Myers Squibb (BMS) and is approved in the U.S. for the treatment of certain types of breast cancer. The Company is currently advancing a protocol to evaluate IXEMPRA[®] for the treatment of metastatic breast cancer in a DRP[®]-guided Phase 2 clinical trial, with multiple sites planned in Europe. The Company's protocol aims towards an enrolment target of nearly 40 patients. Through use of DRP[®] patient selection, OV aims to provide a superior clinical benefit, to breast cancer patients receiving IXEMPRA[®], as compared to other approved therapy options. Enrolment of patients is planned to begin during 2020, however because of the COVID-19 pandemic and last-minute changes at the hospital clinical trial sites it may not be possible to comply with the planned schedule.

The global breast cancer therapeutics market is projected to grow to USD \$25 Billion by 2024. One of the leading drivers of this market growth will be the use of pre-surgery neoadjuvant therapies in the newly diagnosed patient population, a future market expansion opportunity for IXEMPRA[®].

Lower priority programs

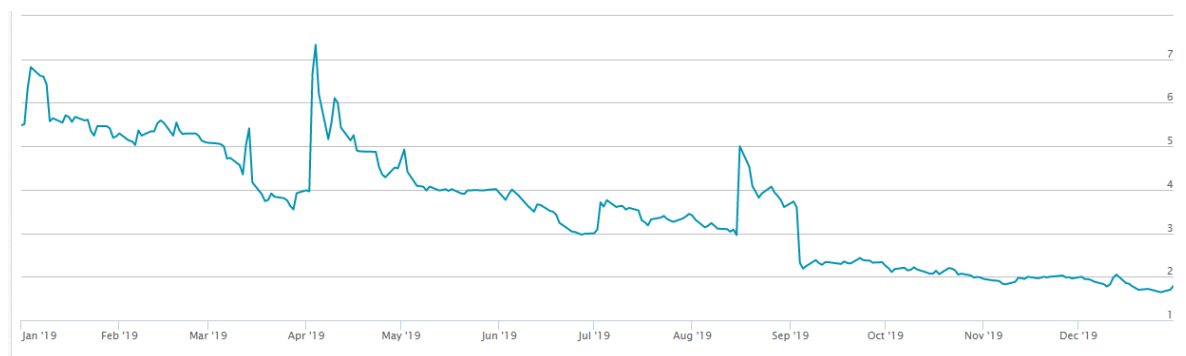
Oncology Venture has three other clinical programs that have been de-prioritized, in order to focus our resources and energies on advancing our high priority programs. The LiPlaCis® clinical trial is currently at a stage where no new patients are being enrolled, but patients who are already enrolled will continue to receive treatment as previously planned. The Irofulven project is also being closed down following the same procedure as the LiPlaCis® project. For LiPlaCis®, Oncology Venture continues to explore possible out-licensing agreements in order to monetize this asset. Licensing rights for APO010 has been returned to its rightful owners as set out in the terms and conditions covering Oncology Venture's rights to develop the treatment. The 2X-111 program remains dormant, but Oncology Venture continues to explore possible out-licensing agreements for this asset.

SHARE INFORMATION

Oncology Venture's share is traded on Nasdaq First North Stockholm. ISIN code: DK0060732477. Ticker: OV. The Company is the result of a merger between Oncology Venture Sweden AB and Medical Prognosis Institute A/S (MPI), which was completed on August 21, 2018. Prior to the merger, Oncology Venture Sweden AB:s share was traded at AktieTorget (now Spotlight). MPI was originally listed at Nasdaq First North Copenhagen in October 2013. The listing was moved to Nasdaq First North Stockholm on June 27, 2016.

Share price trend

In 2019, the share price decreased 69 percent, from SEK 5.51 to SEK 1.7. At year-end, the market capitalization was SEK 205.8 million, based on a closing price of SEK 1.7. During the year 66.193.260 Oncology Venture shares were traded for a value of SEK 255.245.245.



Ownership structure

Oncology Venture had 8,738 shareholders by February 2020. The Board of Directors and Management of the Company holds 5,1 percent of the shares.

Name	Number of Shares	Percentage of voting rights and capital (%)
UBS SWITZERLAND AG, W8IMY*	9.654.723	8,0%
SASS & LARSEN APS	8.690.524	7,2%
Others	102.990.832	84,9%
Total	121.336.079	100,0%

*This nominee account includes Steen Knudsens shareholding of 6,168,680 shares
Steen Knudsen is founder, member of the management team and Board member

Share capital

At February 7, 2020, the share capital totaled DKK 6,066,803.95 , distributed between 121,336,079 shares with a quotient value of DKK 0,05. There is only one class of stock. Each share carries one vote at the Annual General Meeting and all shares carry equal right to a share in the assets and profits of the Company.

Warrants

As an incentive for the Board Members, employees and key persons Oncology Venture A/S has implemented a total of six Warrant programs where of 4 is active.

Warrant plan #6

On October 18, 2019 an equity-settled stock option plan was approved at an extraordinary general meeting, which provides board of directors and members of the executive management of the Group with the option to purchase ordinary shares of Oncology Venture A/S at a fixed price. Warrants was granted with a monthly vesting of 1/36 until October 1, 2022 provided they remain within the Group's employment. Vested warrants are exercisable over a fixed period of time from grant date up to and including September 30, 2032.

Warrant plan #5

On February 24, 2017 an equity-settled stock option plan was approved at an extraordinary general meeting, which provides board of directors and members of the executive management of the Group with the option to purchase ordinary shares of Oncology Venture A/S at a fixed price. Warrants was granted with either immediately vesting upon granting, or with a monthly vesting of 1/36 until July 1, 2019 provided they remain within the Group's employment. Vested warrants are exercisable over a fixed period of time from grant date up to and including July 1, 2021.

Warrant plan #4

On February 18, 2016, the Board of Directors approved an equity-settled stock option plan, which provides key management personnel with the option to purchase ordinary shares of Oncology Venture A/S at a fixed price. Warrants was granted with a monthly vesting of 1/36 from July 1, 2016 until July 1, 2019, provided they remain within the Group's employment. Vested warrants are exercisable over a fixed period of time from grant date up to and including July 1, 2021.

Warrant plan #3

On December 17, 2014, the Board of Directors approved an equity-settled stock option plan, which provides key management personnel and with the option to purchase ordinary shares of Oncology Venture A/S at a fixed price. Warrants was granted with 50% immediately vesting upon granting, 25% vesting on December 17, 2015 and 25% vesting on July 3, 2016, provided they remain within the Group's employment. Vested warrants are exercisable over a fixed period of time from grant date up to and including July 1, 2021.

Please see for further information note 7.

Investor warrants

20,166,221 investor warrants (TO1 warrants) have been granted to investors in connection with subscription of Offer Units in the rights issued carried out April/May 2019. All Warrants were vested as per the grant date. A warrant gives the right, during a fixed period to subscribe for nominal DKK 0.05 ordinary share in the Company at SEK 7.5 (the "Exercise Price"), converted into DKK using the official exchange rate between DKK and SEK on the exercise day. Each warrant carries the right to subscribe.

Warrants may be exercised in the periods: June 1, 2019 – June 7, 2019; September 1, 2019 – September 6, 2019; December 1, 2019 – December 6, 2019; April 1, 2019 – April 10, 2019; May 1, 2020 – May 31 2020 (the "Warrant Exercise Periods").

50,341,080 investor warrants (TO2 warrants) have been granted to investors in connection with subscription of Offer Units in the rights issued carried out October- December 2019. All Warrants were vested as per the grant date. A warrant gives the right, during a fixed period to subscribe for nominal DKK 0.05 ordinary share in the Company in the Company at SEK 6,0 (the "Exercise Price"), converted into DKK using the official exchange rate between DKK and SEK on the exercise day. Each warrant carries the right to subscribe. Investors in the Rights Issue will have the possibility to exercise their warrants in five two-week windows during the 24-months period during which the warrants may be exercised.

These periods are: April 1, 2020 – April 15, 2020, September 1, 2020 – September 15, 2020, February 1, 2021 – February 15, 2021, May 1, 2021 – May 15, 2021 and September 1, 2021 – September 15, 2021

Dividend policy and proposed dividend

Oncology Venture will continue to focus on the development and expansion of its priority drug development projects. Available financial resources and recognized profit are therefore to be reinvested in the operations to finance the Company's long-term strategy. Accordingly, the Board of Directors does not intend to propose any dividend to shareholders until such time as the Company generates sustainable profitability. The Board of Directors proposes that the Annual General Meeting resolve not to issue a dividend for the financial year.

Certified Adviser

Oncology Venture's Certified Adviser is Svensk Kapitalmarknadsgranskning AB, Fähusgatan 5, 603 72 Norrköping. Phone: +46 11-32 30 732.

Financial calendar 2020

Annual General Meeting	April 22
Interim Report January-March	May 29
Interim Report January-June	August 28
Interim Report January-September	November 30

Annual General Meeting

Oncology Venture's Annual General Meeting 2020 will be held April 22, 2020. For information, please see the Notice on www.oncologyventure.com. The minutes from the meeting will be made available at the same webpage.

BOARD OF DIRECTORS**Duncan Moore**

Chairman since 2018. Born 1959.

Other assignments: Partner in East West Capital Partners. Chairman of Lamellar Biomedical. Deputy Chairman of Braidlock. Board director of Forward Pharma A/S.

Previous assignments: Global Head of Healthcare Research at Morgan Stanley.

Independent in relation to the Company and its management and the Company's major shareholders.

Holdings in Oncology Venture: 260,651 shares.

Duncan Moore was holder of 20,000 warrants in Oncology Venture Sweden AB (publ) and thereby entitled to compensation warrants in Oncology Venture pursuant to the authorisation in clause 6.5 of the Company's Articles of Association. This authorisation has not yet been used.

Frank Knudsen

Vice chairman. Board member since 2015. Born 1958.

Other assignments: -

Previous assignments: Chairman of Oncology Venture A/S 2015-2018. Director of finance and administration in Glycom A/S. Investment Director at SEED Capital Denmark.

Independent in relation to the Company and its management and the Company's major shareholders.

Holdings in Oncology Venture: 8,000 shares and 100,000 warrants.

Steve Carchedi

Steve is CEO and a Director of Oncology Venture A/S since September 2019 and joined the Board of Directors in October 2019. He brings more than 30 years of commercial industry experience focused in oncology from several leading multinational pharmaceutical biotech companies. Steve has served in CEO positions in both privately owned and Nasdaq listed biotech-companies, all with a late stage oncology focus in which he has led financing, commercialization and re-structuring activities.

He was previously President & Chief Executive Officer of Apexian Pharmaceuticals, an early stage oncology discovery and development company focused in novel targets to treat cancer, and earlier served as Chief Executive Officer of Raphael Pharmaceuticals (formerly Cornerstone Pharmaceuticals), an oncology company focused in cancer metabolism.

Earlier in his career, Steve served as the Senior Vice President and President, Commercial Operations (North America) for Mallinckrodt Pharmaceuticals leading the company listing on NYSE. In addition, he previously held senior leadership positions at General Electric, Johnson & Johnson, Eli Lilly & Company and Bristol Myers Squibb. In addition to his executive experience, Steve currently serves on the Board of Directors of Sunesis Pharmaceuticals and Bionumerik Pharmaceuticals. He previously served on the Board of Directors for Apexian Pharmaceuticals, Cornerstone Pharmaceuticals and PCAsso Diagnostics, LLC, and was Co-Chair of the BioNJ Personalized Medicine & Diagnostics Committee Council (CMOC), the Ontario Institute of Cancer Research Commercial Committee (OICR) and the Pharmaceutical Industry Board of the American Pediatric Family Foundation.

Steve received a B.S. in Marketing from West Chester University and an MBA in Marketing from Drexel University. Steve is a member of the Board of Directors of Sunesis Pharmaceuticals and BioNumerik Pharmaceuticals.

Non-independent director with regard to the Company and its senior management. Independent in relation to the Company's major shareholders.

Number of warrants: 3 523 875⁵.

Steen Knudsen

Board member since 2004. Founder of Medical Prognosis Institute, Co-Founder of Oncology Venture A/S and the inventor of DRP[®]. Professor emeritus of Systems Biology. Born 1961.

Other assignments: Chief Scientific Officer of Oncology Venture since 2012.

Previous assignments: Professor at Technical University of Denmark.

Holdings in Oncology Venture: 6,168,680 shares.

⁵ Terms & conditions are listed in note 7. Share-based payment

Steen Knudsen was holder of 10,000 warrants in Oncology Venture Sweden AB (publ) and thereby entitled to compensation warrants in Oncology Venture pursuant to the authorisation in clause 6.5 of the Company's Articles of Association. This authorisation has not yet been used.

Magnus Persson

Board member since 2014. Born 1960.

Other assignments: Chairman of Galecto Biotech, Initiator Pharma A/S, ADDI Medical AB, Attgeno AB and Cantargia AB. Board member of Cerecor Inc and Immunicum AB.

Previous assignments: Chairman of BioWorks AB. Managing Partner at The Column Group, Partner at HealthCap. Co-founder of Aerocrine AB. CEO at Karolinska Institutet Holding AB.

Independent in relation to the Company and its management and the Company's major shareholders.

Holdings in Oncology Venture: 135,360 warrants.

Carani Sanjeevi

Board member since 2018. Born 1958.

Other assignments: Professor and works at Karolinska Institute. Member of the Scientific Advisory Boards of Diamyd Medical and Seraxis.

Previous assignments: Board member of Oncology Venture Sweden AB (publ) and Cadila Pharma Sweden AB. Head of the Molecular Immunogenetics Research Group at Center for Molecular Medicine, Karolinska University Hospital in Stockholm. Received 'Pravasi Bharathiya Samman Award' (PBSA) from the President of India in January 2017.

Independent in relation to the Company and its management and the Company's major shareholders.

Carani Sanjeevi was holder of 10,000 warrants in Oncology Venture Sweden AB (publ) and thereby entitled to compensation warrants in Oncology Venture pursuant to the authorisation in clause 6.5 of the Company's Articles of Association. This authorisation has not yet been used.

EXECUTIVE MANAGEMENT TEAM**Steve Carchedi**

The description of Steve Carchedi's experience is found in the Board of Directors section (previous section).

Henrik Moltke

Henrik brings more than 30 years of experience in CFO and Senior Vice President roles within the life sciences and health care sectors, and joined our executive team in 2019. He has been with Oncology Venture since October 2019.

The primary focus in his career has been in venture financing, including IPOs as well as follow on capital increases in the public markets, investor relations, finance, project management, and strategic development.

Henrik has formerly served in such senior roles with companies like Scandinavian Micro Biodevices ApS, Astion Pharma A/S, NeuroSearch A/S, Novo A/S, and Ferrosan A/S. He has also a broad financial and managerial experience from several listed and unlisted companies as member of their Boards of Directors.

Henrik holds a Masters Degree in international economics and strategic management from Copenhagen Business School, Denmark. Henrik is a member of the Board of Directors of Initiator Pharma A/S and Hartmanns A/S.

Number of warrants: 2 114 324⁶.

⁶ Terms & conditions are listed in note 7. Share-based payment

Statement by the Board of Directors and the Executive Board on the annual report

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Oncology Venture A/S for the financial year January 1 – December 31, 2019.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management’s Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at December 31, 2019 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year January 1 - December 31, 2019.

In our opinion, Management’s Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hoersholm, Denmark, March 31, 2020

Executive Board

Steve Carchedi

Henrik Kristian Moltke

Board of Directors

Duncan Moore
Chairman

Frank Knudsen
Vice chairman

Steve Carchedi

Steen Meier Knudsen

Gunnar Magnus Severus
Modée Persson

Carani Sanjeevi

To the shareholders of Oncology Venture A/S**Opinion**

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at December 31, 2019 and of the results of the Group's operations and cash flows for the financial year January 1 to December 31, 2019 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at December 31, 2019 and of the results of the Parent Company's operations for the financial year January 1 to December 31, 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Oncology Venture A/S for the financial year January 1 - December 31, 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, March 31, 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
Mne18651

Thomas Lauritsen
State Authorised Public Accountant
Mne34342

Consolidated income statement and statement of comprehensive income

Note	Amounts in DKK '000	2019	2018
4	Revenue	801	2,147
5	Other operating income	2,100	7,370
	Other external expenses	-46,821	-33,444
6, 7	Staff expenses, share-based payments	-2,210	-844
6	Staff expenses, other	-20,372	-7,487
	Loss before depreciation (EBITDA)	-66,502	-32,258
	Amortisation, depreciation and impairment losses	-81,600	-213
	Operating loss before net financials	-148,102	-32,471
14	Share of profit of an associate	0	-1,283
	Gain on the divestment of an associate	0	10,146
8	Financial income	3,281	4,490
9	Financial expenses	-30,103	-3,399
	Profit/loss before tax	-174,924	-22,517
10	Tax on profit/loss	36,792	6,973
	Net profit/loss	-138,132	-15,544
	<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</i>		
	Exchange differences on translation of foreign operations	119	199
	Other comprehensive income for the year, net of tax	119	199
	Total comprehensive income	-138,013	-15,345

Consolidated income statement and statement of comprehensive income

Note	Amounts in DKK '000	2019	2018
	Net profit/loss attributable to:		
	Owners of the parent company	-131,955	-14,939
	Non-controlling interests	-6,177	-605
	Total	-138,132	-15,544
	Total comprehensive income attributable to:		
	Owners of the parent company	-131,836	-14,891
	Non-controlling interests	-6,177	-454
	Total	-138,013	-15,345
11	Earnings per share		
	Earnings per share (in DKK)	-2.08	-0.44
	Diluted earnings per share (in DKK)	-2.08	-0.44

Consolidated balance sheet

ASSETS

Note	Amounts in DKK '000	31/12/2019	31/12/2018
12	Property, plant and equipment	2,917	363
13	Acquired patents	955	1,212
13	Development projects in progress	155,023	235,521
	Total non-current assets	158,895	237,096
15	Trade receivables	637	0
	Income tax receivable	5,512	5,514
	Other receivables	5,300	5,262
	Prepayments	681	2,078
	Cash	10,176	1,547
	Total current assets	22,306	14,401
	Total assets	181,201	251,497

EQUITY AND LIABILITIES

Note	Amounts in DKK '000	31/12/2019	31/12/2018
	Share capital	6,067	2,516
	Share premium	310,527	213,554
	Retained earnings	-192,970	-61,040
	Currency translation reserve	240	121
	Non-controlling interests	17,470	26,705
16	Total equity	141,334	181,856
	Lease liabilities	2,274	0
10	Deferred tax	6,096	34,234
	Non-current liabilities	8,370	34,234
	Loan	3,578	18,892
	Lease liabilities	573	0
	Trade payables	14,537	12,656
	Income tax payable	286	0
	Other payables	12,523	3,555
	Deferred income	0	304
	Current liabilities	31,497	35,407
	Total liabilities	39,867	69,641
	Total equity and liabilities	181,201	251,497

Consolidated statement of changes in equity

Amounts in DKK '000	Share capital	Share premium	Retained earnings	Currency translation reserve	Non-controlling interest	Total equity
Equity as at 01/01/2019	2,516	213,554	-61,040	121	26,705	181,856
Profit/loss for the year			-131,955		-6,177	-138,132
Other comprehensive income				119		119
Total comprehensive income	0	0	-131,955	119	-6,177	-138,013
Cash capital increase in May Capital increase, debt conversion in May	764	43,114				43,878
Cash capital increase in December Capital increase, debt conversion in December	244	13,267				13,511
Costs of capital increases	1,645	45,477				47,122
Exercise of warrants	887	24,543				25,430
Acquisition/disposal, non-controlling interests		-29,536				-29,536
Share-based payments	11	108				119
Acquisition/disposal, non-controlling interests			-2,250		-3,058	-5,308
Share-based payments			2,275			2,275
Equity as at 31/12/2019	6,067	310,527	-192,970	240	17,470	141,334
Equity as at 01/01/2018	1,215	45,224	-43,916	-78	0	2,445
Profit/loss for the year			-14,939		-605	-15,544
Other comprehensive income				199		199
Total comprehensive income	0	0	-14,939	199	-605	-15,345
Capital increase, merger	1,282	171,450			24,636	197,368
Costs of capital increase		-3,299				-3,299
Share based payment award, merger			1,689			1,689
Exercise of warrants	19	179				198
Acquisition/disposal, non-controlling interests			-5,269		2,674	-2,595
Share-based payments			1,395			1,395
Equity as at 31/12/2018	2,516	213,554	-61,040	121	26,705	181,856

Consolidated cash flow statement

Note	Amounts in DKK '000	2019	2018
	Loss before tax	-174,924	-22,517
17	Adjustment for non-cash items	83,875	-7,255
8	Financial income, reversed	-3,281	-4,490
9	Financial expenses, reversed	30,103	3,399
18	Change in working capital	9,716	-1,370
	Cash flows from operating activities before net financials	-54,511	-32,233
	Financial income received	53	841
	Financial expenses paid	-26,899	-2,391
	Income tax received	8,942	6,159
	Cash flows from operating activities	-72,415	-27,624
	Purchase of property, plant and equipment	-56	-37
	Purchase of intangible assets	0	-781
	Purchase of non-controlling interests	-5,308	-3,305
	Acquisition of subsidiary	0	2,599
	Sale of investments in associates	1,550	11,379
	Cash flows from investing activities	-3,814	9,855
	Cash capital increase	92,251	198
	Transaction cost, capital increase	-29,536	-3,299
	Proceeds from loan	57,739	18,892
	Repayment of loan	-35,199	0
	Lease liabilities	-495	0
	Cash flows from financing activities	84,760	15,791
	Total cash flows for the year	8,531	-1,978
	Cash, beginning of year	1,547	3,326
	Net foreign exchange difference	98	199
	Cash, end of year	10,176	1,547

0. Going concern - capital resources and liquidity
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0. Going concern - capital resources and liquidity

As a development company, and like other similar companies, Oncology Venture (OV) over the years has shown negative cash flow why the company is dependent on being recapitalized until reaching the point where a positive cash flow begins. The Board of Directors and Management are constantly monitoring OV's financial position and are prepared to take the adequate measures to secure the ongoing activities of the company.

In March 2020, the Company entered into an agreement which can provide funding up to SEK 100 million through a convertible note facility. The facility consists of up to 10 tranches of up to 10 million SEK each, during a period of 24 months.

To further optimize and secure the financial position of the company the management is continuously considering relevant improvement initiatives, e.g. partnering deals, capital increases or loan facilities. The Board of Directors and Management have confidence in the company as a going concern, and consequently, the Financial Statements have been prepared in accordance with the going concern principles.

1. Accounting policies

Oncology Venture A/S is a limited liability company domiciled in Denmark. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Danish kroner (DKK) is the group's presentation currency and the functional currency of the parent company. The consolidated financial statements are presented in Danish kroner (DKK) rounded off to the nearest DKK 1,000.

New financial reporting requirements

A number of changes to accounting standards are effective from January 1, 2019 and adopted by the EU. Those of relevance to the Group are:

- IFRS 16 Leases

Transition to IFRS 16

IFRS 16 "Leases" sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The cumulative effect of initially applying the Standard has been recognised at January 1, 2019 and comparatives have not been restated. As a result of the change in lease accounting, the group has capitalized its right of use assets. Upon implementation on January 1, 2019, the Group has recognized a liability to make lease payments (i.e. the lease liability) of DKK 3,341 thousand and an asset representing the right to use the underlying asset during the lease term (i.e. the right to use asset) of DKK 3,341 thousand.

1. Accounting policies - continued -

The accumulated effect on equity at January 1, 2019 is zero and the accumulated effect on total assets is DKK 3,341 thousand. Further, the group has separately recognized the interest expense on the lease liability with DKK 312 thousand and the depreciation on the right to use the assets with DKK 668 thousand instead of cost of operating lease agreements with DKK 877 thousand. Hence, the impact on net result for 2019 from adoption of IFRS 16 was DKK -173 thousand.

Business combinations

Newly acquired or newly founded companies are recognized in the consolidated financial statements as from the time of acquisition and the time of foundation, respectively. The time of acquisition is the time at which control of the company is actually obtained. Divested or discontinued companies are recognized in the consolidated statement of comprehensive income up until the time when control ceases.

When new companies are acquired and the group obtains control of an acquired company, it is recognized in accordance with the acquisition method, according to which the newly acquired company's identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. The acquisition price of a company is the fair value of the price paid for the acquired company. Expenses relating to the acquisition are recognized in the income statement when paid.

Positive differences (goodwill) between the acquisition price of the acquired company on the one hand and the fair value of the assets, liabilities and contingent liabilities acquired on the other are recognized as goodwill and tested for impairment at least once a year.

Alternative performance measures (APMs)

The consolidated financial statements refers to certain key performance indicators, which Oncology Venture and others use when evaluating the performance of Oncology Venture. These are referred to as alternative performance measures (APMs) and are not defined under IFRS. The figures give management and investors important information to enable them to fully analyze the Oncology Venture business and trends. The APMs are not meant to replace but to complement the performance measures defined under IFRS.

Consolidated financial statements

The consolidated financial statements comprise Oncology Venture A/S (parent company) and the companies (subsidiaries) controlled by the parent company. A company is regarded as controlled by the parent company when the parent company is exposed or entitled to variable returns on its involvement in the company, and has the ability to affect those returns through its power over the company.

1. Accounting policies - continued -

The consolidated financial statements are prepared based on the financial statements of Oncology Venture A/S and its subsidiaries. The consolidated financial statements are prepared by combining items of a uniform nature calculated in accordance with the group's accounting policies, eliminating intercompany income and expenditure, intercompany balances and dividends as well as gains and losses on transactions between the consolidated companies.

Foreign currency translation

On initial recognition, transactions in currencies other than the functional currency of the individual company are recognized at the exchange rate applicable at the transaction date. Receivables, payables and other monetary items denominated in foreign currency not settled at the balance sheet date are translated using the exchange rate applicable at the balance sheet date.

Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment and the balance sheet date, respectively, are recognized in the income statement as net financials. Property, plant and equipment and intangible assets, inventories and other non-monetary assets purchased in foreign currency and measured based on historical cost are translated at the exchange rate applicable at the transaction date.

Leases

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

1. Accounting policies - continued -

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in a separate line in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under IAS 17

In the comparative period, leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognized in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalized and recognized in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the lease term.

1. Accounting policies - continued -**Tax**

Tax for the year, consisting of current tax and changes in deferred tax, is recognized in the income statement with the portion attributable to tax on the profit or loss for the year, and directly in equity or in other comprehensive income with the portion attributable to amounts recognized directly in equity or in other comprehensive income, respectively.

Current tax payables and receivables are recognized in the balance sheet as tax computed on the basis of the taxable income for the year and taxes paid or refunded.

Current tax for the year is computed based on the tax rules and tax rates applicable at the balance sheet date.

Deferred tax is recognized using the balance sheet liability method on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities, except for deferred tax on temporary differences due to either initial recognition of goodwill or initial recognition of a transaction that is not a business combination, and where the temporary difference ascertained at the time of initial recognition does not affect either the tax results or the taxable income. The deferred tax is calculated based on the planned use of the individual asset or settlement of the individual liability.

Deferred tax is measured applying the tax rules and tax rates expected to be applicable when the deferred tax is expected to crystallize as current tax. Any change in deferred tax as a result of changes in tax rules or rates is recognized in the income statement, unless the deferred tax is attributable to transactions that have previously been recognized directly in equity or in other comprehensive income. In the latter case, the change is recognized directly in equity or in other comprehensive income, respectively.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognized in the balance sheet at the expected realizable value, either through offsetting against deferred tax liabilities or as a net tax asset for offsetting against future positive taxable incomes. An assessment is made on each balance sheet date of whether it is probable that sufficient taxable income will be generated in future to enable utilization of the deferred tax asset.

Grants

Grants are recognized when the conditions for receipt are met and there is reasonable assurance that the grant will be received.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

1. Accounting policies - continued -**STATEMENT OF COMPREHENSIVE INCOME****Revenue**

The Group recognizes revenue when control is transferred to the customer. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on relative standalone selling price. Taxes assessed by a governmental authority that are both imposed on, and concurrent with, a specific revenue producing transaction and collected by the Group from customers (for example, sales, use, value added, and some excise taxes) are not included in revenue.

Other operating income

Other income comprises income of a secondary nature in relation to the group's activities, including grants and license income. Income from licenses that do not transfer the right of ownership to an intangible asset are recognized over time in accordance with the substance of the agreements.

Other external expenses

Other external expenses comprise expenses relating to marketing, administrative expenses, costs of premises, bad debts, operating leases etc.

Staff expenses

Staff expenses comprise wages and salaries as well as social security expenses, pensions for group staff, other staff-related expenses and share-based payment compensation.

Share-based payments

Share-based payments of the Group are equity-settled share options granted to employees, for which an option pricing model is used to estimate the fair value at grant date. That fair value is charged on a straight-line basis as an expense in the consolidated statement of profit or loss over the period that the employee becomes unconditionally entitled to the options (vesting period), with a corresponding increase in equity.

Equity is also increased by the proceeds received, as and when employees choose to exercise their options.

1. Accounting policies - continued -

Net financials

Net financials comprise interest income and expenses, realized and unrealized gains and losses on transactions in foreign currency and realized and unrealized gains and losses on other financial assets.

Amortization of capital losses and borrowing costs relating to financial liabilities is recognized on an ongoing basis as part of the interest expenses.

Earnings per share

Basic net result per share is calculated as the net result for the year divided by the weighted average number of outstanding ordinary shares, excluding treasury shares.

Diluted net result per share is calculated as the net result for the year divided by the weighted average number of outstanding ordinary shares, excluding treasury shares adjusted for the dilutive effect of share equivalents. As the income statement shows a net loss, no adjustments has been made for the dilutive effect.

BALANCE SHEET

Development projects

Internally generated development projects

Costs incurred in relation to individual development projects are capitalized only when the future economic benefit of the project is probable and the following main conditions are met: (i) the development costs can be measured reliably, (ii) the technical feasibility of the product has been ascertained and (iii) Management has the intention and ability to complete the intangible asset and use or sell it.

Development projects acquired in a business combination

Development projects acquired as part of a business combination are initially recognized separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognized by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

After initial recognition, intangible assets acquired as part of a business combination follow the accounting policies of internally generated development projects as stated above.

1. Accounting policies - continued -

Acquired patents

Acquired patents are measured in the balance sheet at the lower of cost less accumulated amortisation and recoverable amount.

Cost comprises the acquisition price, costs directly related to the acquisition and costs for preparation of the asset until such time as the asset is ready for use. The depreciation period is usually 6 years with no residual value. Depreciation methods, useful lives and residual values are reviewed every year.

Property, plant and equipment

Property, plant and equipment are measured in the balance sheet at the lower of cost less accumulated depreciation and recoverable amount.

Cost comprises the acquisition price, costs directly related to the acquisition and costs for preparation of the asset until such time as the asset is ready for use. The depreciation period is usually 3-5 years with no residual value. Depreciation methods, useful lives and residual values are reviewed every year.

Gains and losses on the disposal of property, plant and equipment are recognized in the income statement as other operating income or other operating expenses, respectively.

Equity investments in associates

Equity investments in associates are recognized and measured according to the equity method, meaning that these equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the group, adjusted for the remaining value of positive or negative goodwill and gains and losses on transactions with the enterprises in question. Associates are disposed in 2018.

Other investments

Other equity investments including warrants in associates are measured at fair value in the balance sheet. For equity investments that are traded in an active market, fair value is equivalent to the market value at the balance sheet date. Other equity investments for which fair value cannot be determined reliably are measured at cost.

1. Accounting policies - continued -**Impairment of fixed assets**

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables comprise trade receivables and other receivables. Receivables are included in the category loans and receivables, which are financial assets with fixed or determinable payments that are not listed in an active market and are not derivative financial instruments.

On initial recognition, receivables are measured at fair value and subsequently at amortized cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Any write-downs for bad debts are determined on the basis of an individual assessment of the individual receivable.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

Direct and incremental costs associated with capital increases are accounted for as a reduction in the proceeds from the capital increase and recognized in shareholders' equity.

The translation reserve in the consolidated financial statements comprises foreign-exchange differences arising on translation of financial statements of Group entities from their local foreign currencies to the presentation currency used by the Group (DKK). On the disposal, entirely or partially, of a Group entity, the exchange-rate adjustment is recognized in profit or loss as a portion of the gain/loss on the sale.

1. Accounting policies - continued -

Liabilities

Non-current liabilities comprise other credit institutions. Payables to credit institutions are measured at cost at the time of contracting such payables (raising of loans). Subsequently, the liabilities are measured at amortized cost, meaning that the difference between the proceeds from the loan and the repayable amount is recognized in the income statement over the period of the loan as a financial expense according to the effective interest method.

Other financial liabilities comprise bank debt, trade payables, other payables to public authorities and other liabilities. On initial recognition, other financial liabilities are measured at fair value less any transaction costs. Subsequently, the liabilities are measured at amortized cost according to the effective interest method, so that the difference between the proceeds and the nominal value is recognized in the income statement as a financial expense over the period of the loan.

Deferred income

Deferred income comprises payments received in respect of income in subsequent financial years. Deferred income are measured at cost.

CASH FLOW STATEMENT

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash at the beginning and end of the year. Cash flows from operating activities are presented in accordance with the indirect method and are determined as the operating profit or loss adjusted for non-cash operating items, changes in working capital and paid financial income, financial expenses and income tax.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of companies and financial assets as well as the purchase, development, improvement and sale of property, plant and equipment and intangible assets.

Cash flows from financing activities comprise changes in the parent company's share capital and associated costs as well as the raising and repayment of loans, the repayment of interest-bearing debt, the purchase and sale of treasury shares and the payment of dividends.

Cash flows in currencies other than the functional currency are recognized in the cash flow statement using average exchange rates, unless they deviate significantly from the actual exchange rates at the transaction dates.

Cash and cash equivalents comprise cash less overdraft facilities that are an integrated part of the cash management.

1. Accounting policies - continued -**FINANCIAL HIGHLIGHTS**

Explanation of financial ratios:

$$\text{Solvency ratio} : \frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

$$\text{Earnings per share} : \frac{\text{Net profit/loss for the year} \times 100}{\text{Average number of shares}}$$

2. Significant accounting estimates and assessments

In connection with the preparation of the consolidated financial statements, the management makes a number of accounting estimates and assessments that affect the recognized values of assets, liabilities, income, expenses and cash flows as well as their presentation.

Accounting estimates reflect the management's best estimates in terms of amounts where the measurement is subject to uncertainty, typically because the estimate is based on assumptions concerning future events. The accounting estimates are based on historical experience and other assumptions deemed relevant, but the actual results may, naturally, deviate from the estimates made. The estimates are regularly reassessed, and the effect of changes is recognized in the consolidated financial statements.

Accounting judgements reflect decisions made by the management as to how the accounting policies are applied in specific situations where the accounting treatment depends on qualitative assessments. Examples could be when the risk passes or how a certain transaction or item is best presented to provide reliable and relevant information.

The following accounting estimates and judgements have had significant impact on the consolidated financial statements for 2019:

Development costs

The conditions for capitalization of development costs are closely defined: an intangible asset must be recognized if, and only if, there is reasonable certainty of receiving future cash flows that will cover an asset's carrying amount. Since our development projects are often subject to regulatory approval procedures and other uncertainties, the conditions for the capitalization of costs incurred before receipt of approvals are not normally satisfied.

2. Significant accounting estimates and assessments - continued -

Management assess on a continuous basis, whether there is reasonable certainty of receiving future cash flows that will cover the development costs incurred regarding our own development projects. As the currently ongoing projects are subject to regulatory approval procedures and other uncertainties, the conditions for the capitalization of costs have not been satisfied as at December 31, 2019 and comparative periods.

Impairment test for development projects in progress

Oncology Venture is continuously monitoring and assessing the development projects in progress for impairment indications, taking into consideration both the short-term and long-term strategy and plan for the development, as well as result of previous tests, liquidity situation and expectations for future profit.

During the year a new Executive Management was enrolled with the organization. Executive Management has reprioritized the projects under development by the Oncology Venture Group, as stated in the Management's Review, which has affected the value of some of the projects negatively, while other projects now has a higher expected value.

To assess the value of development projects in progress, Management has prepared a Discounted Cash Flow calculation. This model for valuation is based on a net present value of future expected cash flow, and thus have a number of material assumptions, including expected cost of development, sales price, number of patients and market-share, cost of capital, fulfillment of milestones in in-license and out-license agreements, probability of approval for marketing and completion of the development phase. These variables are based on expectations by Management, budgets, comparison with prior similar products developed by competitors as well as data from professional and industrial bodies, etc. The budget period used in the calculation was around 10 years but differed between the projects. The weighted average cost of capital (WACC) used was 9.9%.

Moreover, an external appraising company has been used during the year to assess the value of the projects. These valuations did not give rise to a different assessment than that of Management. The calculations showed that for 3 out of 5 projects, the value was adequately above booked value and a sensitivity analysis did not give rise to material uncertainty regarding this position. With the reprioritizing stated above, the valuation of these projects shows a higher value than previously. For 2 of the 5 projects however, the value was uncertain and highly sensitive to adjustments in the sensitivity analysis. These 2 projects are among the down-prioritized projects as stated in the Management's Review. This higher uncertainty is related to a push-back of expected cash flow, as the projects lies dormant by year-end. With both expected outgoing and ingoing cash flow being pushed-back some years, small changes can have a great impact on the valuation. Due to this, Management has concluded that the projects are impaired, and have been written down to a value of DKK 0. This action is due to uncertainty and push-back of expected cashflow, ingoing as well as outgoing, and should not be viewed as a forfeit of the projects.

2. Significant accounting estimates and assessments - continued -

Valuation of warrants

The calculated fair value and subsequent compensation expenses for share-based compensation are subject to significant assumptions and estimates. The fair value of each warrant granted during the year is calculated using the Black-Scholes pricing model. This pricing model requires the input of subjective assumptions such as:

- The expected stock price volatility: The group has estimated the fair value of its warrants by using the historic volatility of the shares
- The risk-free interest rate, which is based on the Danish government bonds (bullet issues) having a yield with a maturity equal to the expected term of the option in effect at the time of grant.
- The expected life of warrants, which is based on vesting terms, expected rate of exercise and life terms in the current warrant program.

3. Segment information

Oncology Venture is still at an early commercial phase with a limited revenue generating activities. Accordingly, Oncology Venture only has one operating segment, which is also the only reportable segment. Information on profit/loss and total assets for the segment can be found in the consolidated income statement and the consolidated balance sheet.

Oncology Venture is domiciled in Denmark. Oncology Venture has neither revenues from external customers outside Denmark, nor non-current assets in other geographical areas than Denmark. Information on revenues from external customers and non-current assets in Denmark can be found in the consolidated income statement and the consolidated balance sheet. Non-current assets consist of property, plant and equipment and financial assets.

Income from transactions with two major customers recognized under "Revenue" amount to DKK 2.1 mill. and DKK 0.5 mill. in 2019, including other operating income, which is more than 10% of total revenue (2018: DKK 8.3 mill. Including other operating income).

Amounts in DKK '000 2019 2018

4. Revenue

Revenue is distributed as follows:

Rendering of services	801	2,147
Total	801	2,147

5. Other operating income

Grants	2,100	149
License income	0	6,346
Other services	0	875
Total	2,100	7,370

6. Staff expenses

Wages and salaries	20,159	7,356
Pensions	127	95
Other social security costs	86	36
Share-based payment expense	2,210	844
Total	22,582	8,331

Average number of employees during the year	16	12
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Key management personnel comprise the CEO and the Board of Directors.

Compensation for executive management and Board of Directors, including remuneration to terminated employees:

Short-term employee benefits	4,869	2,364
Post-employment benefits	0	0
Termination benefits	0	0
Share-based payment	2,198	741
Total	7,067	3,105

7. Share-based payment

Warrants has been granted to members of the executive management, members of the board of directors, employees and external consultants.

Warrant plan #6

On October 18, 2019 an equity-settled stock option plan was approved at an extraordinary general meeting, which provides board of directors and members of the executive management of the Group with the option to purchase ordinary shares of Oncology Venture A/S at a fixed price. Warrants was granted with a monthly vesting of 1/36 until October 1, 2022 provided they remain within the Group's employment. Vested warrants are exercisable over a fixed period of time from grant date up to and including September 30, 2032.

Warrant plan #5

On February 24, 2017 an equity-settled stock option plan was approved at an extraordinary general meeting, which provides board of directors and members of the executive management of the Group with the option to purchase ordinary shares of Oncology Venture A/S at a fixed price. Warrants was granted with either immediately vesting upon granting, or with a monthly vesting of 1/36 until July 1, 2019 provided they remain within the Group's employment. Vested warrants are exercisable over a fixed period of time from grant date up to and including July 1, 2021.

Warrant plan #4

On February 18, 2016, the Board of Directors approved an equity-settled stock option plan, which provides key management personnel with the option to purchase ordinary shares of Oncology Venture A/S at a fixed price. Warrants was granted with a monthly vesting of 1/36 from July 1, 2016 until July 1, 2019, provided they remain within the Group's employment. Vested warrants are exercisable over a fixed period of time from grant date up to and including July 1, 2021.

Warrant plan #3

On December 17, 2014, the Board of Directors approved an equity-settled stock option plan, which provides key management personnel and with the option to purchase ordinary shares of Oncology Venture A/S at a fixed price. Warrants was granted with 50% immediately vesting upon granting, 25% vesting on December 17, 2015 and 25% vesting on July 3, 2016, provided they remain within the Group's employment. Vested warrants are exercisable over a fixed period of time from grant date up to and including July 1, 2021.

During 2019, the total charge to profit or loss amounted to DKK 2,275k (2018: DKK 1,395k) of which DKK 2,210k (2018: 844k) are recognized as staff expenses, and DKK 65k (2018: DKK 551k) are recognized as other external expenses.

The table below summarizes the number of options that were outstanding, their weighted average exercise price (WAEP) as at December 31, as well as the movements during the period.

7. Share-based payment - continued -

	2019		2018	
	Number	WAEP in DKK	Number	WAEP in DKK
Outstanding at January 1	3,309,040	0.52	3,689,040	0.52
Granted	5,638,199	1.57	0	-
Forfeited	0	-	0	-
Exercised	-230,000	0.52	-380,000	0.52
Expired	0	-	0	-
Outstanding at December 31	8,717,239	1.20	3,309,040	0.52
Exercisable at 31 December 31	3,548,890	0.66	3,159,040	0.52

The weighted average share price at the date of exercise of exercised warrants in 2019 was DKK 2.39 (2018: DKK 10.11). The weighted average remaining contractual life for the warrants outstanding as at December 31, 2019 was 4.7 years (December 31, 2018: 2.50 years).

The exercise prices for warrants outstanding at the end of the 2019 is DKK 0.52 - 1.57 (2018: DKK 0.52).

The weighted average fair value of warrants granted in 2019 was DKK 1.34. No warrants were granted in 2018.

The estimate of the grant date fair value of each warrant issued is based on a Black Scholes model. Inputs to the model included the following:

	Plan #6
Grant date	18/10/2019
Weighted average share price in DKK	1.57
Exercise price in DKK	1.57
Historical and expected volatility	103.9%
Option life (months)	121-156
Expected dividends	0
Risk-free interest rate	-0.36%

Expected volatility was determined taking into consideration the volatility of the company's share price over a 12-month period prior to each award date.

Amounts in DKK '000 2019 2018

8. Financial income

Interest income on assets measured at amortized cost	48	333
Exchange rate gains, net	3,229	307
Change in fair value of other investments	0	3,649
Other	4	201
Total	3,281	4,490

9. Financial expenses

Interest expenses on liabilities measured at amortized cost	26,569	1,853
Exchange rate loss, net	3,518	489
Change in fair value of warrants in associates	0	1,008
Other	16	49
Total	30,103	3,399

10. Tax

Tax on profit/loss for the year:

Current tax	327	0
Change in deferred tax	-30,768	-4,000
Adjustment of tax concerning previous years	-851	1
Tax received under the tax credit scheme	-5,500	-2,974
Tax on profit/loss for the year	-36,792	-6,973

Reconciliation of effective tax rate:

Tax computed on the loss before tax at a tax rate of 22.0%	-38,483	-4,954
Effect of different tax rate in subsidiaries	67	54
Tax value of the result in associate	0	-3,039
Tax value of non-deductible expenses, share-based payments	501	307
Tax value of non-deductible expenses, other	16	8
Tax adjustment on loss on warrants in associates	0	222
Other adjustments	498	754
Utilisation of previously unrecognised deferred tax assets	0	-1,756
Adjustment of tax concerning previous years	-852	1
Non-recognised tax asset	1,461	1,430
Effective tax rate (21.3% / 31.0%)	-36,792	-6,973

10. Tax - continued -

Amounts in DKK '000 31/12/2019 31/12/2018

Deferred tax is made up as follows:

Property, plant and equipment	110	83
Accounts receivable	0	13
Warrants in associates	0	0
Deferred Income	0	67
Intangible assets	-28,448	-44,674
Tax losses carried forward	24,889	11,707
Total deferred tax	-3,449	-32,804
Write down to assessed value	-2,647	-1,430
Carrying amount	-6,096	-34,234

which is distributed as follows:

Deferred tax assets	0	0
Deferred tax liabilities	6,096	34,234
Total	6,096	34,234

Tax losses carried forward can be carried forward indefinitely.

Deferred tax has been provided at 22% corresponding to the current tax rate.

	2019	2018
11. Earnings per share		
<i>Earnings per share (basic)</i>		
Profit/loss for the year attributable to the owners of the parent company (in DKK '000)	-131,955	-14,939
Average number of shares in circulation	63,407,230	33,821,011
Earnings per share (in DKK)	-2.08	-0.44
<i>Diluted earnings per share</i>		
Diluted average number of shares in circulation	63,407,230	33,821,011
Diluted earnings per share (in DKK)	-2.08	-0.44

No dilution where the warrants are anti-dilutive.

Amounts in DKK '000	Plant and machinery	Righth-of-use assets	Total
12. Property, plant and equipment			
Cost as at 01/01/2019	2,129	0	2,129
Adoption of IFRS 16		3,341	3,341
Additions during the year	56		56
Disposals during the year			0
Cost as at 31/12/2019	2,185	3,341	5,526
Depreciation and impairment losses as at 01/01/2019	1,766	0	1,766
Impairment losses during the year			0
Depreciation during the year	175	668	843
Reversal of depreciation of and impairment losses on disposed assets			0
Depreciation and impairment losses as at 31/12/2019	1,941	668	2,609
Carrying amount as at 31/12/2019	244	2,673	2,917
Cost as at 01/01/2018	1,801	0	1,801
Additions relating to merger	291	0	291
Additions during the year	37	0	37
Disposals during the year	0	0	0
Cost as at 31/12/2018	2,129	0	2,129
Depreciation and impairment losses as at 01/01/2018	1,666	0	1,666
Impairment losses during the year	0	0	0
Depreciation during the year	100	0	100
Reversal of depreciation of and impairment losses on disposed assets	0	0	0
Depreciation and impairment losses as at 31/12/2018	1,766	0	1,766
Carrying amount as at 31/12/2018	363	0	363

Amounts in DKK '000	Acquired patents	Develop- ment projects in progress	Total
13. Intangible assets			
Cost as at 01/01/2019	1,324	235,521	236,845
Additions during the year	0	0	0
Disposals during the year	0	0	0
Cost as at 31/12/2019	1,324	235,521	236,845
Amortisation and impairment losses as at 01/01/2019	112	0	112
Impairment losses during the year	0	80,498	80,498
Amortisation during the year	257	0	257
Amortisation and impairment losses as at 31/12/2019	369	80,498	80,867
Carrying amount as at 31/12/2019	955	155,023	155,978
Cost as at 01/01/2018	0	0	0
Additions relating to merger	543	235,521	236,064
Additions during the year	781	0	781
Cost as at 31/12/2018	1,324	235,521	236,845
Amortisation and impairment losses as at 01/01/2018	0	0	0
Impairment losses during the year	0	0	0
Amortisation during the year	112	0	112
Amortisation and impairment losses as at 31/12/2018	112	0	112
Carrying amount as at 31/12/2018	1,212	235,521	236,733

13. Intangible assets - continued -

Amounts in DKK '000	31/12/2019	31/12/2018
Individually material development projects in progress		
LiPlaCis	58,851	58,851
2X-111	0	39,759
2X-121	40,863	40,863
Dovitinib	55,309	55,309
Irofulven	0	40,739
Total	155,023	235,521

Remaining amortization period

All abovementioned intangible assets are development projects in progress.

Impairment

Refer to note 2

Expensed research and development costs

Research and development costs that are not eligible for capitalization have been expensed in 2019 with DKK 43,118k (2018: DKK 39,395k) recognized in other external expenses and staff expenses.

14. Investments in associates

On 1 January 2018, the Group had a 10.6% interest in Oncology Venture AB. As part of the merger with Oncology Venture AB, the combined company was not allowed to hold own shares, and therefore the group sold its holdings in Oncology Venture Sweden AB during June 2018. Therefore the Group has no equity investments in associates on December 31, 2019 or December 31, 2018.

The Group's interest in Oncology Venture AB is accounted for using the equity method in the consolidated financial statements. The below table illustrates the summarized financial information of the Group's investment in Oncology Venture AB. Summarized financial information represent amounts in the associate's financial statements prepared in accordance with IFRS, adjusted to reflect adjustment made by Oncology Venture A/S Group for equity accounting purposes.

14. Investments in associates - continued -

Amounts in DKK '000 31/12/19 31/12/18

Summarized financial information of the interest in Oncology Venture AB recognized in the consolidated financial statements:

Net assets of the associate	0	0
Proportion of the Group's ownership interest	0.0%	0.0%
Goodwill	0	0
Other adjustments	0	0
Group's carrying amount of the investment	0	0

Amounts in DKK '000 2019 2018

Revenue	0	375
Costs	0	-14,759
Finance costs	0	-206
Loss before tax	0	-14,590
Income tax	0	2,486
Loss for the period	0	-12,104
Total comprehensive income for the period	0	-12,104
Group's share of profit for the period	0	-1,283

Amounts in DKK '000 31/12/2019 31/12/2018

15. Trade receivables

Gross receivable	637	58
Provision for losses	0	-58
Total	637	0

Due receivables not written down:

Overdue, less than 30 days	0	0
Overdue, more than 30 days	0	0
Total	0	0

There is no material difference between the fair value of receivables and their carrying amount.

16. Equity*Share capital*

The share capital consists of 121.336.079 shares of DKK 0.05 each (2018: 50,311,278 shares of DKK 0.05 each). The shares are fully paid in. The shares are not divided into classes, and no shares enjoy special rights.

Information relating to the share-based payments Plan, including details of warrants issued, exercised and lapsed during the financial year and warrants outstanding at the end of the reporting period, is set out in note 7.

Shares issued and fully paid

	2019	2018
Shares issued at 01/01	50,311,278	24,307,555
Cash capital increase on 29/05/2019	15,288,721	
Capital increase, debt conversion on 29/05/2019	4,877,500	
Exercise of warrants on 09/10/2019	230,000	
Cash capital increase on 23/12/2019	32,902,170	
Capital increase, debt conversion on 23/12/2019	17,726,410	
Cash capital increase on 19/04/2018		340,000
Capital increase on 21/08/2018, merger with OV AB		25,623,723
Cash capital increase on 16/10/2018		40,000
Shares issued at 31/12	121,336,079	50,311,278

Capital management

The group aims to ensure structural and financial flexibility as well as competitive strength. For that purpose, the group regularly assesses what the appropriate capital structure for the group is.

Dividend

It is proposed that no dividend are paid.

Amounts in DKK '000	2019	2018
17. Adjustment for non-cash items		
Depreciation, amortization and impairment losses	81,600	213
Share-based payment expenses	2,275	1,395
Share of profit of an associate	0	1,283
Gain on the divestment of an associate	0	-10,146
Total	83,875	-7,255

Amounts in DKK '000	2019	2018
18. Change in working capital		
Change in inventories	0	1,048
Change in trade receivables	-637	833
Change in receivable from associates	0	331
Change in other receivables	-1,589	-1,230
Change in prepayments	1,397	-2,078
Change in trade payables	1,881	4,360
Change in payables to associates	0	-421
Change in other payables	8,968	3,330
Change in deferred income	-304	-7,543
Total	9,716	-1,370

19. Financial risks and financial instruments

Risk management policy

The group's financial risks are managed by the Executive Board. The group has not prepared policies for the identification and handling of risks. The management of the group's risks is included in the Executive Board's day-to-day monitoring of the group.

Interest rate risk

The group is not subject to material interest rate risks.

Currency risk

The group is not subject to material currency risks.

Credit risk

The maximum credit risk relating to receivables corresponds to the carrying amount. Information about trade receivables due appears from note 15. The group is not subject to material credit risks.

Liquidity risk

The group's liquidity risk covers the risk that the group is not able to meet its liabilities as they fall due. As a development group, OV over the years have shown negative cash flow why the group is dependent on being recapitalized until reaching the point where a positive cash flow begins.

The Board of Directors and Management are constantly monitoring OV's financial position to be prepared to take adequate measures to secure the group. Several options are possible such as partnering deals, service agreements and increase the capital in the company, please refer to note 0 on Going Concern, that describes the current options.

19. Financial risks and financial instruments - continued -

The maturities of financial liabilities appear from the tables below. All amounts are contractual cash flows, i.e. inclusive of interest.

Amounts in DKK '000	Within 1 year	1 - 2 year(s)	2 - 5 years	Over 5 years	Total
<i>As at 31/12/2019</i>					
Loan	3,985	0	0	0	3,985
Lease liabilities	831	856	1,790	0	3,477
Trade payables	14,537	0	0	0	14,537
Other payables	12,523	0	0	0	12,523
Total	31,876	856	1,790	0	34,522

As at 31/12/2018

Loan	20,592	0	0	0	20,592
Trade payables	12,656	0	0	0	12,656
Other payables	3,555	0	0	0	3,555
Total	36,803	0	0	0	36,803

20. Related parties

Ownership

No party exercises control of Oncology Venture A/S

Transactions with related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period. The Group acquired through a merger Oncology Venture Sweden AB and its subsidiaries as of August 21, 2018. Until June 2018 Oncology Venture Sweden AB was an associate. Hence, transactions with Oncology Venture Sweden AB and its subsidiaries are included in the below table until June 2018.

Amounts in DKK '000		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
<i>Associate:</i>					
Services provided	2018		563		0
Rendering of services	2018	1,756		0	
<i>Other related parties:</i>					
Services provided	2019		2,327		0
	2018		2,141		239

Transactions with key management personnel

Remuneration for the management is disclosed in note 6.

21. Business combinations

Business combinations in 2019

None.

Business combinations in 2018

The merger with Oncology Venture Sweden AB, in which Oncology Venture A/S (formerly Medical Prognosis Institute A/S), obtained control of Oncology Venture Sweden AB, was finally approved at August 21, 2018 (the acquisition date).

21. Business combinations - continued -

The Group obtained, at the acquisition date, control of 100% shares and voting interests of Oncology Venture Sweden AB, a company based in Sweden, listed on Spotlight, Stockholm, Sweden and specializing in the research and development of anti-cancer drugs via its wholly owned Danish subsidiary, Oncology Venture ApS. Oncology Venture Sweden AB and its subsidiaries will be recognized in the consolidated financial statements as from the acquisition date.

Identifiable assets acquired and liabilities assumed

The interim report for Q3 presented provisional fair values recognized on acquisition on August 21, 2018. The provisional fair values, adjustments and the adjusted provisional fair values of the identifiable assets and liabilities of Oncology Venture Sweden AB as at the date of acquisition are presented in the table below:

Amounts in DKK '000	Provisional fair values recognized on acquisition	Adjustments	Adjusted provisional fair values recognized on acquisition
Development projects in progress and patents	205,533	30,532	236,065
Property, plant and equipment	290		290
Trade receivables	552		552
Other receivables	8,963	1,022	9,985
Inventories	7,518	-7,518	0
Cash	4,502	-1,903	2,599
Put option liability	-10,864	6,181	-4,683
Other liabilities	-7,517		-7,517
Deferred tax liability	-32,391	-5,843	-38,234
Total identifiable net assets	176,586	22,471	199,057
Non-controlling interests	-2,654	-21,982	-24,636
Goodwill arising on acquisition	0		0
Purchase consideration transferred	173,932	489	174,421

Receivables

The fair value and the gross amount of the trade receivables amounts to DKK 552k and the other receivables amounts to DKK 9,985k. It is expected that the full contractual amounts can be collected.

21. Business combinations - continued -*Non-controlling interests*

The Group has elected to measure the non-controlling interests in the acquiree at the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

Purchase consideration transferred

The acquisition date fair value of consideration transferred consist of shares issued at fair value, DKK 172.7m, and share based payment compensation awards, DKK 1.7m.

The Group issued 25.623.723 new ordinary shares of nominal DKK 0.05 in OV A/S at a stock price of DKK 6.8 per share (SEK 9.74) on 21 August 2018.

Cash flows on acquisition

No cash flows on acquisition except net cash acquired with the subsidiary (included in cash flows from investing activities) and acquisition related costs. Purchase consideration are in own shares and share based payment compensation awards.

Acquisition related costs

The group incurred acquisition related costs of DKK 337k on legal fees and due diligence costs. These costs have been included in other external expenses.

Revenue and profit contribution

The acquired business contributed revenues of DKK 0k and net profit of DKK -21,352k (loss) to the group for the period from August 21 to December 31, 2018.

If the acquisition had occurred on January 1,2018, consolidated pro-forma revenue and profit for the year ended December 31, 2018 would have been DKK 2,147k and DKK -46,390k (loss) respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the group and the subsidiary.

22. Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Principal place of business	31/12/2019	31/12/2018
OV US Inc	USA	16.09%	16.09%
OV-SPV2 ApS	Denmark	37.00%	45.00%

Amounts in DKK '000	31/12/2019	31/12/2018
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Accumulated balances of material non-controlling interest:

OV US Inc	3,567	9,229
OV-SPV2 ApS	13,903	17,476

Profit allocated to material non-controlling interest:

OV US Inc	-5,662	-454
OV-SPV2 ApS	-515	-151

Dividends paid to non-controlling interests

OV US Inc	0	0
OV-SPV2 ApS	0	0

Summarised financial information

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Amounts in DKK '000	OV US Inc	OV-SPV2 ApS
Non-current assets	32,782	55,581
Current assets	0	2,601
Non-current liabilities	7,212	10,971
Current liabilities	3,396	9,635
Revenue	0	0
Net loss	-6,949	-1,260
Total comprehensive income	-6,949	-1,260

23. Contingent liabilities

Goodwill, fixtures and equipment, claims and inventory have been placed as security with one of the Group's credit institutes, up to a maximum amount of DKK 500k. Debt to the credit institute at December 31, 2019 amounts to DKK 0 (31/12 2018: DKK 0).

24. Events occurring after the balance sheet date

The consequences of Covid-19, prompting governments around the world to make the decision to "close down countries", have had great effect on the world economy. Management see the consequences of Covid-19 as a non-adjusting post balance sheet event for the Company, as it has happened in the new year.

This means that the assessments of indications for impairment, and the subsequent conducted impairment tests at the balance sheet date, is based on the expected future cash flows at the balance sheet date by the Management, which might differ from the expected future cash flow at the time of approval of this Annual Report.

Company and the Managements first and foremost concern has been the employee's safety, why we have chosen to follow the recommendations of the Danish government and authorities. As a result of this, Oncology Venture has requested most employees to work from home, except for those who needs to be present to keep the company's laboratory operational. All employees have been asked to follow strict safety measures to safeguard their own and other people's health.

However, at the time of approval of this Annual Report it is unclear how long time Covid-19 will affect the society, and thus the ongoing drug development. While there are still several uncertainties, the Management do not expect that the situation will have long lasting consequences on the drug development plan. Management continues to monitor the situation closely.

Moreover, Management monitors the liquidity situation on the market. The Company is highly dependent on liquidity and capital contributions from investors. If the Covid-19 will have lasting severe consequences on the overall economy, it could affect the Company's ability to secure the necessary funding to continue its research. Please refer to note 0.

As of this moment it is not possible to assess the overall impact of Covid-19.

25. Adoption of the annual report for publication

At the board meeting on March 31, 2020, the Board of Directors adopted this annual report for publication. The annual report will be presented to Oncology Venture A/S's shareholders for approval at the annual general meeting on April 22, 2020.

26. New accounting regulation

IASB has published a number of new and changed accounting standards and interpretations, which are not mandatory for the preparation of the consolidated financial statements for 2019. These standards and interpretations are not expected to have any significant impact on the group.

Parent company income statement

Note	Amounts in DKK '000	2019	2018
	Revenue	3,718	4,627
	Other operating income	2,100	6,495
	Other external expenses	-16,900	-17,486
2	Staff expenses	-13,270	-2,773
	Profit/loss before depreciation, amortization and impairment (EBITDA)	-24,352	-9,137
	Amortisation and depreciation	-676	-673
5	Impairment losses	-233,875	0
	Operating profit/loss before net financials	-258,903	-9,810
3	Financial income	3,992	6,680
4	Financial expenses	-30,541	-4,336
	Profit/loss before tax	-285,452	-7,466
	Tax on profit/loss	3,037	1,699
	Net profit/loss	-282,415	-5,767
	Net profit/loss attributable to:		
	Proposed dividend for the year	0	0
	Retained earnings	-282,415	-5,767
	Total	-282,415	-5,767

ASSETS

Note	Amounts in DKK '000	31/12/2019	31/12/2018
	Acquired patents	336	742
	Development projects in progress	1,228	1,437
	Intangible assets	1,564	2,179
	Plant and machinery	71	115
	Property, plant and equipment	71	115
5	Investment in subsidiaries	3,978	82,835
6	Investment in associates	0	0
	Receivables from subsidiaries	163	114,437
	Financial assets	4,141	197,272
	Total fixed assets	5,776	199,566
	Trade receivables	637	0
	Income tax receivable	2,170	1,701
	Other receivables	3,390	2,511
	Prepayments	201	1,391
	Cash and cash equivalents	4,548	909
	Total current assets	10,946	6,512
	Total assets	16,722	206,078

EQUITY AND LIABILITIES

Note	Amounts in DKK '000	31/12/2019	31/12/2018
	Share capital	6,067	2,516
	Share premium	310,527	213,554
	Revaluation reserve	0	0
	Retained earnings	-318,344	-35,929
	Total equity	-1,750	180,141
	Deferred tax	0	0
	Non-current liabilities	0	0
	Payables to subsidiaries	2,658	116
	Loan	3,578	18,892
	Trade payables	6,013	6,210
	Income tax payable	286	0
	Other payables	5,937	415
	Deferred income	0	304
	Current liabilities	18,472	25,937
	Total liabilities	18,472	25,937
	Total equity and liabilities	16,722	206,078

7 Contingent assets, liabilities and other financial obligations

Parent company statement of changes in equity

Amounts in DKK '000	Share capital	Share premium	Reva- luation reserve	Retained earnings	Total equity
Equity as at 01/01/2019	2,516	213,554	0	-35,929	180,141
Cash capital increase in May	764	43,114			43,878
Capital increase, debt conversion in May	244	13,267			13,511
Cash capital increase in December	1,645	45,477			47,122
Capital increase, debt conversion in December	887	24,543			25,430
Costs of capital increase		-29,536			-29,536
Cash capital increase (exercise of warrants)	11	108			119
Revaluation reversed			0	0	0
Loss for the year				-282,415	-282,415
Equity as at 31/12/2019	6,067	310,527	0	-318,344	-1,750
Equity as at 01/01/2018	1,215	45,224	10,550	-42,401	14,588
Capital increase, merger	1,282	171,450			172,732
Cash capital increase, exercise of warrants	19	179			198
Costs of capital increase		-3,299			-3,299
Share based payment award, merger				1,689	1,689
Revaluation reversed			-10,550	10,550	0
Loss for the year				-5,767	-5,767
Equity as at 31/12/2018	2,516	213,554	0	-35,929	180,141

1. Capital resources and liquidity

Please, refer to note 0 of the consolidated financial statements.

Amounts in DKK '000	2019	2018
2. Staff expenses		
Wages and salaries	13,145	2,682
Pensions	81	62
Other social security costs	44	29
Total	13,270	2,773
Average number of employees during the year	8	6

3. Financial income

Interest income on assets measured at amortized cost	982	523
Exchange rate gains, net	3,010	2,307
Change in fair value of other investments	0	3,649
Other	0	201
Total	3,992	6,680

Amounts in DKK '000 2019 2018

4. Financial expenses

Interest expenses on liabilities measured at amortized cost	26,084	1,696
Exchange rate loss, net	4,454	284
Change in fair value of warrants	0	1,008
Loss on the divestment of an associate	0	1,299
Other	3	49
Total	30,541	4,336

5. Investment in subsidiaries

Cost as at 01/01	82,835	6
Additions relating to merger	0	78,856
Transfer from Other investments	0	3,973
Cost as at 31/12	82,835	82,835
Value adjustments as at 01/01	0	0
Impairment	-78,857	0
Value adjustments as at 31/12	-78,857	0
Carrying amount as at 31/12	3,978	82,835

The company has recognized an impairment loss on investment in subsidiaries of t.DKK 78,857 and an impairment loss on receivables from subsidiaries of t.DKK 155,018, a total of t.DKK 233,875.

6. Investment in associates

Cost as at 01/01	0	3,678
Disposals during the year	0	-3,678
Cost as at 31/12	0	0
Value adjustments as at 01/01	0	10,550
Reversal of value adjustments on disposed assets	0	-10,550
Value adjustments as at 31/12	0	0
Carrying amount as at 31/12	0	0

Amounts in DKK '000

31/12/2019 31/12/2018

7. Contingent assets, liabilities and other financial obligations*Rental lease obligations*

Rental obligations under operating leases, total future payments

Within 1 year	192	183
1-5 year(s)	0	0
After 5 years	0	0
Total	192	183

The Company has issued a letter of subordination in favor of Oncology Venture Product Development ApS and OV-SPV2 ApS' other creditors, applying until May 31, 2021. Both Companies are subsidiaries of Oncology Venture A/S.

Goodwill, fixtures and equipment, claims and inventory have been placed as security with one of the Group's credit institutes, up to a maximum amount of DKK 500k. Debt to the credit institute at December 31, 2019 amounts to DKK 0 (31/12 2018: DKK 0).

8. Accounting policies**Basis of Preparation**

The Annual Report of Oncology Venture A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

Financial Statements for 2019 are presented in DKK.

Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciations, write-downs, provisions and reversals as a result of changes in accounting estimates which has been recognized in the income statement in prior financial statements.

8. Accounting policies - continued -

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognized in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalized and recognized in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognized in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

8. Accounting policies - continued -**Tax**

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognized in the income statement in financial income and expenses.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement.

Grants

Grants are recognized when the conditions for receipt are met and there is reasonable assurance that the grant will be received.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

8. Accounting policies - continued -**INCOME STATEMENT****Revenue**

Revenue comprises the fair value of the consideration received or receivable for services. Revenue from services are recognized over time in line with the execution and delivery of the work. The revenue is recognized when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably and when any significant risks and rewards right to the services are transferred and the Group no longer retains managerial responsibility for services sold.

Revenue is measured net of value added tax, duties, etc. collected on behalf of a third party and discounts.

Other operating income

Other external income comprises income of a secondary nature in relation to the group's activities, including grants and license income. Income from licenses that do not transfer the right of ownership to an intangible asset are recognized over time in accordance with the substance of the agreements.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as social security expenses, pensions for group staff and other staff-related expenses.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses comprise amortization, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

Dividends from subsidiaries and associates are recognized as income in the income statement when adopted at the General Meeting of the companies. However, dividends relating to earnings in the companies before they were acquired by the Parent Company are set off against the cost of the companies.

8. Accounting policies - continued -**Net financials**

Net financials comprise interest income and expenses, realized and unrealized gains and losses on transactions in foreign currency and realized and unrealized gains and losses on other financial assets.

Amortization of capital losses and borrowing costs relating to financial liabilities is recognized on an ongoing basis as part of the interest expenses.

BALANCE SHEET**Intangible assets***Acquired patents*

Patents are measured at the lower of cost less accumulated amortization and recoverable amount. Patents are amortized over the remaining patent period.

Development projects

Development projects are recognized in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognized in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortization and impairment losses.

Intangible assets are amortized using the straight-line method based on the following expected useful lives and no residual values:

Development projects	10 years
Acquired patents	5 years

Amortization period and residual value are reassessed annually.

8. Accounting policies - continued -**Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3 - 5 years
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Depreciation period and residual value are reassessed annually.

Fixed asset investments*Equity investments in subsidiaries*

Equity investments in subsidiaries are measured in the balance sheet at cost less any impairment losses.

Other investments

Other equity investments including warrants in associates are measured at fair value in the balance sheet. For equity investments that are traded in an active market, fair value is equivalent to the market value at the balance sheet date. Other equity investments for which fair value cannot be determined reliably are measured at cost.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation.

If so, the asset is written down to its lower recoverable amount.

8. Accounting policies - continued -**Receivables**

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

Direct and incremental costs associated with capital increases are accounted for as a reduction in the proceeds from the capital increase and recognized in shareholders' equity.

Financial debts

Loans, such as loans from credit institutions, are recognized initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortized cost; the difference between the proceeds and the nominal value is recognized as an interest expense in the income statement over the loan period.

Other debts are measured at amortized cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Terminology and abbreviations	Definition
DRP®	“Drug Response Predictor,” OV’s biomarker technology to predict which patients will respond to a given cancer drug
Indication	Here a cancer type or cancer disease
Response Prediction	Predicting the effect of a cancer drug. Effect can be measured in a variety of ways for example is the cancer tumor shrinking (response), - how long does it take before the cancer disease progresses (progression free survival) or the most important parameter, - how long the patient survives (survival)
