

OV secures seed financing for two SPVs, DRP exclusivity and share agreements with MPI

Hoersholm, Denmark, December 30th, 2016 – Oncology Venture Sweden AB (OV.ST) and Medical Prognosis Institute (MPI.ST) today announced that the companies have entered into agreements about: an exchange of exclusivity for warrants, an agreement regarding 2X Oncology, Inc. with three anticancer products in pipeline and thirdly the establishment of new OV-SPV2 – project Tyrosine Kinase inhibitor. A total of 4 mUSD (36,5 million SEK) seed investment for the two SPVs (Special Purpose Vehicles) has been secured, mainly from existing shareholders in OV. OV and MPI have today entered into an agreement related to the DRP license where MPI grants OV a three year world-wide exclusivity to the MPI Drug Response Prediction (DRP™) technology which OV will use for drug development. Accordingly, OV will have exclusive rights for the development of DRPs for the individual drugs and for clinical use. OV can use these rights directly or in spinouts in SPVs like 2X Oncology, Inc. with rights to three anticancer products and OV-SPV2 with rights to one high risk product. In return for the extended exclusive license MPI is to receive warrants entitling to subscription of shares in OV at a price of SEK 10 per share. The warrants will be exercisable until December 31st 2019 and upon full exercise of the warrants, the total dilution will be approximately 2.9 %.

Furthermore, OV and MPI have agreed to convert the OV license payment to MPI in relation to projects spun out to SPVs, which was 10 % of all payments and earnings from drugs developed by SPVs, to a 10 % share ownership in SPVs like 2X Oncology, Inc. and OV-SPV2. The establishment of SPVs will open the possibility of attracting international and private capital without diluting the existing OV share owners and thus enabling a larger number of drug candidates and more indications of the drugs in development to be investigated for the common benefit.

As the seed investments mainly are from existing shareholders in OV and since OV is acquiring an extended exclusivity from MPI that is a major shareholder in OV, the transactions have been evaluated by independent experts. Fairness opinions from the independent experts support that the transactions are fair for all OV's shareholders from a financial point of view.

Completion of the transactions are conditional upon approval by the shareholders' meeting in OV.

"These three deals are very important for both OV and MPI and substantiates the continued strong collaboration between the two companies. The deals will enable further value creation through more shots on goal in OV-SPV2 and 2X Oncology, Inc. where the seed rounds of 0.5 mUSD and 3.5 mUSD respectively have been attracted," says Peter Buhl Jensen, M.D., CEO of Oncology Venture. "I believe this is a win, win situation where OV gets the unlimited product piling and growth speed for a 3 % dilution through the granting of 3 years' full exclusivity for drug development utilizing the MPI DRP-technology for improving treatments for cancer patients," Buhl Jensen further comments.

"For the MPI shareholders, these deals mean a remarkable direct participation in the development of 4 additional cancer drugs without any dilution. The exclusivity agreement has the potential of increasing the participation in these and other drugs even further," says Steen Knudsen, MPI founder and major shareholder.

"This series of transactions will result in a larger number and a broader range of products in OV's development portfolio. Any success from this larger portfolio of exciting drug candidates will clearly lower our cost of capital for future projects. In this regard the exclusive arrangement between MPI and Oncology Venture gives the shareholders of OV a period of 3 years in which to maximize the value from our drug development business model," says Duncan Moore Chairman of OV.

"I believe that the agreement between MPI and OV has several merits: the DRP technology obtains more shots on goal and the direct ownership in OV and its spinouts gives MPI a better flexibility, control and financial liberty of the value created via OV. Finally, the agreements secure that OV and MPI have an aligned and continued interest moving the DRP forward as a valuable tool for improving cures for cancer patients," says Frank Knudsen, Chairman of MPI.

Exchange of DRP exclusivity for warrants

OV's Danish subsidiary Oncology Venture ApS (OV Denmark) and Medical Prognosis Institute A/S (MPI) have an existing agreement where OV licenses the right to use MPI's Drug Response Prediction technology (DRP™). OV Denmark's license from MPI regarding DRP is two-folded, one part is non-exclusive and one part is exclusive. OV Denmark has a non-exclusive license to use DRP for evaluation of in-vitro data of drug candidates. When OV Denmark wishes to in-license a MPI-DRP™, MPI may deny a license if MPI is developing the DRP itself or is in collaboration about such a DRP™ with a third party. OV Denmark and MPI have today entered into an amendment agreement to the license agreement (the "Exclusivity Amendment Agreement") where MPI will undertake not to grant - for a period of three years - any right or license to a third party to use the DRP™ for drug development without OV Denmark's consent. Accordingly, OV Denmark will have exclusive rights also to the part of the license from MPI which currently is non-exclusive and OV Denmark can use these rights directly or in spinouts in Special Purpose Vehicles like 2X Oncology and OV-SPV2.

As consideration for the extended exclusive license, the Exclusivity Amendment Agreement stipulates that MPI shall, without further separate consideration, receive in the aggregate 302,243 warrants entitling to subscription of shares in OV. The warrants will entitle to subscription of one share per warrant at a subscription price of SEK 10. The warrants will be exercisable until December 31st 2019. Upon full exercise of the warrants, the total dilution will be approximately 2.9 % (calculated based on the 10,074,794 shares outstanding in OV today but excluding the shares issuable upon exercise of the warrants currently outstanding in OV).

The entry into force of the Exclusivity Amendment Agreement and the issuance of the warrants are conditional upon that the transactions are approved by the shareholders' meeting in OV.

Amendment to agreement regarding 2X Oncology, Inc. and seed financing round in 2X Oncology, Inc.

The existing agreement between OV Denmark and MPI entitles MPI to a royalty corresponding to 10 % of any and all payments and earnings of any kind received by OV Denmark, including but not limited to up-front payments, milestone payments and royalty payments received by third parties. As previously communicated, OV has established 2X Oncology, Inc. (2XO) as a special purpose vehicle spin-out for the development of drugs for treatment of women's cancers using MPI's DRP™. OV Denmark has sublicensed its right to use the DRP™ to 2XO. In order to be able to obtain external financing of 2XO on attractive terms, OV Denmark and MPI has today entered into certain agreements amending the license agreement. The amendment entails that MPI, instead of receiving a 10 % royalty on the revenues generated in 2XO, will receive a 10 % partially non-dilutable ownership share in 2XO. "Partially non-dilutable" means that MPI shall be entitled to maintain a 10 % ownership share in 2XO until after completion of the (i) seed financing round described below and (ii) a so called Series A round financing through which at least USD 10 million is raised to 2XO.

The establishment of 2X Oncology, Inc. will open the possibility of attracting international and private capital without diluting the existing Oncology Venture share owners and thus enabling a larger number of drug candidates and more indications of the drugs in development to be investigated.

OV Denmark has negotiated with investors regarding a seed investment in 2XO pursuant to which the investors will invest in the aggregate USD 3.5 million for an initial 8 % ownership share in 2XO. The investment will be made in the form of preference shares and warrants. Each investor will receive one warrant for each preference share originally purchased and each warrant will entitle the holder to subscribe for one common share at a subscription price of USD 0.01. The preference shares and the warrants will be converted into common shares once 2XO completes a so called Series A round financing in which at least USD 10 million is raised. The "conversion rate" applied will correspond with the valuation in the Series A round but the warrants will in essence mean that the investors will receive a 50 % discount compared to the valuation applied in the Series A round financing. Accordingly, the number of common shares received upon conversion will depend on the valuation applied in the Series A round. If the Series A round financing for example would be carried out at a pre-money valuation of USD 30 million and in the aggregate USD 25 million would be raised in the Series A round, the total shareholding in 2XO for the investors participating in the seed round would be approximately 12 %. In case a Series A round in which at least USD 10 million is raised is not completed at the latest on December 31st 2018, the investors in the seed round will have the right to request that OV Denmark repurchases their shares and warrants in 2XO for a purchase price corresponding to 50 % of the amount initially invested. Accordingly, if all investors in the seed round would request OV Denmark to acquire their shares and warrants, the total purchase price payable by OV Denmark would amount to USD 1.75 million.

In total 30 investors will participate in the seed financing round whereof 28 are existing shareholders in OV. One of the investors in the seed round, Sass & Larsen ApS, is currently holding 14.1 % of the shares in OV.

The entry into force of the amendment agreement between OV Denmark and MPI and completion of the seed financing round are conditional upon that the transactions are approved by the shareholders' meeting in OV.

Establishment of new OV-SPV2 – project Tyrosine Kinase inhibitor and seed financing round in OV-SPV2

OV Denmark intends to incorporate a Danish oncology therapeutic spin-out for development of a specific drug for the treatment of cancers using DRP™, OV-SPV2 ApS ("OV-SPV2"). OV-SPV2 will test and potentially develop an oral Tyrosine Kinase inhibitor from a Big Pharma that owns worldwide rights to the anticancer drug. Final deal terms between OV Denmark and the Big Pharma company are currently being negotiated. The drug candidate has been tested in Phase 2 and 3 and biopsies and results are available from the

trials. OV Denmark has the opportunity to run a fast and blinded proof of concept DRP™ test on the available patient biopsies to assess if the DRP™ tool can identify responders from the clinical trials. The project is a high risk project and is therefore kept separate so that it will not affect OV in case the results are not positive but the Board of Directors of OV considers that this is a unique possibility to run a risk reduced development program of the Tyrosine Kinase inhibitor if this unique Tyrosine Kinase inhibitor DRP™ works.

OV Denmark will sublicense its right to use DRP™ to OV-SPV2. In order to be able to obtain external financing of OV-SPV2 on attractive terms, OV Denmark and MPI has today entered into certain agreements amending the license agreement pursuant to which MPI, instead of receiving a 10 % royalty on the income generated in OV-SPV2, upon incorporation of OV-SPV2 will receive a 20 per cent ownership share in OV-SPV2 whereas OV Denmark will hold the remaining 80 per cent in OV-SPV2. OV Denmark's and MPI's shareholdings will thereafter decrease to 40 and 10 per cent, respectively, following completion of the seed financing round described below.

OV Denmark has negotiated with Sass & Larsen ApS, who currently owns 14.1 % of the shares in OV, regarding a seed investment in OV-SPV2 pursuant to which Sass & Larsen ApS in connection with the incorporation of OV-SPV2 will invest USD 0.5 million for a 50 % ownership share in OV-SPV2. The investment will be made on a pre-money valuation of OV-SPV2 of USD 0.5 million. OV Denmark will have an option to buy back the investor shares from the investor for USD 5 million until December 1st 2017.

Immediately following completion of the seed financing round, OV-SPV2 will be owned by OV Denmark, MPI and Sass & Larsen ApS with a split of 40 %, 10 % and 50 %. If the proof of concept is successful it is likely the new investors are to be identified for the continued development of the company.

The entry into force of the amendment agreement between OV Denmark and MPI and completion of the seed financing round are conditional upon that the transactions are approved by the shareholders' meeting in OV.

Extraordinary shareholders' meeting

The Board of Directors of OV has made the assessment that the above transactions constitute such transactions that, in accordance with the statement from the Swedish Securities Council in AMN 2012:05, require approval from the shareholders' meeting in OV. As noted above, the transactions are hence conditional upon approval by the shareholders' meeting in OV. The board of directors has issued separate reports regarding the transactions in accordance with AMN 2012:05. The Board of Directors has also obtained fairness opinions from KPMG supporting that the transactions are fair to OV's shareholders from a financial point of view. The extraordinary shareholders' meeting is scheduled to be held on Tuesday 17 January 2017 and notice to the meeting will be press released separately. The complete documentation for the shareholders' meeting will be made available at OV's webpage.

About 2X Oncology Inc

2X Oncology Inc., in the US is an oncology therapeutics spin-out from Oncology Venture. The company is a Women's Cancer precision medicine company focused on advancing the development of promising, novel clinical-stage cancer drugs - in combination with OV's Drug Response Predictor (DRP™), a platform technology that develops companion diagnostics to select high likelihood responding patients. The initial therapeutic focus of 2X Oncology will be unmet medical needs in Breast Cancer and Ovarian Cancer. The spin-out will work in close collaboration with Oncology Venture, utilizing OV's Nordic network. 2X Oncology Inc. is finalizing term sheets to in-license a suite of promising oncology drugs for the treatment of unmet needs in women's cancers and is in the process of hiring management.

About the Drug Response Predictor - DRP™ screening tool

Oncology Venture uses the MPI multi gene DRP™ to select those patients that by the genetic signature in their cancer is found to have a high likelihood of response to the drug. The goal is to develop the drug for the right patients and by screening patients before treatment the response rate can be significantly increased.

This DRP™ method builds on the comparison of sensitive vs. resistant human cancer cell lines including genomic information from cell lines combined with clinical tumor biology and clinical correlates in a systems biology network. The DRP™ is based on messenger RNA from the patients biopsies.

The DRP™ platform i.e. the DRP™ and the PRP™ tools can be used in all cancer types, and is patented for more than 70 anti-cancer drugs in the US. The PRP™ is used by MPI for Personalized Medicine. The DRP™ is used in Oncology Venture for drug development.

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About Oncology Venture Sweden AB

Oncology Venture Sweden AB is engaged in the research and development of anti-cancer drugs via its wholly owned Danish subsidiary Oncology Venture ApS. Oncology Venture has a license to use Drug Response Prediction – DRP™ – in order to significantly increase the probability of success in clinical trials. DRP™ has proven its ability to provide a statistically significant prediction of clinical outcomes from drug treatment in cancer patients in 29 of the 37 clinical studies that were examined. The Company uses a model that alters the odds in comparison with traditional pharmaceutical development. Instead of treating all patients with a particular type of cancer, patients' tumors genes are screened first and only those who are most likely to respond to the treatment will be treated. Via a more well-defined patient group, the risk and costs are reduced while the development process becomes more efficient.

The current product portfolio: LiPlaCis for Breast Cancer in collaboration with Cadila Pharmaceuticals, Irofulven developed from a fungus for prostate cancer and APO010 – an immuno-oncology product for Multiple Myeloma.