

**RhoVac ApS**  
Agern Allé 3  
2970 Hørsholm  
Central Business Registration No  
31159008

## **Annual report 2016**

The Annual General Meeting adopted the annual report on 07.04.2017

### **Chairman of the General Meeting**

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Name: Jan Bjerrum Bach

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## Entity details

### Entity

RhoVac ApS  
Agern Allé 3  
2970 Hørsholm

Central Business Registration No: 31159008

Registered in: Hørsholm

Financial year: 01.01.2016 - 31.12.2016

### Executive Board

Bo Anders Ljungqvist  
Henrik Stage

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
Postboks 1600  
0900 København C

## Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of RhoVac ApS for the financial year 01.01.2016 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hørsholm, 07.04.2017

### Executive Board

Bo Anders Ljungqvist

Henrik Stage

# Independent auditor's report

## To the shareholders of RhoVac ApS

### Opinion

We have audited the financial statements of RhoVac ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

## Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial statements Act.

## **Independent auditor's report**

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial statements Act. We did not identify any material misstatement of the management commentary.

København, 07.04.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Jens Sejer Pedersen

State Authorised Public Accountant

## Management commentary

### Primary activities

RhoVac ApS conducts research and development within the area of immunotherapy, more specifically - of therapeutic cancer vaccines. The company's main focus is the development of a drug with the potential to prevent or limit metastasis of metastatic cancers. Cancer cells with metastatic potential generates overexpression (high concentration) of the protein RhoC. The company's lead candidate - RV001 - is directed against this overexpression. The vast majority of cancers can metastasize and on this background, the drug candidate RV001 has the potential to reach a wide range of applications.

Immunotherapy - a therapy that uses the body's own defenses to fight cancer cells - is the area in which RhoVac work. Immunotherapy is today considered one of the most interesting and promising concepts for the treatment of cancer. Positive clinical results are therefore expected to result in considerable interest from major pharmaceutical companies for cooperation on RhoVacs technology.

### Development in activities and finances

RhoVac is conducting a Phase I / II study. Provided that this clinical phase I / II trial is successful, RhoVac does not need to conduct additional phase I / II clinical trials in other solid tumor cancer indications, but can proceed directly into Phase IIb studies regardless of indication. This is because the safety in the treatment - which is the primary goal in the current phase I / II - is expected to be the same for all metastatic cancers. RhoVacs drug candidate RV001 is potentially targeting all metastatic cancer cells, regardless of indication, meaning that RhoVacs immunotherapy will have a wide indication range and, pending successful clinical development, the Board believes a very big potential market.

The target for the RhoVac drug candidate, the protein RhoC, is over-expressed in virtually all metastatic cancer cells and examples of relevant indications are non-small cell lung cancer, prostate cancer, melanoma, colon cancer, and breast cancer. In 2012 approximately 14.1 million new cancer cases of cancer were diagnosed worldwide. In Sweden about 58 000 people fell ill from cancer in 2013. The number of cancer cases is increasing steadily - since 1979, the number of cancer cases doubled.

The peptide sequences and the other technique relates to the company's main candidate - RV001 - and / or its use is protected by a patent family through an international patent application. The patent is approved in Europe, the US, Japan and Australia. Applications are pending in Canada.

RhoVac ApS is fully owned by RhoVac AB (publ) (Sweden), a company that is listed on AktieTorget, Sweden. AktieTorget is operating a Multilateral Trading Facility (MTF) under control of the Financial Supervisory Authority, Sweden. RhoVac ApS started its operations in 2007 and RhoVac AB (publ) in November 25, 2015.

RhoVac ApS incurred for 2016 a loss before tax of DKK 7.4 million and a loss after tax of DKK 5.9 million. The loss was in according with plans.



## Management commentary

The company has current assets of DKK 17 million of which cash is 14.5 million. During 2016 the company issued new shares to its owner RhoVac AB (publ) and received proceeds of DKK 13.8 million. Further the company has during 2016 obtained a loan from RhoVac AB, and at year end this amounts to DKK 8.7 million. The equity amounts to DKK 6.7 million at year end 2016.

Based on the above, Management expects, that the company has sufficient funds to finance its planned activities for at least the commning 12 months.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## Income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
<b>Gross loss</b>		<b>(7.316.528)</b>	<b>(1.419)</b>
Other financial expenses	1	(89.550)	(31)
<b>Profit/loss before tax</b>		<b>(7.406.078)</b>	<b>(1.450)</b>
Tax on profit/loss for the year	2	1.491.388	275
<b>Profit/loss for the year</b>		<b>(5.914.690)</b>	<b>(1.175)</b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		(5.914.690)	(1.175)
		<b>(5.914.690)</b>	<b>(1.175)</b>

**Balance sheet at 31.12.2016**

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Other receivables		409.942	208
Income tax receivable		1.500.000	275
Prepayments		705.550	10
<b>Receivables</b>		<b><u>2.615.492</u></b>	<b><u>493</u></b>
<b>Cash</b>		<b><u>14.486.572</u></b>	<b><u>0</u></b>
<b>Current assets</b>		<b><u>17.102.064</u></b>	<b><u>493</u></b>
<b>Assets</b>		<b><u>17.102.064</u></b>	<b><u>493</u></b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Contributed capital	3	1.000.000	834
Retained earnings		5.946.676	(1.773)
<b>Equity</b>		<b>6.946.676</b>	<b>(939)</b>
Bank loans		0	67
Payables to group enterprises		8.737.659	0
<b>Non-current liabilities other than provisions</b>	4	<b>8.737.659</b>	<b>67</b>
Current portion of long-term liabilities other than provisions	4	0	180
Bank loans		(1)	1
Payables to group enterprises		0	127
Other payables		1.417.730	1.057
<b>Current liabilities other than provisions</b>		<b>1.417.729</b>	<b>1.365</b>
<b>Liabilities other than provisions</b>		<b>10.155.388</b>	<b>1.432</b>
<b>Equity and liabilities</b>		<b>17.102.064</b>	<b>493</b>
Contingent liabilities	5		

## Statement of changes in equity for 2016

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	834.511	(1.773.145)	(938.634)
Increase of capital	165.489	13.634.511	13.800.000
Profit/loss for the year	<u>0</u>	<u>(5.914.690)</u>	<u>(5.914.690)</u>
<b>Equity end of year</b>	<b><u>1.000.000</u></b>	<b><u>5.946.676</u></b>	<b><u>6.946.676</u></b>

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>1. Other financial expenses</b>		
Financial expenses from group enterprises	77.139	7
Interest expenses	12.411	24
	<b>89.550</b>	<b>31</b>

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>2. Tax on profit/loss for the year</b>		
Tax on current year taxable income	(1.500.000)	(275)
Adjustment concerning previous years	8.612	0
	<b>(1.491.388)</b>	<b>(275)</b>

	<b>Number</b>	<b>Par value</b>	<b>Nominal</b>
		<b>DKK</b>	<b>value</b>
			<b>DKK</b>
<b>3. Contributed capital</b>			
Anparter	1.000.000	1	1.000.000
	<b>1.000.000</b>		<b>1.000.000</b>

#### 4. Liabilities other than provisions

Payable to the parent company is due on March 31, 2018 at the earliest. Interest for the period is accrued and added to the principal.

#### 5. Contingent liabilities

The company has entered into an agreement with The Danish Cancer Society, which means that RhoVac ApS will have to pay 100 t.GBP and future royalty payments upon receiving approval in the EU or US for specific products included in the international patent application of December 18, 2008. The company holds a buy out option of 50 t.GBP before finalizing phase II-studies, 100 t.GBP before finalizing phase III-studies, or 200 t.GBP before receiving approval of any product in the EU or US.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

#### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

#### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies etc.

#### Tax on profit/loss for the year

## Accounting policies

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

### Balance sheet

#### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

#### Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

#### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

#### Cash

Cash comprises cash in hand and bank deposits.

#### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.