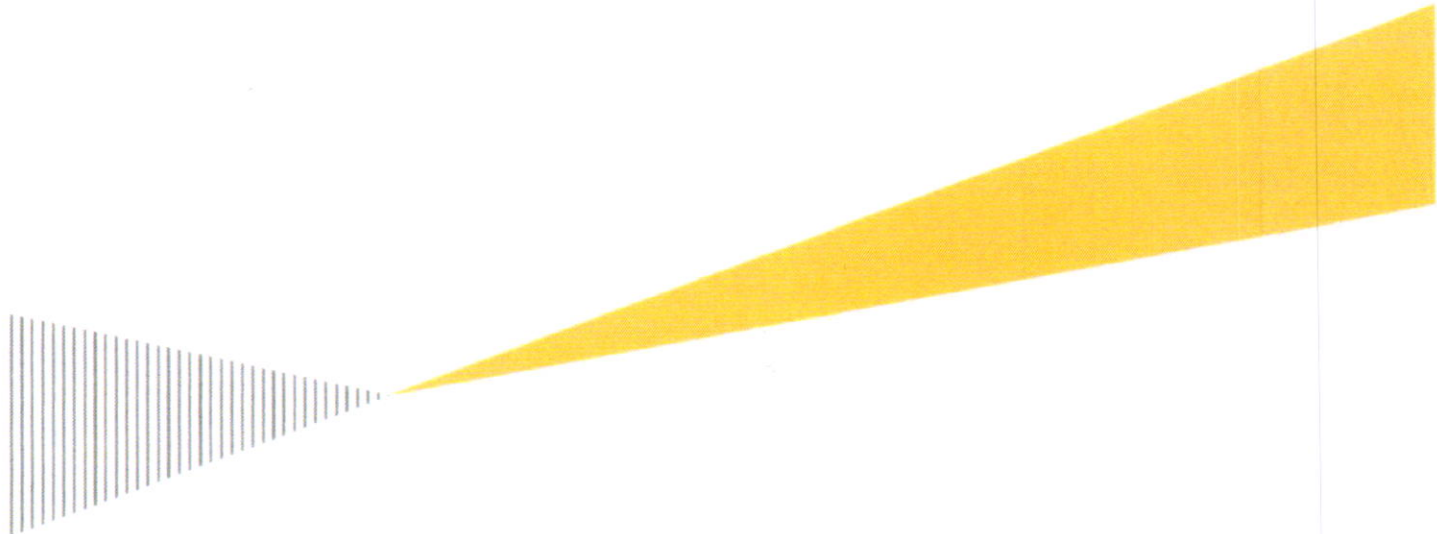


OncoNOx ApS

Ole Maaloes Vej 3, 2200 Copenhagen N

CVR no. 33 85 89 65



Annual report 2015

Approved at the annual general meeting of shareholders on 4 May 2016

Chairman:

Mai-Britt Zocca



Building a better
working world



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of OncoNOx ApS for the financial year 1 January - 31 December 2015.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 4 May 2016
Executive Board:



Mai-Britt Zocca

Board of Directors:

Gianni Garotta
Chairman



Mai-Britt Zocca

Fernando Nicoletti



Statement by the Board of Directors and the Executive Board

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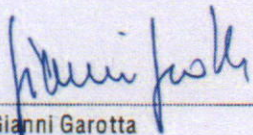
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We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 4 May 2016
Executive Board:

Mai-Britt Zocca

Board of Directors:



Gianni Garotta
Chairman

Mai-Britt Zocca

Fernando Nicoletti

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Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 4 May 2016
Executive Board:

.....
Mai-Britt Zocca

Board of Directors:

.....
Gianni Garotta
Chairman

.....
Mai-Britt Zocca


.....
Fernando Nicoletti

Independent auditors' report

To the shareholders of OncoNOx ApS

Independent auditors' report on the financial statements

We have audited the financial statements of OncoNOx ApS for the financial year 1 January - 31 December 2015, which comprise an 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.

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 4 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28



Christian Schwenn Johansen
state authorised public accountant



Management's review

Company details

Name	OncoNOx ApS
Address, Postal code, City	Ole Maaløes Vej 3, 2200 Copenhagen N
CVR No.	33 85 89 65
Established	4 April 2011
Registered office	Copenhagen
Financial year	1 January - 31 December
Website	www.onconox.com
E-mail	MBZ@OncoNOx.com
Telephone	+45 21 94 78 56
Board of Directors	Gianni Garotta, Chairman Mai-Britt Zocca Fernando Nicoletti
Executive Board	Mai-Britt Zocca
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmutshs Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank

Management's review

Operating review

The Company's business review

OncoNOx is a biotechnology company focused on the development through agreements of innovative treatments by transforming already marketed drugs into novel, proprietary molecules with an improved therapeutic profile.

OncoNOx was founded in 2011 by a highly experienced group of scientists and biotech executives and has strong ties to research groups in Italy, the US, and Serbia.

The Company has been without research activities since end of 2012.

Unusual matters having affected the financial statements

In 2013, the Company entered into an agreement with an unlisted biotech company regarding the transfer of certain IP rights of the company. The transfer agreement was updated in May 2014, whereafter it is agreed that the consideration of the transfer of IP rights will be paid in milestone payments, which are paid upon certain events.

In February 2015, the Company received partial payment of the first milestone payment under the transfer agreement. The remaining part of the first milestone payment was received in July 2015.

Under the same transfer agreement, the Company received shares in the unlisted biotech company as upfront payment.

Reference is made to note 2 for more details.

Financial review

The income statement for 2015 shows a profit of DKK 1,450,157 against a loss of DKK 49,757 last year, and the balance sheet at 31 December 2015 shows equity of DKK 1,010,064.

Post balance sheet events

In March 2016, the Company signed a licence agreement with an unlisted biotech company regarding certain IP rights.

No further significant events have occurred subsequent to the financial year.

Reference is made to note 3 for more details.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	<u>2015</u>	<u>2014</u>
	Gross profit	1,683,478	0
4	Administrative expenses	-147,327	-35,468
	Ordinary operating profit/loss	1,536,151	-35,468
	Research costs	-68,808	-10,876
	Operating profit/loss	1,467,343	-46,344
	Financial expenses	-17,186	-3,413
	Profit/loss before tax	1,450,157	-49,757
	Tax for the year	0	0
	Profit/loss for the year	<u>1,450,157</u>	<u>-49,757</u>
	Proposed profit appropriation/distribution of loss		
	Extraordinary dividend distributed	440,000	0
	Retained earnings/accumulated loss	1,010,157	-49,757
		<u>1,450,157</u>	<u>-49,757</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2015</u>	<u>2014</u>
	ASSETS		
	Non-current assets		
5	Investments		
	Other securities and investments	970,657	0
		<u>970,657</u>	<u>0</u>
	Total non-current assets	<u>970,657</u>	<u>0</u>
	Current assets		
	Receivables		
	Other receivables	12,529	1,687
		<u>12,529</u>	<u>1,687</u>
	Cash	56,439	8,220
	Total current assets	<u>68,968</u>	<u>9,907</u>
	TOTAL ASSETS	<u>1,039,625</u>	<u>9,907</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2015</u>	<u>2014</u>
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	98,300	98,300
	Retained earnings	911,764	-98,393
	Total equity	<u>1,010,064</u>	<u>-93</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	1,375	0
	Payables to shareholders and management	18,186	0
	Other payables	10,000	10,000
		<u>29,561</u>	<u>10,000</u>
	Total liabilities other than provisions	<u>29,561</u>	<u>10,000</u>
	TOTAL EQUITY AND LIABILITIES	<u>1,039,625</u>	<u>9,907</u>

- 1 Accounting policies
- 2 Unusual circumstances
- 3 Events after the balance sheet date
- 7 Collateral

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2015	98,300	-98,393	-93
Profit/loss for the year	0	1,450,157	1,450,157
Extraordinary dividend distributed	0	-440,000	-440,000
Equity at 31 December 2015	98,300	911,764	1,010,064

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of OncoNOx ApS for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

Effective 1 January 2015, the Company has early implemented act no. 738 of 1 June 2015 (the Danish Financial Statements Act 2015). This has affected recognition and measurement for unlisted shares, which are measured at cost.

The early implementation has no impact in terms of amount on the income statement or balance sheet 2015.

Apart from the above and new and changed presentation and disclosure requirements in consequence of act no. 738 of 1 June 2015, the accounting policies used in the preparation of the financial statements are consistent with those of last year..

Income statement

Revenue

Revenue consists of milestone payments from research, development and license and development agreements. Revenue from research, development and license and collaboration agreements are recognised in the income statement if the general recognition criteria are met, including that the service concerned has been provided before period-end that the amount can be made up reliable and that the payment can be expected to be received.

Non-refundable milestone payments are recognized as revenue at the date of assignment of rights if such payments relate to a sale of immaterial rights or if such payments are not related to OncoNOx' future performance obligations.

Payments that are attributable and subject to subsequent research and/or development activities are recognised as deferred revenue and will subsequently be recognised as revenue over the expected contract period.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

In the income statement, revenue, production expenses and other operating income have been aggregated into one item called 'gross margin', cf. section 32 of the Danish Financial Statements Act.

Administrative expenses

Administrative expenses include expenses incurred in the year for purposes of managing and administering the company, including expenses relating to administrative staff, management, office premises.

Research costs

Research costs comprise salaries, patent costs and clinical trials costs.

The Company recognises all research costs in the income statement for the year in which they are incurred.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Tax of the year includes tax credits for the costs incurred in the connection with research and development activities under the Danish Tax Credit Regime.

Balance sheet

Other securities and investments

Other securities and investments comprise unlisted shares. The shares are measured cost.

Impairment of fixed assets

Other securities and investments are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Tax credits from research and development expenditures are recognized in the balance sheet as tax receivables.

Other payables

Other payables are measured at net realisable value.

2 Unusual circumstances

In 2013, the Company entered into an agreement with an unlisted biotech company regarding the transfer of the IP rights of the company. The transfer agreement was updated in May 2014, whereafter it is agreed that the consideration of the transfer of certain IP rights will be paid in milestone payments, which are paid upon certain events.

In February 2015, the Company received partial payment of the first milestone payment under the transfer agreement. The remaining part of the first milestone payment was received in July 2015.

Under the same transfer agreement, the Company received shares in the unlisted biotech company as upfront payment.

3 Events after the balance sheet date

In March 2016, the Company signed a licence agreement with an unlisted biotech company regarding certain IP rights.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK	2015	2014
4 Staff costs		
Wages/salaries	37,500	0
	<u>37,500</u>	<u>0</u>

The Company has no employees.

5 Investments

DKK	Other securities and investments
Cost at 1 January 2015	0
Additions in the year	970,657
Cost at 31 December 2015	<u>970,657</u>
Carrying amount at 31 December 2015	<u>970,657</u>

Management has at 31 December 2015 considered whether there are any indications that the investment in an unlisted biotech company has been impaired. Management has considered relevant facts and circumstances, including valuation applied in connection with recent capital increase in the company invested in, developments in the research activities in the company invested in and other relevant facts.

On this basis, Management assesses that the net realisable value of the investment in the unlisted biotech company exceeds the carrying value. Accordingly, the Company has not recognised any impairment of the investment. It should be noted that Management has exercised significant judgement while concluding on this matter.

DKK	2015	2014
6 Share capital		
The share capital consists of the following:		
80,000 A- shares of DKK 1.00 each	80,000	80,000
18,300 B- shares of DKK 1.00 each	18,300	18,300
	<u>98,300</u>	<u>98,300</u>

Analysis of changes in the share capital over the past 5 years:

DKK	2015	2014	2013	2012	2011
Opening balance	98,300	98,300	98,300	98,300	80,000
Capital increase	0	0	0	0	18,300
	<u>98,300</u>	<u>98,300</u>	<u>98,300</u>	<u>98,300</u>	<u>98,300</u>

7 Collateral

The Company has not placed any assets or other as security for loans at 31 December 2015.