
OV-SPV2 ApS

Venlighedsvej 1, DK-2970 Hoersholm

Annual Report for 1 January - 31 December 2018

CVR No 38 44 59 28

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
10/6 2019

Anders Carstensen
Chairman of the General
Meeting



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of OV-SPV2 ApS for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Hoersholm, 10 June 2019

Executive Board

Thomas Henrik Jensen
CEO

Independent Auditor's Report

To the Shareholders of OV-SPV2 ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of OV-SPV2 ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of 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 misstate-

Independent Auditor's Report

ment, 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 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:

- 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

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.

Hellerup, 10 June 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Torben Jensen
statsautoriseret revisor
mne18651

Thomas Lauritsen
statsautoriseret revisor
mne34342

Company Information

The Company

OV-SPV2 ApS
Venlighedsvej 1
DK-2970 Hoersholm

CVR No: 38 44 59 28
Financial period: 1 January - 31 December
Municipality of reg. office: Rudersdal

Executive Board

Thomas Henrik Jensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Financial Statements of OV-SPV2 ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

OV-SPV2 ApS is a Danish drug development company formed in 2017 with the purpose of testing whether a substance from Big Pharma can be used in conjunction with DRP®

Development in the year

The income statement of the Company for 2018 shows a loss of DKK 169,894, and at 31 December 2018 the balance sheet of the Company shows equity of DKK 2,905,745.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2018 DKK	2017 DKK
Gross profit/loss		(348,971)	(13,000)
Financial income	2	161,952	13,427
Financial expenses	3	<u>(18)</u>	<u>0</u>
Profit/loss before tax		(187,037)	427
Tax on profit/loss for the year	4	<u>17,143</u>	<u>(88)</u>
Net profit/loss for the year		<u>(169,894)</u>	<u>339</u>

Distribution of profit

Proposed distribution of profit

Retained earnings		<u>(169,894)</u>	<u>339</u>
		<u>(169,894)</u>	<u>339</u>

Balance Sheet 31 December

Assets

	Note	2018 DKK	2017 DKK
Acquired patents		271,994	0
Development projects in progress		9,244,050	0
Intangible assets		9,516,044	0
Fixed assets		9,516,044	0
Receivables from group enterprises		0	3,188,427
Other receivables		151,503	50,617
Corporation tax		17,055	0
Receivables		168,558	3,239,044
Cash at bank and in hand		49,967	0
Currents assets		218,525	3,239,044
Assets		9,734,569	3,239,044

Balance Sheet 31 December

Liabilities and equity

	Note	2018 DKK	2017 DKK
Share capital		100,000	50,000
Share premium account		2,975,300	0
Retained earnings		(169,555)	339
Equity	5	2,905,745	50,339
Trade payables		1,527,682	13,000
Payables to group enterprises		5,301,142	0
Corporation tax		0	88
Other payables		0	3,175,617
Short-term debt		6,828,824	3,188,705
Debt		6,828,824	3,188,705
Liabilities and equity		9,734,569	3,239,044
Going concern	1		
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Notes to the Financial Statements

1 Going concern

As a development company, and like other similar companies, Oncology Venture Product Development ApS has shown negative cash flow over the years, why the Company is dependent on financing until reaching the point where a positive cash flow begins. The Board of Directors and Management are constantly monitoring the Company's financial position and are prepared to take the adequate measures to secure the ongoing activities of the company. In the year 2018, the Company recorded a loss of DKK 170 thousands and the Company's liabilities exceeds the Company's current assets by DKK 6,610 thousands. The Company is financed by a loan from the Parent Company, Oncology Venture A/S.

On 8 March 2019 the Company received a letter of financial support from the ultimate Parent Company Oncology Venture ApS. In the letter, the Oncology Venture ApS stated that they will:

- 1) Support the Company financially
- 2) The loan to the Company will not be recalled, unless the liquidity position of the Company is adequate to justify such repayment
- 3) The ultimate Parent Company and group enterprises will subordinate their receivables in favour of other creditors of the Company.

The letter is effective until 31 May 2020.

On 20 March 2019, the ultimate Parent Company presented its Annual Report for the year 2018, presenting a total equity of DKK 180,141 thousands and total assets of DKK 206,078 thousands. The Consolidated Financial Statements of the Oncology Venture A/S Group showed a total equity of DKK 181,856 thousands and total assets of DKK 251,497 thousands, corresponding to a solvency ratio of 72%.

By the end of 2018 the ultimate Parent Company arranged a financing agreement with the European High Growth Opportunities Securitization Fund, advised by Alpha Blue Ocean, which allows the Parent Company to receive additional funding, should it be necessary, in return of issuance of convertible notes and warrants.

On 16 May 2019 the ultimate Parent Company executed a cash capital increase of SEK 80 million.

On this basis, the Board of Directors and Management have confidence in the Company as a going concern, and consequently, the Financial Statements have been prepared in accordance with the going concern principles.

2 Financial income

	2018 DKK	2017 DKK
Interest received from group enterprises	9,918	0
Other financial income	152,034	13,427
	161,952	13,427

Notes to the Financial Statements

	2018 DKK	2017 DKK
3 Financial expenses		
Other financial expenses	18	0
	18	0

4 Tax on profit/loss for the year

Current tax for the year	(17,143)	88
	(17,143)	88

5 Equity

	Share capital DKK	Share premium account DKK	Retained earnings DKK	Total DKK
Equity at 1 January	50,000	0	339	50,339
Cash capital increase	50,000	2,975,300	0	3,025,300
Net profit/loss for the year	0	0	(169,894)	(169,894)
Equity at 31 December	100,000	2,975,300	(169,555)	2,905,745

The share capital consists of 100,000 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2018 DKK	2017 DKK
Share capital at 1 January	50,000	50,000
Capital increase	50,000	0
Capital decrease	0	0
Share capital at 31 December	100,000	50,000

Notes to the Financial Statements

6 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Oncology Venture A/S, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

7 Related parties

Consolidated Financial Statements

The Company's Financial Statements are included in Group Annual Report of Oncology Venture A/S

Name	Place of registered office
Oncology Venture A/S	Hoersholm, Denmark

The Group Annual Report of Oncology Venture A/S may be obtained at the following address:

Venlighedsvej 1
DK-2970 Hoersholm

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of OV-SPV2 ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

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

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

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

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

Income Statement

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

8 Accounting Policies (continued)

Other external expenses

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of expenses for raw materials and consumables and other external expenses.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish subsidiaries of the ultimate parent company Oncology Venture A/S. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Patents and licences, as well as acquired development projects, are measured at the lower of cost less accumulated amortisation and recoverable amount.

Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 6 years.

Cost of development projects comprise licenses and other expenses directly or indirectly attributable to the Company's development activities.

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

Notes to the Financial Statements

8 Accounting Policies (continued)

Since our development projects are often subject to regulatory approval procedures and other uncertainties, the conditions for the capitalization of costs incurred before receipt of approvals are not normally satisfied. Management assess on a continuous basis, whether there is reasonable certainty of receiving future cash flows that will cover the development costs incurred regarding our own development projects.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Impairment of fixed assets

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

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

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

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

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

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

8 Accounting Policies (continued)

Current tax receivables and liabilities

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

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.