

Nanovi A/S

(CVR no. 34 88 90 31)
c/o DTU-Scion, Diplomvej 373
2800 Kgs. Lyngby, Denmark

Annual report 2016

Approved at the Company's annual general meeting on 31 May 2017

Chairman:



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Company information

The Company	Nanovi A/S c/o DTU-Scion, Diplomvej 373 2800 Kgs. Lyngby Denmark	
	CVR no.	34 88 90 31
	Founded	2012
	Registered office	Kgs. Lyngby
	Financial year	1 January - 31 December
Ownership	37 % Vækstfonden 44 % Nr. Holding Jun-2010 ApS 15 % Pre-seed Innovation A/S 3 % non-registered shareholders	
Board of Directors	Jesper Boysen Gordon McVie Jesper Roested Flemming Carl Thorup Thomas Lars Andresen	Chairman
Executive Board	Morten Albrechtsen	
Auditor	Ernst & Young P/S Osvald Helmuths Vej 4 2000 Frederiksberg Denmark	
Company's principal activity	The principal activity of the company is to develop and commercialize products to improve the treatment of cancer.	

Statement by Management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the annual report of Nanovl A/S for the financial year 1 January - 31 December 2016

The annual report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and with Danish disclosure requirements in the Danish Financial Statement Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2016.

Further, in our opinion, the Management review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.


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

Lyngby, 31 May 2017

Executive Board:


Morten Albrechtsen

Board of Directors:


Jesper Boysen
Chairman
Jesper Roested
Gordon McVie
Flemming Carl Thorup
Thomas Lars Andresen

Independent auditor's report

To the shareholders of Nanovi A/S

Opinion

We have audited the financial statements of Nanovi A/S for the financial year 1 January – 31 December 2016, which comprise a statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review 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 misstatements of the Management's review.

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 International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of 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 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 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement 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 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 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 conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, 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.

Copenhagen, 31 May 2017

Ernst & Young

Godkendt Revisionspartnerselskab

CVR-nr. 30 70 02 28

Eskild N. Jakobsen
State Authorised
Public Accountant

Alex Nissov
State Authorised
Public Accountant

Management's review

Nanovi's essential activities

Nanovi develops and commercializes advanced fiducial markers to enhance precision and efficacy of radiotherapy and surgery. Our objective is to improve cancer therapy outcomes for the benefit of patients and society.

The company is founded on a proprietary technology platform for the flexible design of biomaterials, which has strong and broad IP protection for a multitude of applications. The product portfolio comprises products in pre-commercial and development phases:

BioXmark® is a liquid ready-to-inject marker in pre-commercial stage development for use in cancer radiotherapy. It has unique properties compared to products currently used in the clinic, forming a sticky object upon injection, and the potential to broaden the use of fiducial markers to a broader range of cancer indications.

PalpMark™ is a marker developed for use in local surgery. It is optimized for eye visibility and hardens upon injection making it easy to distinguish from soft tissue by hand.

PetXmark is a marker in late-stage development for veterinary use.

Business development in 2016

In 2016, Nanovi experienced promising business developments.

For BioXmark®, clinical data from 28 patients with breast and esophagus cancers showed support that the marker is well tolerated and easy to use. In Denmark, the marker was subsequently approved for compassionate use in the treatment of esophagus cancer, and the first patients had BioXmark® applied successfully at a leading radiotherapy center. Further, several new applications and product opportunities were identified for the product through 2016.

Market approval is being pursued for BioXmark® in Europe. In 2016, we experienced a temporary setback in the process based on regulatory uncertainties about the necessary clinical documentation. Dialogue is ongoing with the authorities to reach clarification.

Nanovi's pipeline was significantly expanded in 2016 with initiation of the development of PalpMark™, a new product line to enhance precision in local cancer surgery.

Financial review

In 2016, Nanovi's financials developed as expected.

Revenues constituted government grants of DKK 0.5 million (2015: DKK 0.8 million) to cover part of the R&D expenses. Other external expenses amounted to DKK 3.0 million, down from DKK 5.5 million in 2015, because of a lower level of development costs related to toxicology studies. Staff costs increased due to new hires strengthening the company's inhouse competences in preparation for next steps in its development.

Loss for the year was DKK 6.4 million (2015: loss of DKK 7.2 million).

Events after the balance sheet date

In April 2017, Nanovi increased its share capital, securing DKK 5.0 million in new funding to the company.

Development of PetXmark has been initiated for its use to guide and optimize cancer radiotherapy on pets.

Expected development and financial outlook for 2017

In 2017, Nanovi will continue to explore the full clinical potential of BioXmark® in several new cancer indications and to advance the development of PalpMark™ and PetXmark.

Further, it is management's expectations that the ongoing regulatory process in Europe will lead to clarification related to the EC certification of BioXmark® and to subsequent commercial use of the product.

Nanovi expects revenues from product sales in 2017 and operational and other costs slightly higher than in 2016.

TOTAL COMPREHENSIVE INCOME

DKK	Notes	2016	2015
Other operating income	5	500,000	843,095
Other external expenses	6	-2,943,285	-5,540,242
Gross profit/loss		-2,443,285	-4,697,147
Staff costs	3, 4, 6	-4,125,175	-3,021,912
Operating profit /loss		-6,568,460	-7,719,059
Financial income	7	4,874	1,048
Financial expenses	8	-1,101,363	-436,862
Profit/loss before tax		-7,664,949	-8,154,873
Tax for the year	9	1,238,081	985,586
Profit/loss for the year		-6,426,868	-7,169,287
Other comprehensive income, net of tax		0	0
Total comprehensive income for the year		-6,426,868	-7,169,287

STATEMENT OF FINANCIAL POSITION

DKK	Notes	2016	2015	1 January 2015
Assets				
Non-current assets				
Other receivables	13	30,820	30,739	13,526
Total non-current assets		30,820	30,739	13,526
Current assets				
Income taxes receivable	9	1,238,081	985,586	1,048,151
Other receivables	13	229,240	641,138	558,074
Prepayments		-	75,769	-
Cash and cash equivalents		3,649,933	1,040,525	3,112,284
Total current assets		5,117,254	2,743,018	4,718,509
Total assets		5,148,074	2,773,757	4,732,035
Equity and liabilities				
Equity				
Share capital		731,808	731,808	600,096
Share premium account		-	-	-
Retained earnings		-9,151,974	-4,356,120	894,879
Total equity		-8,420,166	-3,624,312	1,494,975
Liabilities				
Non-current liabilities				
Other credit institutions	13	12,910,542	4,442,388	2,060,493
Total non-current liabilities		12,910,542	4,442,388	2,060,493
Current liabilities				
Trade payables	13	175,312	1,577,104	851,881
Other payables		482,386	378,577	324,686
Total current liabilities		657,698	1,955,681	1,176,567
Total liabilities		13,568,240	6,398,069	3,237,060
Total equity and liabilities		5,148,074	2,773,757	4,732,035

Notes

Related party disclosures, note 14

Events after the balance sheet date, note 15

Standards issued but not yet effective, note 16

Impact of transition to IFRS, note 17

STATEMENT OF CASH FLOWS

DKK	Notes	2016	2015
Cash flow from operating activities			
Profit before tax		-7,664,949	-8,154,873
Non-cash adjustments		-	-
Changes in working capital	12	-810,397	603,068
Financial interest expenses		1,101,363	436,862
Income taxes received		985,586	1,048,151
Cash flow from operating activities		-6,388,397	-6,066,792
Cash flow from investing activities			
Investments in intangible assets		-	-
Investments in property, plant and equipment		-	-
Cash flow from investing activities		-	-
Cash flow from financing activities			
Increase in borrowings		8,997,805	1,945,033
Capital increase		-	2,050,000
Cash flow from financing activities		8,997,805	3,995,033
Net cash flow		2,609,408	-2,071,759
Cash and cash equivalents at 1 January		1,040,525	3,112,284
Cash and cash equivalents at 31 December		3,649,933	1,040,525

STATEMENT OF CHANGES IN EQUITY

2016				
DKK	Share capital	Share premium	Retained earnings	Total
Equity at 1 January	731,808	-	-4,356,120	-3,624,312
Profit for the period	-	-	-6,426,868	-6,426,868
Other comprehensive income for the period	-	-	-	-
Total comprehensive income	-	-	-6,426,868	-6,426,868
Transactions with owners of the Company and other equity transactions:				
Dividends paid	-	-	-	-
Portion of convertible debt	-	-	1,631,014	1,631,014
Total transactions with owners of the Company and other equity transactions	-	-	1,631,014	1,631,014
Equity on 31 December	731,808	-	-9,151,974	-8,420,166

2015				
DKK	Share capital	Share premium	Retained earnings	Total
Equity at 1 January	600,096	-	894,879	1,494,975
Profit for the period	-	-	-7,169,287	-7,169,287
Other comprehensive income for the period	-	-	-	-
Total other comprehensive income	-	-	-7,169,287	-7,169,287
Transactions with owners of the Company and other equity transactions:				
Capital increase	131,712	1,918,288	-	2,050,000
Transferred from share premium account	-	-1,918,288	1,918,288	-
Dividends paid	-	-	-	-
Total transactions with owners of the Company and other equity transactions	131,712	-	1,918,288	2,050,000
Equity on 31 December	731,808	-	-4,356,120	-3,624,312

NOTES OVERVIEW

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Notes

Note 1 General accounting policies

Corporate information

Nanovi A/S (Nanovi or the Company) is incorporated and domiciled in Denmark. The Company's registered office is located at DTU-Scion, Diplomvej 373, 2800 Kgs. Lyngby.

Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU as well as with additional Danish disclosure requirements applying to entities of reporting class B. Further they are prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The Board of Directors and Executive Management have on the 31 May 2017 approved the annual report 2016 for Nanovi A/S.

The financial statements have been prepared on a historical cost basis, except equity element of convertible debt is recognised at fair value.

These financial statements are expressed in DKK, as this is Nanovi A/S's functional and presentation currency.

Applied materiality

The financial statements are a result of processing large numbers of transactions and aggregating those into classes according to their nature or function. The aggregated transactions are presented in classes of similar items in the financial statements. Line items not individually material are aggregated with other items of a similar nature in the financial statements and in the notes.

IFRS disclosure requirements are substantial. Management provides specific disclosures required by IFRS unless the information is considered immaterial to the financial decision-making of the users of these financial statements and otherwise not warranted or not applicable.

Changes in accounting policies

The financial statement for Nanovi covering the financial year of 2016, is the first financial statement prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"). The impact is described further in note 17 Impact of transition to IFRS.

Currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences on monetary items arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income of financial expenses.

Public grants

Public grants given to cover expenses are recognised in the income statement once it is probable that all criteria for being given the grant are satisfied. Grants which must be repaid under certain circumstances are recognised only in so far as they are not expected to be repaid. Public grants earned are presented as other operating income.

Income statement

Other operating income

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including public grants, gains or losses on the sale of non-current assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to research and development, patents, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. The item is net of refunds received from public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financial items include interest income and 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 charged to equity is recognised in equity.

Balance sheet

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

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.

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.

Note 1 General accounting policies (continued)

Corporation tax (continued)

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Convertible debt

Convertible debt are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible debt, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent accounting periods.

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants ("exit price"). The fair value is a market-based and not an entity specific measurement. Nanovi uses the assumptions that the market participants would use for the pricing of the asset or liability based on the current market conditions, including risk assumptions. Nanovi's purpose of holding the asset or settling the liability is thus not taken into account when the fair value is determined.

The fair value measurement is based on the principal market. If a principal market does not exist, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or minimise the liability less transaction and transport costs.

All assets and liabilities measured at fair value, or in respect of which the fair value is disclosed, are classified based on the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level of input significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

Cash flow statement

Cash flow is divided into cash flow from operating activities, investing activities and financing activities.

The cash flow statement cannot be directly derived from the statement of financial position and income statement.

Cash flows from the operating activities are prepared using the indirect method based on operating profit before amortisation and depreciation and corrected for non-cash items, changes in working capital, interests and taxes.

Cash flow from investing activities comprise of payments relating to sale or purchase of companies or activities, purchase of intangible, tangible or other non-current assets.

Cash flow from financing activities comprise of financing activities incl. obtaining and repayment of loans from Group Companies and dividends to Shareholders.

Note 2 Critical accounting estimates, assumptions and judgements

The preparation of the financial statements requires Management to make judgements, estimates and assumptions that affect the assets and liabilities and the accompanying disclosures.

Estimates and assumptions are continuously assessed on the basis of historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions. Actual outcomes may therefore vary from the assessments and best estimates applied by management.

The areas in which estimates and assumptions could entail significant risk of adjustment in the recognised amounts for assets and liabilities in future financial years are primarily the following:

Share-based payment

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the actual grant. The estimation also requires determination of the most appropriate inputs to the valuation model including expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Black-Scholes model for both senior management's and employees' share based plans.

Convertible debt:

On issuance of the convertible debt, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is based on unobservable market data and contains a higher degree of estimate as Nanovi is a young company, still pre sustainable profitability.

Note 3 Staff costs

DKK	2016	2015
Wages and salaries	4,001,084	2,867,111
Other social security costs	16,852	9,713
Share based payment expense	-	-
Other staff costs	107,239	145,088
Total	4,125,175	3,021,912
Average number of full-time employees	4	3

As Nanovi's Executive Board only consists of one member, and only one member of the Board of Directors has received remuneration in 2016, the remuneration is grouped together with reference to the Danish Financial Statement Act §98b(3), (i).

Remuneration to the Company's management in 2015 is not disclosed, with reference to the Danish Financial Statement Act §98b(3), (ii).

DKK	2016
Remuneration to the Executive Board and Chairman of the Board of Directors	1,061,317
Total	1,061,317

Note 4 Share-based payments

The Company has in 2014 and 2016 established warrant programs. The programs have been offered to certain key employees and one member of the Board of Directors.

Each warrant gives access to purchase one share in Nanovi at an exercise price of DKK 22.69 (2016 programme) and DKK 30.25 (2014 programme).

The value of the warrant program has been calculated using the Black-Scholes model, which is the most common valuation model used to calculate the value of such instruments. The valuation used in a Black-Scholes model, uses a share price and sets a volatility goal based on the underlying shares at the time of the grant.

It is Management's assessment that the value of the warrant program equals fair value at the time of grant, and Nanovi has therefore not recognised any costs related to the warrant program in the comprehensive income statement.

The warrants are dependent on an exit before 31 December 2019.

Specification of outstanding share options

DKK	Board members	Employees	Total	Average exercise price per option	Fair value per option	Total fair value
Outstanding 1 January 2015	25,385	11,280	36,665	30.25	-	-
Granted	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Outstanding 31 December 2015	25,385	11,280	36,665	30.25	-	-
Granted	39,466	10,977	50,443	22.69	-	-
Forfeited	48,385	11,280	59,665	26.66	-	-
Exercised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Outstanding 31 December 2016	16,466	10,977	27,443	22.69	-	-
Options exercisable 31 December 2015	-	-	-	-	-	-
Options exercisable 31 December 2016	-	-	-	-	-	-

Note 5 Other operating income

DKK	2016	2015
Government grants		
Government grants received for the year	500,000	843,095
	500,000	843,095

Government grants have been received to cover expenses related to research and development. Such expenses include staff costs, costs of raw materials and other external expenses.

Note 6 Research and development costs

DKK	2016	2015
Research and development costs recognised in income statement	4,727,066	5,037,076
Total	4,727,066	5,037,076

Note 7 Financial income

DKK	2016	2015
Interest income	4,874	1,048
Total	4,874	1,048

Note 8 Financial expenses

DKK	2016	2015
Interest expenses	1,101,363	436,862
Total	1,101,363	436,862

Note 9 Income tax

Tax for the year

DKK	2016	2015
Total tax for the year is specified as follows:		
Tax for the year	-1,238,081	-985,586
Tax on other comprehensive income	-	-
Total	-1,238,081	-985,586

Income tax of profit from the year is specified as follows:

Current tax	-1,039,954	-985,586
Deferred tax	-	-
Adjustment of tax related to prior years	-198,127	-
Total	-1,238,081	-985,586

	2016	2015
Loss for the year	-7,664,949	-8,154,873
Calculated tax at 22 % (2015: 23,5 %)	1,686,289	1,916,395
Not recognised loss carry forward	-448,207	-685,915
Total receivable, LL8X Tax credit arrangement	1,238,081	985,586
Effective tax rate	-16.15%	-12.09%

Deferred tax

DKK	2016	2015	1 January 2015
Deferred tax			
Deferred tax 1 January	-	-	-
Deferred tax for the year recognised in profit for the year	-	-	-
Deferred tax for the year recognised in other comprehensive income	-	-	-
Successive reduction of the Danish corporate tax to #% in 2016	-	-	-
Deferred tax 31 December	-	-	-

Deferred tax is recognised in the balance sheet as follows:

Deferred tax assets	-	-	-
Deferred tax liabilities	-	-	-
Deferred tax 31 December, net	-	-	-

DKK	2016	2015	1 January 2015
Income tax receivable/payable 1 January			
Tax credit arrangement	1,238,081	985,586	1,048,151
Income tax receivable/payable 31 December	1,238,081	985,586	1,048,151

Unrecognised tax asset amounts to DKK 1,417,914 (2015: DKK 969,814)

Note 10 Equity

Capital management

Nanovi's management carefully oversees that the company's capital resources are best possibly aligned with its business activities and plans. This includes considerations of the best capital structure, i.e. the ratio between equity capital and debt, which secures funding at lowest costs. In 2016, the company has raised new capital through two convertible loans, resulting in a negative equity to total assets ratio.

Share capital

	Issued shares			
	No. of shares		Nominal value	
	2016	2015	2016	2015
1 January	731,808	600,096	731,808	600,096
31 December - fully paid	731,808	731,808	731,808	731,808

The share capital consists of 320,000 (2015: 320,000) A-shares of nominal value DKK 1 each and 411,808 (2015: 411,808) B-shares of nominal value DKK 1. The B-shares hold a likvidation preference as well as veto rights on some material decisions.

Note 11 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	2016	2015
Rent and lease liabilities	27,502	25,502

Note 12 Changes in working capital

DKK	2016	2015
Other receivables	411,817	-100,277
Prepayments	75,769	-75,769
Trade payables	-1,401,792	725,223
Other payables	103,809	53,891
Total change in working capital	-810,397	603,068

Note 13 Financial risk and financial instruments

Risk management policy

Nanovi's financial risk management covers the monitoring and evaluation of external and internal factors which can impact the company's financial resources and potentially disrupt meeting its business objectives. Management continuously work to secure an optimal risk-balanced financing and minimize the financial risks the company incurs in relation to its operations.

Market risk

Nanovi's business is not subject to any specific financial market risk beyond the risks related to changes in exchange rates and interest rate levels.

Currency risk

Nanovi's exposure to fluctuations in exchange rates is limited, because the clear majority of its cash flows are in local currency. Therefore, income and expenses are not at this stage hedged with financial instruments. For single payments in USD and EUR, efforts are being made to try to match revenues and costs as well as possible.

Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates on interest bearing debt and cash deposits will affect the income statement, financial position and/or cash flow.

Currently, Nanovi has three loans, which are all provided by Vækstfonden and based on a fixed interest rate to maturity. The company's interest rate risk is therefore limited to fluctuations in the variable interest rate on its bank deposits. With short term interest rates being negative, it is customary for banks to request payments on cash in the bank, and Nanovi pays interest on its deposits.

Liquidity and financing risk

Liquidity risk is the risk of lower than expected short-term cash inflow and insufficient cash availability to be able to fulfill short term payment obligations to internal and/or external parties. Nanovi has ensured its cash readiness through bank deposits. The long-term financing of its operational expenses and investment activities, Nanovi has obtained equity capital from Vækstfonden and other investors and through long-term loans.

Contractual cashflows:

2016	Carrying amount	Total	< 1 year	2 - 4 years	>5 years
Non-derivative financial instruments					
Other credit institutions	12,910,542	22,681,015	-	13,221,734	9,459,281
Trade payables	175,312	175,312	175,312	-	-
Other payables	482,386	482,386	482,386	-	-
Total	13,568,240	23,338,713	657,698	13,221,734	9,459,281

2015	Carrying amount	Total	< 1 year	2 - 4 years	>5 years
Non-derivative financial instruments					
Other credit institutions	4,442,388	9,507,962	-	-	9,507,962
Trade payables	1,577,104	1,577,104	1,577,104	-	-
Other payables	378,577	378,577	378,577	-	-
Total	6,398,069	11,463,643	1,955,681	-	9,507,962

1 January 2015	Carrying amount	Total	< 1 year	2 - 4 years	>5 years
Non-derivative financial instruments					
Other credit institutions	2,060,493	4,939,240	-	-	4,939,240
Trade payables	851,881	851,881	851,881	-	-
Other payables	324,686	324,686	324,686	-	-
Total	3,237,060	6,115,807	1,176,567	-	4,939,240

Credit risk

Nanovi has no credit risk at the moment.

Categories of financial instruments

DKK	2016	Carrying amount	
		2015	1 January 2015
Financial liabilities measured at amortised cost			
Other credit institutions	12,910,542	4,442,388	2,060,493
Trade payables	175,312	1,577,104	851,881
Other payables	482,386	378,577	324,686
Total financial liabilities measured at amortised cost	13,568,240	6,398,069	3,237,060

Fair value measurement

Convertible debt

Nanovi has entered into a convertible loan of nominal DKK 9,000,000. The loan has an interest rate of 8 % per year.

In order to calculate the fair value of the liability component, Management has estimated that the interest rate on an equivalent non-convertible instrument would be 12%, which corresponds to the interest rate on a non-convertible loan provided to Nanovi in 2014 by the same lender.

Based on this, the fair value of the equity component has been calculated to DKK 1,631,014 (Level 3) at the time of the loan date. The amount has been recognised under equity, while the remaining amount has been recognised as a non-current liability to credit institutions.

Note 14 Related party disclosures

Nanovi A/S's related parties include the following:

Ownership

The following shareholders are registered in the company's register of shareholders as holding at least 5% of either the votes or share capital:

Name	Domicile
NR Holding-Jun 2010 ApS	Charlottenlund, Denmark
Pre-Seed Innovation A/S	Kgs. Lyngby, Denmark
Vækstfonden	Hellerup, Denmark

Transactions with related parties only comprise of financing from Vækstfonden, which is described in note 13 to which we refer.

Executives

Nanovi's related parties with significant influence include the board and directors including these employees family members. Furthermore, related parties include the companies in which the mentioned related parties have significant interest.

Note 15 Events after the balance sheet date

In April 2017, Nanovi increased its share capital, securing DKK 5.0 million in new funding to the company. Development of PetXmark has been initiated for its use to guide and optimize cancer radiotherapy on pets.

Note 16 Standards issued but not yet effective

Nanovi A/S has decided against early application of any new or amended accounting recommendations or interpretation that are not yet effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of *IFRS 9 Financial Instruments* that replaces *IAS 39 Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

Nanovi does not intend to adopt IFRS 9 early.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018.

Nanovi does not intend to adopt IFRS 15 early. As Nanovi does not have any revenue at this point, Management has not made an assessment of the impact of IFRS 15.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17, IFRIC 4, SIC-15 and SIC-27. IFRS 16 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. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

Nanovi does not intend to adopt IFRS 16 early.

Note 17 Impact of transition to IFRS

These financial statements for the year ended 31 December 2016 with comparative figures, are the first set of financial statements prepared by the Company in accordance with IFRS as endorsed by the EU. For periods up to and including the year ended 31 December 2015, Nanovi A/S prepared its financial statements in accordance with the Danish Financial Statements Act.

The transition to IFRS has not given rise to any restatement of previous periods, as shown below.

Balance sheet 1 January 2015

DKK	DK GAAP	Effect of transition to IFRS	IFRS 1 January 2015
Assets			
Non-current assets			
Other receivables	13,526	-	13,526
Total non-current assets	13,526	-	13,526
Current assets			
Income taxes receivable	1,048,151	-	1,048,151
Other receivables	558,074	-	558,074
Prepayments	-	-	-
Cash and cash equivalents	3,112,284	-	3,112,284
Total current assets	4,718,509	-	4,718,509
Total assets	4,732,035	-	4,732,035
Equity and liabilities			
Equity			
Share capital	600,096	-	600,096
Share premium account	-	-	-
Retained earnings	894,879	-	894,879
Total equity	1,494,975	-	1,494,975
Liabilities			
Non-current liabilities			
Other credit institutions	2,060,493	-	2,060,493
Total non-current liabilities	2,060,493	-	2,060,493
Current liabilities			
Trade payables	851,881	-	851,881
Other payables	324,686	-	324,686
Total current liabilities	1,176,567	-	1,176,567
Total liabilities	3,237,060	-	3,237,060
Total equity and liabilities	4,732,035	-	4,732,035

Balance sheet 31 December 2015

DKK	DK GAAP	Effect of transition to IFRS	IFRS 31 December 2015
Assets			
Non-current assets			
Other receivables	30,739	-	30,739
Total non-current assets	30,739	-	30,739
Current assets			
Income taxes receivable	985,586	-	985,586
Other receivables	641,138	-	641,138
Prepayments	75,769	-	75,769
Cash and cash equivalents	1,040,525	-	1,040,525
Total current assets	2,743,018	-	2,743,018
Total assets	2,773,757	-	2,773,757
Equity and liabilities			
Equity			
Share capital	731,808	-	731,808
Share premium account	-	-	-
Retained earnings	-4,356,120	-	-4,356,120
Total equity	-3,624,312	-	-3,624,312
Liabilities			
Non-current liabilities			
Other credit institutions	4,442,388	-	4,442,388
Total non-current liabilities	4,442,388	-	4,442,388
Current liabilities			
Trade payables	1,577,104	-	1,577,104
Other payables	378,577	-	378,577
Total current liabilities	1,955,681	-	1,955,681
Total liabilities	6,398,069	-	6,398,069
Total equity and liabilities	2,773,757	-	2,773,757

Total comprehensive income 2015

DKK	DK GAAP	Effect of transition to IFRS	IFRS 1 January - 31 December 2015
Other operating income	843,095	-	843,095
Other external expenses	-5,540,242	-	-5,540,242
Gross profit/loss	-4,697,147	-	-4,697,147
Staff costs	-3,021,912	-	-3,021,912
Operating profit /loss	-7,719,059	-	-7,719,059
Financial income	1,048	-	1,048
Financial expenses	-436,862	-	-436,862
Profit/loss before tax	-8,154,873	-	-8,154,873
Tax for the year	985,586	-	985,586
Profit/loss for the year	-7,169,287	-	-7,169,287
Other comprehensive income, net of tax	-	-	-
Total comprehensive income for the year	-7,169,287	-	-7,169,287