

**Oncology Venture ApS
Central Business Registration No
34623562
Venlighedsvej 1
2970 Hørsholm**

Annual report 2015

The Annual General Meeting adopted the annual report on 26.05.2016

Chairman of the General Meeting

Name: Trine Damsgaard Vissing

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Entity details

Entity

Oncology Venture ApS
Venlighedsvej 1
2970 Hørsholm

Central Business Registration No: 34623562

Founded: 01.08.2012

Registered in: Farum

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Duncan Charles Moore

Sanjeevi Carani

Steen Meier Knudsen

Peter Birk Rasmussen

Ulla Hald Buhl

Executive Board

Peter Buhl

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Oncology Venture ApS for the financial year 01.01.2015 - 31.12.2015.

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 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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, 18.03.2016

Executive Board

Peter Buhl

Board of Directors

Duncan Charles Moore

Sanjeevi Carani

Steen Meier Knudsen

Peter Birk Rasmussen

Ulla Hald Buhl

Independent auditor's reports

To the owners of Oncology Venture ApS

Report on the financial statements

We have audited the financial statements of Oncology Venture ApS for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity'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 Entity'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 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 audit 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 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

København, 18.03.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Jens Sejer Pedersen
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

Oncology Venture ApS is a Danish Drug Development company formed in 2012 dedicated to unlock the potential of new oncology products, and rescue failed - to improve the efficacy of the drugs, increase the response rate in cancer patients, reduce timelines and through this improve success rates in Oncology Drug Development.

Development in activities and finances

2015 has come to an end, and we can look back at an eventful year for Oncology Venture (OV). OV works with a model that is expected to considerably improving the odds compared to conventional drug development.

During this past year, our Parent Company was listed at the Swedish AktieTorget. The aim was raising capital for developing Irofulven, and for in-licensing one more cancer drug candidate. The listing contributed over 19,7 MSEK before issuing costs (to The Company's operations). We thereby also have the pleasure of greeting 1340 new shareholders in the Parent Company a warm welcome, thanking them for their confidence in us. With the listing we've taken the leap into a new phase in the development of Oncology Venture.

Summarizing the time from the stock listing until now, I can state that we've taken several important steps towards realizing our goal: utilizing DRP™ to increase the response rate for promising cancer drugs that have previously been unable to reach sufficient results to be approved by the authorities.

We have published a poster regarding use of **Irofulven** for Prostate Cancer at the conference AACR-NCI-EORTC International Conference on Molecular Targets and Cancer Therapeutics in Boston, USA. This was done in collaboration with Medical Prognosis Institute A/S (MPI), Denmark, Lantern Pharma Inc., USA and Faculty of Health and Medical Sciences, University of Copenhagen, Denmark. The poster announces the use of DRP™ technology in a planned, prospective study where castration- and docetaxel resistant Prostate Cancer patients will be treated with Irofulven.

The drug has shown promising potential as a single agent for several indications, such as Hormone Refractory Prostate Cancer (HRPC), Ovarian Cancer, Liver Cancer and Pancreatic Cancer, and also as a combination treatment for HRPC, Colon Cancer and Thyroid Cancer. OV will perform the first clinical study with Irofulven in Prostate Cancer where the drug has shown good efficacy with response in 10% of the patients. OV expects - with the use of the DRP™ - to screen 300 patients and select the 10% with the highest likelihood to respond to Irofulven.

In theory we should then find all top 10% with possible 100% effect. However, it is not likely that the DRP-system will identify all 100% - but this is also not a necessity. If we can increase the effect 2 times – meaning that more than 20% of patients will benefit – we expect that the product can be approved by authorities. The aim is to raise the response rate to a clinically relevant and approvable level. We look forward to performing

Management commentary

this prospective clinical study, where our DRP™ technology can prove its strength and potential in contributing to effective treatment for cancer patients. The first patients should be able to receive treatment with the drug during the later part of quarter two, or during quarter three, 2016.

Regarding **APO010** for Multiple Myeloma and Triple Negative Breast Cancer, our immuno-oncology product, we prolonged the license agreement with Onxeo in October 2015. The agreement gives us global rights, royalties etc. in line with what has previously been communicated.

We have APO010 product manufactured in 2007, which is still active and stable. Presently, an expert group is investigating whether this product could be used in clinical trials. If so, this would render us great economical savings, and enable us to initiate the study sooner than if a new batch of the product needs to be produced. Provided we can use existing stocks of the drug, a start of the study during the third quarter of 2016 should be feasible. We are excited to begin the screening for the Phase-2 Study of APO010. Triple Negative Breast Cancer is a hard to treat breast cancer where immunotherapy could potentially change the survival significantly. This is also the case with Multiple Myeloma (a Hematological Cancer, with malignant plasma cells in the bone marrow. Normal plasma cells are an important part of the immune system). Hence, there is great need for new treatment methods.

APO010 is a first-in-class product that imitates our immune system when killing the cancer. APO010 behaves like a Killer T Cell and we expect that APO010 will contribute to the current immunotherapy to increase efficacy in those cancer indications where immunotherapy currently has a hard time breaking through. We believe that APO010 can become an effective treatment for Breast Cancer and Myeloma a.o. Multiple Myeloma are expected to respond well to APO010 treatment, and over 50 patients will be screened in order to select 20-25 participants for the study. In Breast Cancer high likely responders are to be selected amongst the 900 patients who are already screened in collaboration with LiPlasome Pharma. In November 2015, we sold 5mg of our existing stock of APO010 for 176 000 USD to a non-competitive project where APO0101 is utilized for external use.

We are working diligently on securing new products for our pipeline. We have acquired DRP™ licenses for two new, promising anti-cancer drugs and we now have a total of seven DRP™ licenses for use if we like what we see - when we dig deeper - and we can agree on terms with the drug owner. To support our American teams in Boston and Arizona in finding the best products, and in negotiating advantageous agreements, we have built an expert team of oncologists and hematologists researching on promising drug candidates to incorporate in the future.

To summarize the year that just passed, we have performed a successful right's issue and listing at AktieTorget, and taken several important steps on our path towards optimizing the use of anti-cancer drugs. The combination of an efficient tool for drug response prediction and an extremely experienced team give us great pro-

Management commentary

spects for success. We enter this year strengthened by the achievements we've made, and look forward to a prosperous 2016.

Net result after tax for the financial year 2015 amounts to a loss of DKK ('000) (7,322) and the equity as at 31.12.2015 amounts to DKK ('000) 1,283.

Expectations for 2016

Due to the development activities Management also in financial year 2016 expect a loss.

Uncertainty relating to recognition and measurement

When preparing the Company's annual report, it is necessary that Management, in accordance with legislative provisions, makes a number of accounting judgments and estimates which form the basis for the annual report. The accounting judgments and estimates made by Management are described in the paragraph "Material uncertainty related to recognition and measurement" under accounting policies, which we please refer to. Such estimates, which primarily relates measurement of development project and to raising further capital to strength and continue the activities, and to maintain existing IPR, are made on the basis of assumptions which Management considers being reasonable and realistic, but which by its nature are uncertain

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.

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 for 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.

Managements judgements and estimates

When preparing the Company's annual report, it is necessary that Management makes a number of accounting judgments and estimates which form the basis for presentation, recognition and measurement of the Company's assets and liabilities. In particular, the accounting judgments and estimates made by Management related to measurement of development project, and raising further capital to strength and continue the activities, and to maintain existing IPR.

Estimates regarding raising further financing relates to events that have not yet occurred and that may not occur, and can occur differently than expected.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange dif-

Accounting policies

ferences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

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 from the sale of services is recognised in the income statement when delivery is made 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. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets.

Other financial expenses

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

Income taxes

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.

Accounting policies

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Income tax receivable or payable

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

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Gross loss		(6.346.465)	(282)
Staff costs	1	(153.102)	0
Depreciation, amortisation and impairment losses		<u>(226.583)</u>	<u>(140)</u>
Operating profit/loss		(6.726.150)	(422)
Other financial expenses	2	<u>(595.611)</u>	<u>0</u>
Profit/loss from ordinary activities before tax		(7.321.761)	(422)
Tax on profit/loss from ordinary activities		<u>0</u>	<u>0</u>
Profit/loss for the year		<u>(7.321.761)</u>	<u>(422)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(7.321.761)</u>	<u>(422)</u>
		<u>(7.321.761)</u>	<u>(422)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Acquired patents		1.369.041	562
Intangible assets	3	<u>1.369.041</u>	<u>562</u>
Fixed assets		<u>1.369.041</u>	<u>562</u>
Trade receivables		634.889	0
Other short-term receivables		1.351.616	0
Prepayments		1.700.000	0
Receivables		<u>3.686.505</u>	<u>0</u>
Cash		<u>13.602.184</u>	<u>13</u>
Current assets		<u>17.288.689</u>	<u>13</u>
Assets		<u><u>18.657.730</u></u>	<u><u>575</u></u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK'000</u>
Contributed capital	4	2.196.593	1.170
Retained earnings		(913.627)	(684)
Equity		<u>1.282.966</u>	<u>486</u>
Payables to group enterprises	5	14.875.126	0
Non-current liabilities other than provisions		<u>14.875.126</u>	<u>0</u>
Debt to group enterprises		29.559	30
Income tax payable		0	2
Other payables		2.470.079	57
Current liabilities other than provisions		<u>2.499.638</u>	<u>89</u>
Liabilities other than provisions		<u>17.374.764</u>	<u>89</u>
Equity and liabilities		<u><u>18.657.730</u></u>	<u><u>575</u></u>
Contingent liabilities	6		

Statement of changes in equity for 2015

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	1.169.592	(684.363)	485.229
Increase of capital	1.027.001	7.092.497	8.119.498
Profit/loss for the year	0	(7.321.761)	(7.321.761)
Equity end of year	<u>2.196.593</u>	<u>(913.627)</u>	<u>1.282.966</u>

Notes

	2015	2014	
	DKK	DKK'000	
1. Staff costs			
Wages and salaries	126.487	0	
Other social security costs	480	0	
Other staff costs	26.135	0	
	153.102	0	
	2015	2014	
	DKK	DKK'000	
2. Other financial expenses			
Financial expenses from group enterprises	74.440	0	
Interest expenses	156.495	0	
Other financial expenses	364.676	0	
	595.611	0	
		Acquired	
		patents	
		DKK	
3. Intangible assets			
Cost beginning of year		842.000	
Additions		1.034.290	
Cost end of year		1.876.290	
Amortisation and impairment losses beginning of year		(280.666)	
Amortisation for the year		(226.583)	
Amortisation and impairment losses end of year		(507.249)	
Carrying amount end of year		1.369.041	
	Number	Par value	Nominal
	DKK	DKK	value
	DKK	DKK	DKK
4. Contributed capital			
Ordinary A-shares	1.768.639	1,00	1.768.639
Ordinary B-shares	427.954	1,00	427.954
	2.196.593		2.196.593

Notes

	2015	2014	2011
	DKK	DKK	DKK
Changes in contributed capital			
Contributed capital beginning of year	1.169.592	1.169.592	0
Increase of capital	1.027.001	0	1.169.592
Contributed capital end of year	2.196.593	1.169.592	1.169.592

5. Long-term debt to group enterprises

Debt to parent company is at the earliest due at January 1, 2016. The Loan carries interest of 1%.

6. Contingent liabilities

The company has an investment liability of DKK 1,9 mio according to a drug license and development agreement.